Texas Department of Housing and Community Affairs

Supplemental Board Book

Thursday, July 9, 2026

10:00 AM

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

Governing Board

Leo Vasquez III, Chair
Kenny Marchant, Vice-Chair
Ajay Thomas, Member
Anna Maria Farias, Member
Holland Harper, Member
Cindy Conroy, Member

Texas Department of Housing and Community Affairs
Programmatic Impact Fiscal Year 2026

CY26 9% LIHTC Program

- Total Applications Received: 115
- Total Market Rate Units Proposed: 318
- Total Low-Income Units Proposed: 7,394
- Total HTCs Requested: $190,306,987

Construction Type:

- Total Proposed New Construction Projects: 92
- Total Proposed Reconstruction Projects: 3
- Total Proposed Rehab Projects: 20

CY26 4% LIHTC Program

Active or Approved Applications:

- Total Applications: 19
- Total Market Rate Units Proposed: 0
- Total Low-Income Units Proposed: 4,015

Closed Applications:

- Total Applications: 0
- Total Market Rate Units Proposed: 0
- Total Low-Income Units Proposed: 0

Construction Type

- Total Proposed New Construction Projects: 10
- Total Proposed Rehab/Reconstruction Projects: 9

Owner Financing and Down Payment

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

Programs:

- Single Family Homeownership

Expended Funds:	$775,364,827
Households Served:	2,967

Energy Related Assistance

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

Programs:

- Comprehensive Energy Assistance Program (CEAP)
- Weatherization Assistance Program (WAP)

Expended Funds:	$68,697,699
Households Served:	43,685

Homelessness Services

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

Programs:

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

Expended Funds:	$5,787,889
Persons Served:	13,676

Rental Assistance

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

Programs:

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

Expended Funds:	$6,316,100
Households Served:	2,729

Owner Rehabilitation Assistance

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

Programs:

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

Expended Funds:	$7,503,729
Households Served:	83

Single Family Development

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

Programs:

- Single Family Development Program (SFD)*
- Texas Bootstrap Loan Program (Bootstrap)

Expended Funds:	$1,237,500
Households Served:	25

Supportive Services

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

Program:

- Community Services Block Grant Program (CSBG)

Expended Funds:	$18,294,475
Persons Served:	151,318

Total Expended Funds: $1,170,477,186
Total Households Served: 223,956

All FY2026 data as reported in TDHCA's 2026 performance measures.

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

Reporting Period: 9/1/2025-2/28/2026 (4% LIHTC Program figures as of 3/6/2026; 9% LIHTC Program figures as of 3/12/2026)

* Administered through the federally funded HOME Investment Partnerships Program

CALL TO ORDER

ROLL CALL

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.

CONSENT AGENDA

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

EXECUTIVE

1.	Presentation, discussion, and possible action on the Board meeting minutes summary for June 4, 2026	Beau Eccles
2.	Presentation, Discussion and Possible Action on a Staff-Initiated Waiver of Certain Sections of 10 TAC §10.628, relating to Verification of Occupant Legal Status for HOME, HOME ARP Rental, and NHTF Developments	Brooke Boston

ASSET MANAGEMENT

3.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for St. Augustine Estates (HTC #05609)	Rosalio Banuelos
4.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Sunset Haven (HTC #060118)	Rosalio Banuelos
5.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Village at Johnson Creek (HTC #98002)	Rosalio Banuelos

COMPLIANCE

6.	Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 10, Subchapter F, §10.614 Utility Allowances and directing its publication for public comment in the Texas Register	Wendy Quackenbush

HOUSING RESOURCE CENTER

7.	Presentation, discussion, and possible action on the 2027 Regional Allocation Formula Methodology	Jeremy Stremler
8.	Presentation, Discussion, and Possible Action on the 2026 State of Texas Consolidated Plan: One-Year Action Plan	Jeremy Stremler

LEGAL

9.	Presentation, discussion, and possible action on an Agreed Final Order concerning Resources Inspiring Success and Empowering, relating to FY 2025 Texas Youth and Young Adult Homeless Program General Revenue Contract Number 32247000003	Sascha Stremler

RULES

10.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12 Negotiated Rulemaking; action for new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12 Negotiated Rulemaking and Petitions for Rulemaking, and an order directing their publication for public comment in the Texas Register	Brooke Boston
11.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities; an order proposing the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule §20.3, Definitions; and an order proposing new 10 TAC Chapter 20 Single Family Programs Umbrella Rule, §20.3 Definitions and §20.16, Minimum Energy Efficiency Standards and directing their publication for public comment in the Texas Register	Chad Landry
12.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 7, Emergency Solutions Grant Program, §7.40 Competitive Program Participant Services Selection Criteria; and an order proposing a new 10 TAC Chapter 7, Emergency Solutions Grant Program, §7.40 Competitive Program Participant Services Selection Criteria and directing their publication for public comment in the Texas Register	Rosy Falcon
13.	Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §2.302 Administrative Penalty Process; an order adopting a replacement version of the rule; and directing publication in the Texas Register	Sascha Stremler

14.	Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 2, Debarment from Participation in Programs Administered by the Department, §2.401 General; an order adopting the replacement version of the rule; and directing publication in the Texas Register	Sascha Stremler
15.	Presentation, discussion, and possible action on the adoption of the amendment to 10 TAC §10.802, Written Policies and Procedures and directing its publication in the Texas Register	Brooke Boston
16.	Presentation, discussion, and possible action on an order adopting the amendment to 10 TAC Chapter 10 Uniform Multifamily Rules, Subchapter F Compliance Monitoring, §10.625 Events of Noncompliance and directing its publication in the Texas Register	Brooke Boston

CONSENT AGENDA REPORT ITEMS

17.	Quarterly Voluntary Non-Participation Agreement Report, July 2026	Sascha Stremler
18.	Media Analysis and Outreach Report, May 2026	Michael Lyttle

ACTION ITEMS

Executive Session: the Chair may call an Executive Session at this point in the agenda in accordance with the below-cited provisions

EXECUTIVE

19.	Executive Director's Report	Bobby Wilkinson

FUNDING ANNOUNCEMENTS AND AWARDS

20.	Presentation, discussion, and possible action on State Fiscal Year 2027 Homeless Housing and Services Program Awards.	Rosy Falcon

ACTION REPORT ITEMS

21.	Report on the issuance of TDHCA Residential Mortgage Revenue Bonds 2026 Series B (Non-AMT)	Scott Fletcher
22.	Presentation and discussion regarding the issuance of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2026 C (Non-AMT)	Scott Fletcher

BOND FINANCE

23.	Presentation, discussion, and possible action on Resolution No. 26-017 approving Assignment Agreements relating to Private Activity Bond Authority, and containing other provisions relating to the subject	Scott Fletcher

24. Presentation, discussion, and possible action on Resolution No. 26-018 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject — Scott Fletcher

25. Presentation, discussion and possible action on Resolution No. 26-019 approving consent to sale of Master Servicing Rights in connection with the Department's Single Family Mortgage purchase program: approving the execution of a new servicing agreement and other agreements in connection with such sale; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution' and containing other provisions relating to the subject — Scott Fletcher

ASSET MANAGEMENT

26. Presentation, discussion, and possible action regarding a Material Amendment to the Land Use Restriction Agreement and changes to the ownership structure for Riverstone Apartments (HTC #20465) — Rosalio Banuelos

LEGAL

27. Presentation, discussion, and possible action on recommendation to debar Tracy Andrus Foundation and Tracy Andrus — Sascha Stremler

COMPLIANCE

28. Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter I, Public Facility Corporation Compliance Monitoring §10.1101 Purpose, §10.1102 Definitions, §10.1103 Reporting Requirements, §10.1104 Audit Requirements, §10.1105 Income and Rent Requirements and §10.1107 Options for Review and directing its publication for public comment in the Texas Register — Wendy Quackenbush

SINGLE FAMILY & HOMELESS PROGRAMS

29. Presentation, discussion, and possible action on a request for reasonable accommodation under the Section 8 Housing Choice Voucher Program — Abigail Versyp

MULTIFAMILY FINANCE

30. Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Brownwood Pioneer Crossing — Cody Campbell

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

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

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

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

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

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

OPEN SESSION

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

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.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 (Twitter).

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

There is not a remote online or telephone option for public participation in this meeting, so those wishing to make public comment during the meeting must appear in person. This meeting will, however, be streamed online for public viewing.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1514 **Agenda Date:** 7/9/2026 **Agenda #:** 1.

Presentation, discussion, and possible action on the Board meeting minutes summary for June 4, 2026

RECOMMENDED ACTION

Approve the Board meeting minutes summary for June 4, 2026.

RESOLVED, that the Board meeting minutes summary for June 4, 2026, is hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
June 4, 2026

On Thursday, the fourth day of June 2026, at 10:00 a.m., the monthly meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs ("TDHCA" or "the Department") was held at the Dewitt C. Greer State Highway Building, Williamson Board Room, 125 E. 11th Street, Austin, TX 78705.

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

- Leo Vasquez, III, Chair
- Kenny Marchant, Vice Chair
- Cindy Conroy
- Anna Maria Farias
- Holland Harper
- Ajay Thomas

Mr. Vasquez served as Chair, and Megan Sylvester served as Deputy General Counsel.

1) The Board unanimously approved the Consent Agenda items (1-19) and the Consent Agenda Report Items (20-21) as presented.

2) Action Item 22 – the Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.

3) Ajay Thomas, Chair of the Board's Audit and Finance Committee, present Action Item 23 – Report on the Meeting of the Internal Audit and Finance Committee. The Board heard the report and took no further action.

4) Action Item 24 – Presentation, discussion, and possible action on the SFY 2027 Operating Budget – was presented by Paul Ford, TDHCA Manager of Financial and Staff Services. The Board unanimously adopted staff recommendation to approve the budget.

5) Mr. Ford also presented Action Item 25 – Presentation, discussion, and possible action on the SFY 2027 Housing Finance Division Budget. The Board unanimously adopted staff recommendation to approve the budget.

6) Action Item 26 – Presentation, discussion, and possible action regarding a Request for Proposal for audit services and selection thereof – was presented by Joe Guevara, TDHCA Director of Financial Administration, with additional information from Mr. Wilkinson. The Board unanimously approved staff recommendation to select CliftonLarsonAllen LLP to perform the annual audit of the State Housing Trust Fund as described in the item.

7) Action Item 27 – Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Waters at Waterchase) Series 2026 Resolution No. 26-007, and a Determination Notice of Housing Tax Credits – was presented by Teresa Morales, TDHCA Director of Multifamily Bonds. The Board unanimously adopted staff recommendation to approve the bond resolution and determination notice.

8) Action Item 28 – Presentation, discussion, and possible action on a loan request for Crossroads Redevelopment – was presented by Priscilla Stevenson, TDHCA Manager of the Multifamily Direct Loan Program. The Board unanimously adopted staff recommendation to approve the loan request.

9) Ms. Stevenson also presented Action Item 29 – Presentation, discussion, and possible action on the approval of a loan for McAdams Haven. The Board by a 5-0 vote (Member Marchant abstained from voting) adopted staff recommendation to approve the loan.

10) Action Item 30 – Report relating to the conclusion of the 2025 Non-competitive 4% Housing Tax Credit Program and an update on the 2026 Non-competitive 4% Housing Tax Credit Program – was presented by Jonathan Galvan, TDHCA Manager of the 4% Housing Tax Credit Program. The Board heard the report and took no further action.

11) Action Item 31 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for The Ashbourne (HTC #25073) – was pulled from the agenda and not heard.

12) Action Item 32 – Presentation, discussion, and possible action on the 2027 Low Income Home Energy Assistance Program State Plan and Awards – was presented by Michael De Young, TDHCA Director of Community Affairs. The Board unanimously adopted staff recommendation to approve the plan and awards.

13) Action Item 33 – Presentation, discussion, and possible action authorizing the Department to submit an application in response to the U.S. Department of Housing and Urban Development's 2025 Notice of Funding Opportunity for Section 811 Project Rental Assistance for Persons with Disabilities funds, and if successfully awarded to operate such program – was presented by Bill Cranor, TDHCA Director of the 811 Program, with additional information from Mr. Wilkinson. Per staff recommendation, the Board unanimously approved and authorized staff to apply to HUD for Section 811 Project Rental Assistance Program funding.

14) Action Item 34 – Presentation, discussion, and possible action authorizing the Department to amend the service area for the Foster Youth to Independence Initiative – was presented by Andre Adams, TDHCA Manager of the Section 8 Program. Mr. Wilkinson and Ms. Sylvester provided additional information. The Board unanimously adopted staff recommendation to amend the FYI Initiative service area to statewide.

15) Action Item 35 – Presentation, discussion, and possible action on an appeal for The Trails (26043) – was pulled from the agenda and not heard.

15) Action Item 36 – Presentation, discussion, and possible action on an appeal for Paredes Apartments (26096) – was pulled from the agenda and not heard.

16) Action Item 37 – Presentation, discussion, and possible action on a request for an extension of the previously approved deadline to Place in Service for Sunset Ridge – was presented by Joshua Goldberger, TDHCA Manager of the 9% Housing Tax Credit Program. The Board unanimously adopted staff recommendation to approve the extension request.

17) Action Item 38 – Presentation, discussion, and possible action to issue a list of approved Applications for 2026 Housing Tax Credits (HTC) in accordance with Tex. Gov't Code §2306.6724(e) – was presented by Cody Campbell, TDHCA Director of Multifamily Finance. Mr. Wilkinson and Ms. Sylvester provided additional information.

Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the eligible application list as presented.

- Chris Goodpastor, Travis Heights resident, provided comments in opposition to staff recommendation
- Barbara Cilley, representing South River City Citizens, provided comments on the item
- Anita Tschurr, Travis Heights resident, provided comments in opposition to staff recommendation
- Diana Phillips, Travis Heights resident, provided comments in opposition to staff recommendation
- Jonnie McCart, representing Braun Station West, provided comments in opposition to staff recommendation
- Wallace Reed, representing the Hudson Hallmark development, provided comments on the item

18) The following persons provided comment during the Public Comment section at the end of the meeting agenda:

- Walter Moreau, Foundation Communities, provided comments regarding his disagreement with TDHCA over a rule interpretation
- Robbye Meyer, Arx Advantage, provided comments regarding the agency's consideration of administering multiple 9% Housing Tax Credit Program awards cycles in the same calendar year
- Glenn Lynch, developer, provided comments regarding TDHCA staff's administration of the RFAD process in the 9% Housing Tax Credit Program

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

There being no further business to come before the Board, the meeting adjourned at 12:00 p.m. The next meeting is scheduled for Thursday, July 9, 2026.

_____
Secretary

Approved:

_____
Chair

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1535 **Agenda Date:** 7/9/2026 **Agenda #:** 2.

Presentation, Discussion and Possible Action on a Staff-Initiated Waiver of Certain Sections of 10 TAC §10.628, relating to Verification of Occupant Legal Status for HOME, HOME ARP Rental, and NHTF Developments

RECOMMENDED ACTION

WHEREAS, in April 2026 the Board adopted 10 TAC §10.628 relating to Verification of Occupant Legal Status for HOME, HOME ARP Rental, and NHTF Developments, which provides for the implementation of Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) for Developments in the Department's portfolio that have HOME, HOME-ARP Rental or NHTF financing or land use restriction agreements;

WHEREAS, 10 TAC §10.628(f)(2)(D) provides that for existing Developments not permitted to access the SAVE system, Owners must submit an election to the Compliance Division of how they will implement PRWORA no later than July 1, 2026;

WHEREAS, 10 TAC §10.628(b) specifies that §10.628 is effective beginning on August 1, 2026, and on that date the Department is expected to begin monitoring for compliance with this rule;

WHEREAS, in Mid-May the Department of Homeland Security provided the Department a revised SAVE Agreement, which is causing substantial redrafting of Agreements and Contract Amendments for the approximately 400 covered properties and such agreements and amendments are still in the process of being provided to properties and uploaded into CMTS, the Department system of record;

WHEREAS, there have also been unanticipated delays in ensuring that all required documents, forms, on-line tools, and training are ready and operational in sufficient advance time to provide affected Developments with the ability to start by the August 1 effective date;

WHEREAS, for a small subset of covered Developments with 811 PRA Contracts, the Department is still seeking further guidance from HUD's Office of Multifamily Housing about how this requirement could be implemented which may prompt more in-depth Contract and LURA Amendments; and

WHEREAS, 10 TAC §10.627, Temporary Suspensions of Sections of this Subchapter, provides the authority for the temporary suspension of sections of this subchapter by the Executive Director if there are extenuating circumstances which make it not possible or an undue administrative burden to comply, and the Executive Director has determined that it is necessary to suspend two sections of the rule;

NOW, therefore, it is hereby

RESOLVED, that the Board confirms the Executive Director's determination that it is necessary to suspend two sections of the rule as permitted by 10 TAC §10.627, specifically to suspend the July 1, 2026, election notice date until September 1, 2026, and to suspend the effective date of

the rule from August 1, 2026, until October 1, 2026;

RESOLVED, that this action does not suspend any requirements for Development Owners to provide the Department information necessary for the drafting of the Legal Agreements, Contract, and LURA Amendments; and

FURTHER RESOLVED, the Executive Director and his designees are authorized, empowered, and directed, for and on behalf of the Department, to cause the suspensions to be implemented as indicated in this item.

BACKGROUND

In April 2026 the Board adopted 10 TAC §10.628 relating to Verification of Occupant Legal Status for HOME, HOME ARP Rental, and NHTF Developments. The rule provides for the implementation of Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) for Developments in the Department's portfolio that have HOME, HOME-ARP Rental or NHTF financing or land use restriction agreements, roughly 400 Developments.

In the rule several dates were included to prompt the roll-out and implementation of the rule. First 10 TAC §10.628(f)(2)(D) provides that for existing Developments that elect not to access the SAVE system, Owners must submit an election to the Compliance Division of how they will implement PRWORA no later than July 1, 2026. While this may be a small pool of Developments the SAVE system, the method for them to submit such an election is only recently being provided to them. The other date is in 10 TAC §10.628(b) which specifies that §10.628 is effective beginning on August 1, 2026. Therefore, on that date the Department is expected to begin monitoring for compliance with this rule.

While staff has been working consistently and diligently on the roll-out of PRWORA for these approximately 400 Developments several issues have arisen that have caused delays:

- In Mid-May the Department of Homeland Security (DHS) sent the Department a revised SAVE Agreement. SAVE is the system by which properties will seek to confirm immigration status of occupants/applicants for units. Because of how the Agreement is crafted between the Department and DHS, the Department must now require that the Developments implementing PRWORA execute new agreements with the Department, and/or amend existing contracts with the Department prior to their ability to access the SAVE system. This has caused substantial redrafting of Agreements and Contract Amendments and these agreements and amendments are still in the process of being provided to properties and uploaded into CMTS, the Department system of record.

- There have also been unanticipated delays in ensuring that all required documents, forms, on-line tools, and trainings are ready and operational in sufficient advance time to provide affected properties with the ability to start by the August 1 effective date.
- Lastly, for a small subset of covered Developments with 811 PRA Contracts, the

Department is still seeking further guidance from HUD's Office of Multifamily Housing about how this requirement could be implemented. Upon receipt of that response from HUD, it may prompt more in-depth Contract and LURA Amendments.

10 TAC §10.627, Temporary Suspensions of Sections of this Subchapter, provides the authority for the temporary suspension of sections of this subchapter by the Executive Director if there are extenuating circumstances which make it not possible or an undue administrative burden to comply. For the reasons above, staff has determined that the dates above are in need of extension. It is necessary to suspend two sections of the rule as permitted by 10 TAC §10.627, specifically to suspend the July 1, 2026, election notice date until September 1, 2026, and to suspend the effective date of the rule from August 1, 2026, until October 1, 2026. This action does not suspend any Department provided deadline for Owners to provide needed information to the Department that is required for drafting of Legal Agreements, and Contract and LURA Amendments. This information, such as a corporate resolution and a signature block, is required to be provided to the Department, upon request under the terms and conditions of existing Contracts and LURAs. The Department will consider reasonable extensions to these deadlines upon receipt of a request establishing good cause, balancing the need to have all Developments be ready to implement PRWORA by October 1, 2026.

Staff requests confirmation from the Board to suspend action on these two rule sections as indicated in this item.

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1515 **Agenda Date:** 7/9/2026 **Agenda #:** 3.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for St. Augustine Estates (HTC #05609)

RECOMMENDED ACTION

WHEREAS, St. Augustine Estates (HTC #05609) received an award of 4% Housing Tax Credits (HTCs) in 2005 for the new construction of 150 units for the elderly in Dallas, Dallas County;

WHEREAS, the Land Use Restriction Agreement (LURA) for the Development states that throughout the 15-year Compliance Period, which ended on December 31, 2021, the Development must be a project which is solely occupied by persons 62 years of age or older, or at least 80% of the units in the Development must be operated for occupancy by at least one person 55 years or age or older per unit;

WHEREAS, St. Augustine Estate Apartments, L.P. (Development Owner or Owner) has continued to operate the Development as restricted for the elderly and requests approval to extend the elderly designation throughout the 30-year affordability period; and

WHEREAS, 10 TAC §10.405(b)(2)(C) states that changes to the Target Population are material amendments to the Land Use Restriction Agreement (LURA);

NOW, therefore, it is hereby

RESOLVED, that the Board approves amendment to the LURA of St. Augustine Estates to extend the elderly restriction throughout the term of the LURA as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

St. Augustine Estates received an award of 4% Housing Tax Credits in 2005 for the construction of 150 units for the elderly in Dallas, Dallas County. The LURA for the Development states that throughout the 15-year Compliance Period, which ended on December 31, 2021, the Development must be a project which is solely occupied by persons 62 years of age or older, or at least 80% of the units in the Development must be operated for occupancy by at least one person 55 years or age or older per unit.

In a letter dated May 18, 2026, Kandis Gren, the representative for the Owner, requests

approval to extend the elderly designation of the Development throughout the 30-year affordability period. The Owner has indicated that the Development has continued to operate as elderly and meets the requirements of the Housing for Older Persons Act.

10 TAC §10.405(b)(2)(C) states that changes to the target population are material amendments to the LURA and require Board approval. 10 TAC §10.405(b)(1)(F) states that a change in target population if the elderly restrictions in the LURA expired at the end of the Compliance Period would be a non-material LURA amendment if the amendment is requested within one year of expiration and contains a certification from the Development Owner that the Development still qualifies as elderly. However, because it has been more than one year since the end of the Compliance Period for this Development, this request to extend the elderly requirement requires Board approval.

The Owner complied with the requirements for requesting a material LURA amendment, including holding a public meeting and notifying each resident of the Development and the lender and the investors for the Development that they are requesting a LURA amendment to extend the elderly requirement throughout the term of the LURA. The public hearing was held on May 28, 2026. The Owner reported that 25 residents attended the public hearing, and the comments received were all in favor of maintaining the elderly designation at the Development.

Staff recommends approval of the amendment request as presented herein.

CBL
CLARK BUSINESS LAW

May 18, 2026

VIA EMAIL
Texas Department of Housing and Community Affairs
Asset Management Division
Attention: Lucy Weber
Email: lucy.weber.@tdhca.texas.gov

Re: St. Augustine Estates (the "*Development*")
St. Augustine Estate Apartments, L.P. (the "*Owner*")
TDHCA File Number 05609
LURA Amendment Request

Dear Ms. Weber:

As you know, we are counsel to the Owner of the above-referenced Development, and submit this request on the Owner's behalf. Owner and the Texas Department of Housing and Community Affairs ("*TDHCA*") entered into that certain Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits on January 12, 2007, which was filed in the Official Public Records of Dallas County, Texas (the "*Public Records*") on March 20, 2007, as File Number 2007010001, and was amended by that certain First Amendment to Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits dated effective January 12, 2007, which was filed in the Public Records on July 2, 2010, as File Number 201000167607 (collectively, the "*LURA*"). The LURA requires that throughout the Compliance Period, the Development shall be a "Qualified Elderly Development" (as defined in the LURA). The Compliance Period ended on December 31, 2021, but Owner would like the Development to maintain its status as a "Qualified Elderly Development".

This letter is to formally request an amendment to the LURA (the "*Amendment*") to extend the term by which the Development is a "Qualified Elderly Development" through the end of the Extended Use Period (as defined in the LURA).

The Amendment is necessary because Owner would like to continue to market and lease the Development elderly residents. There are 150 units and 210 residents at the Development and the Development is known generally throughout the community as elderly housing. Opening the Development to lease to the general population would cause confusion in the community and undue hardship on the current residents.

There is good cause for the change because the current residents entered into a lease at the Development under the assumption that the Development was for elderly tenants. The Amendment will not have a financial impact on the Development since the Development will continue to be

subject to the rent and income restrictions set forth in the LURA through the end of the Extended Use Period.

The requested Amendment was not reasonably foreseeable at the time of initial application for low-income housing tax credits because after the date of initial application there was a transfer of interests in Owner. On May 25, 2016, TDHCA approved such ownership transfer. The current Owner did not file the initial application but would like to continue to operate the property as a "Qualified Elderly Development". If the current Owner had made the initial application, it would have applied for this restriction to be applicable through the end of the Extended Use Period.

The required amendment fee was scheduled to be paid to TDHCA by Owner on May 18, 2026.

We understand that for Material LURA Amendments such as this, Owner will need to provide reasonable notice and hold a public hearing at least 20 days prior to the July 23, 2026 THDCA board meeting where this request will be considered. Attached hereto as Exhibit A, is the proposed notice to be circulated regarding the public hearing.

We look forward to working with you to resolve any concerns with respect to this request. If there are any questions or if further discussion is needed, please let us know. Thank you for your time and consideration.

Sincerely,

Kandis Gren
Attorney at Law
kandis@clarkbusinesslaw.com
801-808-4600

CC: Ysella Kaseman, ysella.kaseman@tdhca.texas.gov (*via email*)
Brynn Morse, brynn@clarkbusinesslaw.com (*via email*)
Devon Gentry, dgentry@peakcapitalpartners.com (*via email*)
Natasha Vargas, nvargas@peakliving.com (*via email*)

Encl.: Exhibit A

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1520 **Agenda Date:** 7/9/2026 **Agenda #:** 4.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Sunset Haven (HTC #060118)

RECOMMENDED ACTION

WHEREAS, Sunset Haven (HTC #060118) received an allocation of 9% Housing Tax Credits (HTCs) in 2006 for the new construction of 100 units for the elderly in Brownsville, Cameron County;

WHEREAS, the Land Use Restriction Agreement (LURA) for the Development states that throughout the 15-year Compliance Period, which ended on December 31, 2022, the Development must be a project which is solely occupied by persons 62 years of age or older, or at least 80% of the units in the Development must be operated for occupancy by at least one person 55 years of age or older;

WHEREAS, Sunset Haven, Ltd. (Development Owner or Owner) has continued to operate the Development as restricted for the elderly and requests approval to extend the elderly designation throughout the 40-year affordability period; and

WHEREAS, 10 TAC §10.405(b)(2)(C) states that changes to the Target Population are material amendments to the Land Use Restriction Agreement (LURA);

NOW, therefore, it is hereby

RESOLVED, that the Board approves amendment to the LURA of Sunset Haven to extend the elderly restriction throughout the term of the LURA as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Sunset Haven received an allocation of 9% Housing Tax Credits in 2006 for the new construction of 100 units for the elderly in Brownsville, Cameron County. The LURA for the Development states that throughout the 15-year Compliance Period, which ended on December 31, 2022, the Development must be a project which is solely occupied by persons 62 years of age or older, or at least 80% of the units in the Development must be operated for occupancy by at least one person 55 years of age or older.

In a letter dated May 22, 2026, Cheridan McIntyre, the representative for the Owner, requests approval to extend the elderly designation of the Development throughout the 40-year affordability period. The Owner has certified that the Development has continued to operate as elderly and meets the requirements of the Housing for Older Persons Act.

10 TAC §10.405(b)(2)(C) states that changes to the target population are material amendments to the LURA and require Board approval. 10 TAC §10.405(b)(1)(F) states that a change in target population if the elderly restrictions in the LURA expired at the end of the Compliance Period would be a non-material LURA amendment if the amendment is requested within one year of expiration and contains a certification from the Development Owner that the Development still qualifies as elderly. However, because it has been more than one year since the end of the Compliance Period for this Development, this request to extend the elderly requirement requires Board approval.

The Owner complied with the requirements for requesting a material LURA amendment, including holding a public meeting and notifying each resident of the Development and the lender for the Development that they are requesting a LURA amendment to extend the elderly requirement throughout the term of the LURA. There is no longer a syndicator involved with this Development. The public hearing was held on June 5, 2026. The Owner reported that 30 residents attended the public hearing, and the comments received were all in favor of maintaining the elderly designation at the Development.

Staff recommends approval of the amendment request as presented herein.

CAPSTONE
REAL ESTATE SERVICES, INC.

May 22nd, 2026

Sunset Haven **CMTS ID: 4388**

Dear TDHCA Compliance Team,

Please accept this letter as a formal request for a Land Use Restriction Agreement (LURA) amendment to allow Sunset Haven to continue operating as a senior housing property.

During the recent monitoring review, it was noted that the property's elderly set-aside requirement had expired with the end of the applicable compliance period. Ownership would like to maintain the property as senior housing in order to continue serving the existing resident population and preserve housing opportunities for elderly households within the community.

The property has historically operated as a senior community and continues to market and lease units in accordance with applicable fair housing requirements and senior housing guidelines. Maintaining the elderly designation is important to both ownership and the residents currently residing at the property, as it supports the long-term stability and housing needs of seniors in the area.

Ownership is in the process of issuing the $2,500 check. Can you please confirm the mailing address where the payment should be sent?

We respectfully request guidance regarding the next steps and any documentation required by TDHCA to process the LURA amendment request. Ownership is prepared to provide any additional information necessary to facilitate review and approval. Thank you for your time and consideration. Please let us know if you require any further documentation or clarification.

Sincerely,
Cheridan McIntyre
Compliance Officer
Capstone Real Estate Services, Inc.
(512)646-6700
Cheridan.McIntyre@capstonemanagement.com

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1521 **Agenda Date:** 7/9/2026 **Agenda #:** 5.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Village at Johnson Creek (HTC #98002)

RECOMMENDED ACTION

WHEREAS, Village at Johnson Creek (HTC #98002) received an allocation of 9% Housing Tax Credits (HTCs) in 1998 for the new construction of 140 units for the elderly in Arlington, Tarrant County;

WHEREAS, the Land Use Restriction Agreement (LURA) for the Development states that throughout the 25-year Compliance Period, which ended on December 31, 2023, the Development must be a project which is solely occupied by persons 62 years of age or older, or all units in the Development must be occupied by at least one person 60 years of age or older;

WHEREAS, Arlington Senior Housing, L.P. (Development Owner or Owner) has continued to operate the Development as restricted for the elderly and requests approval to extend the elderly designation throughout the 40-year affordability period; and

WHEREAS, 10 TAC §10.405(b)(2)(C) states that changes to the Target Population are material amendments to the Land Use Restriction Agreement (LURA);

NOW, therefore, it is hereby

RESOLVED, that the Board approves the amendment to the LURA of Village at Johnson Creek to extend the elderly restriction throughout the term of the LURA as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Village at Johnson Creek received an allocation of 9% Housing Tax Credits in 1998 for the new construction of 140 units for the elderly in Arlington, Tarrant County. The LURA for the Development states that throughout the 25-year Compliance Period, which ended on December 31, 2023, the Development must be a project which is solely occupied by persons 62 years of age or older, or all units in the Development must be occupied by at least one person 60 years of age or older.

In a letter dated June 3, 2026, Wayne Tai, the representative for the Owner, requests approval

to extend the elderly designation of the Development throughout the 40-year affordability period. The Owner has certified that the Development has continued to operate as elderly and meets the requirements of the Housing for Older Persons Act.

10 TAC §10.405(b)(2)(C) states that changes to the target population are material amendments to the LURA and require Board approval. 10 TAC §10.405(b)(1)(F) states that a change in target population if the elderly restrictions in the LURA expired at the end of the Compliance Period would be a non-material LURA amendment if the amendment is requested within one year of expiration and contains a certification from the Development Owner that the Development still qualifies as elderly. However, because it has been more than one year since the end of the Compliance Period for this Development, this request to extend the elderly requirement requires Board approval.

The Owner complied with the requirements for requesting a material LURA amendment, including holding a public meeting and notifying each resident of the Development and the lender and investor for the Development that they are requesting a LURA amendment to amend the LURA to extend the elderly requirement throughout the term of the LURA. The public hearing was held on June 11, 2026. The Owner reported that 40 residents attended the public hearing, and the comments received were all in favor of maintaining the elderly designation at the Development. The Department also received several written statements from residents of the Development in support of this amendment to extend the elderly designation at the Development.

Staff recommends approval of the amendment request as presented herein.

Arlington Senior Housing, L.P.

6860 S. Yosemite Court, Suite 2222 – Centennial – CO 80112

June 03, 2026

Ms. Lucy Weber
Asset Management Division
Texas Dept. of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

RE: Arlington Senior Housing, L.P. (the Partnership/Development Owner)
TDHCA Number: 98002

Dear Ms. Weber:

We've been corresponding regarding Justin Merrill's recent file review's non-compliance finding on The Villages of Johnson Creek ("Johnson Creek"). As a result of Mr. Merrill's/TDHCA's finding and your guidance on our correction options, we're writing to formally request an amendment to Johnson Creek's recorded Tax Credit Land Use Regulatory Agreement ("LURA"). Per Title 10, Ch 10, Sub-Ch E, Rule 10.405(b) of the Texas Administrative Code, we are writing to request an amendment to the LURA's post Compliance Period use. Specifically, we request that Johnson Creek remains an elderly age restricted property for tenants who are 62 years or older until the end of its Extended Use Period. Please find enclosed $2,500 check for the payment of the Amendment Application and Review Fee.

Johnson Creek is a 140-unit LIHTC property and was allocated tax credits as part of the 1998 allocation. Since 1999 when it was placed-in-service, the property has been designed and constructed for elderly tenants in which all occupants are 62 years of age or older; or occupied by at least one person who is 60 years or older. The property also provides social services suitable mainly for elderly residents.

Based on our knowledge and conversations with Johnson Creek's residents, the majority have expressed to us they chose to live at Johnson Creek because of its seniors only community. They enjoy having and interacting with fellow elderly neighbors. Residents utilize Johnson Creek's senior services and programs. Some of our onsite management staff have been seniors, which our residents feel they relate better with. From our residents' feedback, we believe converting Johnson Creek into a non-age restricted property will be non-congruent to the property's original intended purpose, which is to serve as affordable housing for the area's elderly population.

Perhaps even more detrimental is that by removing Johnson Creek's original Elderly Project age restriction, the area will lose vital affordable senior housing which is in short supply. To illustrate, here are some widely publicized statistics supporting the state's and local area's need for more senior housing rather than less:

- The age 65 and older cohort makes up 14% of Texas's population. It is also the fastest growing group at approximately 3.8% year-over-year [1].

- The country is said to be experiencing a "Silver Tsunami" whereby over 10,000 people turn age 65 every day. Texas has the country's 3rd largest population of this age group [2].

- Demographers find the Dallas Fort Worth metroplex alone is facing a growing shortage of affordable senior housing for residents 65 years and older. This shortage is not transient and has been worsening due to various unresolved barriers to senior residential housing developments [2].

- Statewide, over 765,000 seniors aged 65 years and older are categorized as cost burdened and struggling to stay housed [3].

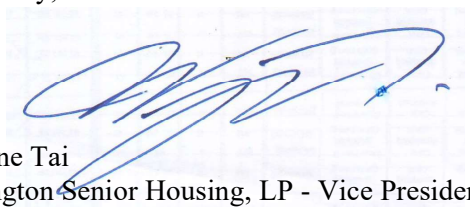
- A recent study found that in the DFW area, nearly 2/3 of its senior residents spend over 30% of their income on housing. The study finds this to be an ongoing affordability crisis [3].
- In Dallas County, approximately 13% of the elderly population are living in poverty [4].
- These sentiments are echoed by Texas Rep. Rhetta Bowers of District 113. Rep. Bowers believes "if we don't act soon, this is going to become a full-blown crisis for our seniors." [2]

- Last but not least, one of the more dire statistics highlighting the chronic shortage is that the National Low Income Housing Coalition found statewide, Texas needs nearly 865,000 affordable senior units than it currently has [3].

We will be holding the required public hearing and submitting the resulting documentation as you've advised. We feel it'll be in the best interest of Johnson Creek's existing residents and the public that the property remains an Elderly Project.

Please don't hesitate to contact me if questions arise or further clarifications are needed. Thank you.

Sincerely,



Wayne Tai
Arlington Senior Housing, LP - Vice President of Asset Management

CC:

Brian Flaherty – Arlington Senior Housing, LP	via EMAIL
Brendan Flaherty - Sandalwood Management USA, LP	via EMAIL
Marilyn Cubias -Sandalwood Management USA, LP	via EMAIL
Kim Jackson – Sandalwood Management USA, LP	via EMAIL
Lisa Champion – Sandalwood Management USA, LP	via EMAIL

Citations:

1- Colliers US Capital Markets (2025). Texas Senior Housing. *25H1 report.*
2- B. Wadsack (4/7/2025). Affordable Housing Shortage Could Leave DFW Senior Out in The Cold. *Bisnow.* https://www.bisnow.com/dallas-ft-worth/news/senior-housing/affording-housing-shortage-could-leave-dfw-seniors-out-in-the-cold-128815
3- J. Fechter (11/30/23). More Than 765,000 older Texans are Struggling to Cover Housing Costs. *The Texas Tribune.* More than 765,000 older Texans are struggling to cover housing costs
4- Dallas County (2025). Annual Action Plan. p.2

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1531 **Agenda Date:** 7/9/2026 **Agenda #:** 6.

Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 10, Subchapter F, §10.614 Utility Allowances and directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code, §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, 10 TAC §10.614 Utility Allowances outlines requirements and methodologies for which multifamily rental properties must comply to maintain compliance with both federal and state utility allowance requirements;

WHEREAS, Utility Allowances are the basis in which maximum allowable rent limits are calculated for low-income units;

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommend potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggested opportunities for improvement; and, as requested by TREO, such report was made available for stakeholder feedback in May 2026;

WHEREAS, it was suggested in the Report, at the initiation of the Department, that this rule could be amended to simplify the regulation and improve efficiency of the rule, and therefore the rule is also being revised in response to that Report;

WHEREAS, such proposed amendments in this item will be published in the *Texas Register* for public comment from July 24, 2026 to August 24, 2026, and the rule will be returned to the Board for final adoption;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the proposed amendments of 10 TAC Chapter 10, Subchapter F §10.614, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

10 TAC §10.614 Utility Allowances makes available the different methodologies offered to the Department's multifamily properties to calculate a utility allowance, describes the requirements of each method and

established deadlines for implementation for each method. Utility allowances are integral part of compliance, as they are used for determining the maximum allowable rent limit(s) a property may charge for an affordable unit.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026 to May 14, 2026.

The report included a recommendation relating to this rule section to better streamline the rule and to remove unnecessary requirements and examples. While feedback was received on this item, staff concurs with the recommendations of TREO and is releasing the rule for a formal public comment period. The Compliance Division has accepted several of those rule recommendations to provide a better, clearer and more concise rule for the Department's multifamily properties.

The proposed amendment will be published in the *Texas Register* and released for public comment from July 24, 2026 to August 24, 2026. This rule action will be returned to the Board for final adoption.

Behind the preamble a draft of 10 TAC §10.614, Utility Allowances, is shown in blackline and shows the proposed additions and deletions to the rule.

Summary of Proposed Change:

§10.614 Utility Allowances. Simplified uniform resource locator (URL) website addresses, removed all examples from the rule, and deleted redundant language while clarifying requirements in simpler terms.

Attachment 1: Preamble, including required analysis for proposed amendment to 10 TAC Chapter 10, Subchapter F §10.614 Utility Allowances.

The Texas Department of Housing and Community Affairs (the Department) proposes the amendment of 10 TAC Chapter 10, Subchapter F, §10.614 Utility Allowances. The purpose of the proposed action is to provide a clearer, more efficient and more concise rule for the Department's multifamily properties.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because there are no costs associated with the amendment.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Robert Wilkinson, Executive Director, has determined that, for the first five years the amendment would be in effect:

1. The amendment to the rule will not create or eliminate a government program but merely removes redundant and unnecessary verbiage from the rule;

2. The amendment to the rule will not require a change in the number of employees of the Department;

3. The amendment to the rule will not require additional future legislative appropriations;

4. The amendment to the rule will result in neither an increase nor a decrease in fees paid to the Department;

5. The amendment to the rule will not create a new regulation, but eliminates unnecessary verbiage and examples to provide a clearer and more concise rule;

6. The amendment to the rule will not repeal an existing regulation;

7. The amendment to the rule will not increase or decrease the number of individuals subject to the rule's applicability; and

8. The amendment to the rule will neither positively nor negatively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this action and determined that it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The action does not contemplate or authorize a taking by the Department, therefore no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the action as to its possible effects on local economies and has determined that for the first five years the rule will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the rule amendment is in effect, the public benefit anticipated as a result of the repealed section would be an updated rule that is more efficient and concise. There will be no economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the amended rule is in effect, enforcing or administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held July 24, 2026, to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Wendy Quackenbush at wendy.quackenbush@tdhca.texas.gov or by mail at P.O. Box 13941, Austin, Texas 78711-3941. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The rule is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed action affects no other code, article, or statute.

10.614 Utility Allowances

(a) Purpose. The purpose of this section is to provide the guidelines for calculating a Utility Allowance under the Department's multifamily programs. The Department will cite noncompliance and/or not approve a Utility Allowance if it is not calculated in accordance with this section. An Owner is required to comply with the provisions of this section as well as any existing federal or state program guidance.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise. Other capitalized terms used in this section herein have the meanings assigned in Chapters 1, 2, 10, 11, 12, and 13 of this title.

(1) Building Type. The HUD Office of Public and Indian Housing (PIH) characterizes building and unit configurations for HUD programs. The Department will defer to the guidance provided by HUD ~~found at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11608.pdf (or successor Uniform Resource Locator (URL))~~ when making determinations regarding the appropriate building type(s) at a Development.

(2) Power to Choose. The Public Utility Commission of Texas database of retail electric providers in the areas of the state where the sale of electricity is open to retail competition. ~~: http://www.powertochoose.org/ (or successor URL).~~ In areas of the state where electric service is deregulated, the Department will verify the availability of residential service through Power to Choose. If the Utility Provider is not listed as a provider of residential service in the Development's ZIP code for an area that is deregulated, the request will not be approved. It is the Owner's responsibility to ensure that a Development in a deregulated area, but within the boundaries of a regulated municipality, is using the appropriate provider.

(3) Component Charges. The actual cost associated with the billing of a residential utility. Each Utility Provider may publish specific utility service information in varying formats depending on the service area. Such costs include, but are not limited to:

(A) Rate(s). Any cost incurred for the actual unit of measure for the utility (e.g., base cost per kilowatt hour for electricity, TDU delivery charges, rate per gallon of water, etc.);

(B) Fees. The cost associated with a residential utility that is incurred regardless of the amount of the utility the household consumes (e.g., Customer Charge);

(C) Taxes. Taxes for electricity and gas are regulated by the Texas Comptroller of Public Accounts and can be found ~~http://comptroller.texas.gov/ (or successor URL)~~on the website of the Texas Comptroller of Public Accounts. Local Utility Providers have control of the tax structure related to water, sewer and trash. To identify if taxes are imposed for these utilities, obtain documentation directly from the Utility Provider.

(4) Multifamily Direct Loan (MFDL). Funds provided through the HOME, NSP, NHTF, TCAP RF, HOME-ARP, ERA, or other program available through the Department, local political subdivision, or administrating agency for multifamily development that require a Utility Allowance. MFDLs may also include deferred forgivable loans or other similar direct funding, regardless if it is required to be repaid. Housing Tax Credits, Tax Exempt Bonds, CDBG, and Project Based Vouchers are not MFDLs.

(5) Renewable Source. Energy produced from energy property described in IRC §48 or IRC §45(d)(1) through (4), (6), (9), or (11). The manner in which a resident is billed is limited to the rate at which the local Utility Provider would have charged the residents for the utility if that entity had provided it to them, and as may be further limited by the Texas Utilities Code or by regulation.

(6) Submetered Utility. A utility purchased from or through a local Utility Provider by the building Owner where the resident is billed directly by Owner of the building or to a third party billing company and the utility is:

(A) Based on the residents' actual consumption of that utility and not an allocation method or Ratio Utility Billing System (RUBS);

(B) The rate at which the utility is billed does not exceed the rate incurred by the building Owner for that utility; and

(C) Tenants receiving a tenant-based Housing Choice Voucher or residing in a Housing Tax Credit Development may not be charged a service fee for submetered utilities. For MFDL Developments where tenants are being charged a service fee for submetered utilities, the fee must either be included in the Utility Allowance or be included in the gross rent calculation as a mandatory fee.

(7) Utility Allowance. An estimate of the expected monthly cost of any utility for which a resident is financially responsible, other than telephone, cable television, or internet. A utility allowance is considered implemented once the Unit Status Report is updated and rents are restricted.

(A) For HTC, TCAP, Exchange buildings, Bonds, and THTF include:

(i) Utilities paid by the household directly to the Utility Provider;

(ii) Submetered Utilities; and

(iii) Renewable Source Utilities.

(B) For a Development with an MFDL, unless otherwise prescribed in the program's Regulatory Agreement, include all utilities regardless of how they are paid.

(8) Utility Provider. The company that provides residential utility service (e.g., electric, gas, water, wastewater, and/or trash) to the buildings. If the Utility Provider offers more than one rate plan, the plan selected must be available to all households in the building.

(c) Methods. The following options are available to establish a Utility Allowance for all programs except most Developments funded with MFDL funds, which are addressed in subsection (d) of this section. A Development with HOME-ARP Units or Units subject to the 2025 HOME Final Rule, and that does not have Units subject to the 2013 HOME Rule, may use methods in this subsection or subsection (d) of this section, but~~-~~ must select one method per Development if the HOME-ARP Units or Units subject to the 2025 HOME Final Rule are floating or one method per building if these Units are fixed.~~cannot combine two methods in one building.~~

(1) Rural Housing Services (RHS) buildings or buildings with RHS assisted residents. The applicable Utility Allowance for the Development will be determined under the method prescribed by the RHS (or successor agency). No other utility method described in this section can be used by RHS buildings or buildings with RHS assisted residents.

(2) HUD-Regulated buildings layered with any Department program. If neither the building nor any resident in the building receives RHS rental assistance payments, and the rents and the Utility Allowances of the building are regulated by HUD (HUD-regulated building), the applicable Utility Allowance for all rent restricted Units in the building is the applicable HUD Utility Allowance. No other utility method described in this section can be used by HUD-regulated buildings. Unless further guidance is received from the U.S. Department of Treasury or the Internal Revenue Service (IRS), the Department considers Developments awarded an MFDL (e.g., HOME) to be HUD-Regulated buildings.

(3) Other Buildings. For all other rent-restricted Units, Development Owners must use one of the methods described in subparagraphs (A) - (E) of this paragraph:

(A) Public Housing Authority (PHA). The Utility Allowance established by the applicable PHA for the Housing Choice Voucher Program. The Department will utilize the Texas Local Government Code, Chapter 392 to determine which PHA is the most applicable to the Development.

(i) If the PHA publishes different schedules based on Building Type, the Owner is responsible for implementing the correct schedule based on the Development's Building Type(s). ~~Example 614(1): The applicable PHA publishes a separate Utility Allowance schedule for Apartments (5+ units), one for Duplex/Townhomes and another for Single Family Homes. The Development consists of 20 buildings, 10 of which are Apartments (5+ units) and the other 10 buildings are Duplexes.~~ The Owner must use the correct schedule for each Building Type.

(ii) In the event the PHA publishes a Utility Allowance schedule specifically for energy efficient units, and the Owner desires to use such a schedule, the Owner must demonstrate that the building(s) meet the housing authority's specifications for energy efficiency once every five years.

(iii) If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the Utility Allowance if the resident is responsible for that utility.

(iv) If the individual components of a Utility Allowance are not in whole number format, the correct way to calculate the total allowance is to add each amount and then round the total up to the next whole dollar. ~~Example 614(2): Electric cooking is $8.63, Electric Heating is $5.27, Other Electric is $24.39, Water and Sewer is $15. The Utility Allowance in this example is $54.00.~~ If the PHA schedule reflects a rounded amount, then the PHA method of rounding should be used.

(v) If an Owner chooses to implement a methodology as described in subparagraph (B), (C), (D), or (E) of this paragraph, for Units occupied by Section 8 voucher

holders, the Utility Allowance remains the applicable PHA Utility Allowance established by the PHA from which the household's voucher is received.

(vi) If the Development is located in an area that does not have a municipal, county, or regional housing authority that publishes a Utility Allowance schedule for the Housing Choice Voucher Program, Owners must select an alternative methodology, unless the building(s) is located in the published Housing Choice Voucher service area of:

(I) A Council of Government created under Texas Local Government Code, Chapter 303, that operates a Housing Choice Voucher Program;

(II) The Department's Housing Choice Voucher Program; or

(III) Another PHA which publishes a separate utility allowance schedule specific to the Development's location.

(B) Written Local Estimate. The estimate must come from the local Utility Provider, be signed by the Utility Provider representative, and specifically include all Component Charges for providing the utility service.

(C) HUD Utility Schedule Model. The HUD Utility Schedule Model and related resources can be found on HUD's website~~at http://www.huduser.gov/portal/resources/utilallowance.html (or successor URL)~~. Each item on the schedule must be displayed out two decimal places. The total allowance must be rounded up to the next whole dollar amount. The Component Charges used can be no older than those in effect 60 days prior to the beginning of the 90 day period described in subsection (f)(3) of this section related to Effective Dates.

(i) The allowance must be calculated using the MS Excel version available on HUD's website ~~at http://www.huduser.org/portal/resources/utilmodel.html (or successor URL),~~ as updated from time to time, with no changes or adjustments made other than entry of the required information needed to complete the model.

(ii) In the event that the zip code for the Development is not listed in "Location" tab of the workbook, the Department will default to the PHA code from the PHA that is closest in distance to the Development using online mapping tolls (e.g. Google Maps). If neither the zip code nor the PHA code is listed, a zip code that borders the Development's zip code will be used The Department will obtain the PHA codes from HUD's website. ~~https://www.hud.gov/sites/dfiles/PIH/documents/PHA_Contact_Report_TX.pdf (or successor Uniform Resource Locator (URL)).~~

(iii) Green Discount. If the Owner elects any of the Green Discount options for a Development, documentation to evidence that the units and the buildings meet the Green Discount standard as prescribed in the model is required for the initial approval and every subsequent annual review. Energy Star certifications will require the certificates for each Unit at the time of the initial Utility Allowance review and a letter from a properly licensed engineer annually thereafter. The engineer letter will be accepted for a period of five (5) years and must be updated thereafter.

(I) In the event the allowance is being calculated for an application of Department funding (e.g., 9% Housing Tax Credits), upon request, the Department will provide both the Green Discount and the non-Green Discount results for application purposes.

(II) At lease up, the owner may use the utility allowance taking into consideration the green discount if they obtain written documentation from a qualified professional (e.g., a qualified energy efficiency consultant) indicating that the Units and buildings will meet the qualifications for the Green Discount within six months of the placed in service date or for MFDL within six months of the construction completion date.

(iv) Do not take into consideration any costs (e.g., penalty) or credits that a consumer would incur because of their actual usage. ~~Example 614(3): The Electric Fact Label for ABC Electric Utility Provider provides a Credit Line of $40 per billing cycle that is applied to the bill when the usage is greater than 999 kWh and less than 2000 kWh. Example 614(4): A monthly minimum usage fee of $9.95 is applied when the usage is less than 1000 kWh in the billing cycle.~~ When calculating the allowance, disregard these types of costs or credits.

(D) Energy Consumption Model. The model must be calculated by a properly licensed mechanical engineer. The license of the engineer must be submitted along with the model. The individual must not be related to the Owner within the meaning of §267(b) or §707(b) of the Code. The utility consumption estimate must, at minimum, take into consideration specific factors that include, but are not limited to, Unit size, building type and orientation, design and materials, mechanical systems, appliances, characteristics of building location, and available historical data. Component Charges used must be no older than those in effect 60 days prior to the beginning of the 90 day period described in subsection (f)(3) of this section related to Effective Dates; and

(E) An allowance based upon an average of the actual use of similarly constructed and sized Units in the building using actual utility usage data and Component Charges, provided that the Development Owner has the written permission of the Department. This methodology is referred to as the "Actual Use Method." For a Development Owner to use the Actual Use Method they must:

(i) Provide a minimum sample size of usage data for at least five Continuously Occupied Units of each Unit Type or 20% of each Unit Type, whichever is greater. If there are less than five Units of any Unit Type, data for 100% of the Unit Type must be provided; and

(ii) Upload the information request and backup documentation as required on the Questionnaire. ~~in subclauses (I) - (IV) of this clause to the Development's CMTS account~~ The Guidance and Questionnaire can be found on the Department's website. The submission must comply with ~~no later than the beginning of the 90 day period after which the Owner intends to implement the allowance, reflecting data no older than 60 days prior to the 90 day implementation period described in described in~~ subsection (f)(3) of this section related to Effective Dates.

~~(I) An Excel spreadsheet listing each Unit for which data was obtained to meet the minimum sample size requirement of a Unit Type, the number of bedrooms, bathrooms and square footage for each Unit, the household's move-in date, the utility usage (e.g., actual kilowatt usage for electricity) for each month of the 12 month period for each Unit for which data was obtained, and the Component Charges in place at the time of the submission;~~

~~(II) All documentation obtained from the Utility Provider (or billing entity for the utility provider) and/or copies of actual utility bills gathered from the residents, including all usage data not needed to meet the minimum sample size requirement and any written correspondence from the utility provider;~~

~~(III) The rent roll showing occupancy as of the end of the month for the month in which the data was requested from the utility provider; and~~

~~(IV) Documentation of the current Utility Allowance used by the Development.~~

~~(iii) Upon receipt of the required information, the Department will determine if the Development Owner has provided the minimum information necessary to calculate an allowance using the Actual Use Method. If so, the Department shall calculate the Utility Allowance for each bedroom size using the guidelines described in subclauses (I) - (V) of this clause;~~

~~(I) If data is obtained for more than the sample requirement for the Unit Type, all data will be used to calculate the allowance;~~

~~(II) If more than 12 months of data is provided for any Unit, only the data for the most current 12 will be averaged;~~

~~(III) The allowance will be calculated by multiplying the average units of measure for the applicable utility (i.e., kilowatts over the last 12 months by the current rate) for~~

~~all Unit Types within that bedroom size. For example, if sufficient data is supplied for 18 two bedroom/one bath Units, and 12 two bedroom/two bath Units, the data for all 30 Units will be averaged to calculate the allowance for all two bedroom Units;~~

~~(IV) The allowance will be rounded up to the next whole dollar amount. If allowances are calculated for different utilities, each utility's allowance will be rounded up to the next whole dollar amount and then added together for the total allowance; and~~

~~(V) If the data submitted indicates zero usage for any month, the data for that Unit will not be used to calculate the Utility Allowance.~~

~~(iv) T~~(iii) ~~t~~The Department will complete its evaluation and calculation within 45 days of receipt of all the information requested in clause (ii) of this subparagraph;

(d) In accordance with 24 CFR §§92.252 and 93.302, for an MFDL in which the Department is the funding source, the Utility Allowance will be established in the following manner:

(1) For Developments with fixed MFDL Units, only one utility allowance may be used in buildings with MFDL units. For Developments with floating MFDL Units, only one utility allowance may be used for the entire Development.

(2) For Developments that, as a result of funding, must calculate the Utility Allowance under HUD Multifamily Notice H-2015-4, as revised from time to time, the applicable Utility Allowance for all rent restricted Units in the building is the applicable Utility Allowance calculated under that Notice. No other utility method described in this section can be used.

(3) Other Buildings. The Utility Allowance may be initiated by the Owner using the methodologies described in subsection (c)(3)(B), (C), (D), or (E) of this section related to Methods. Buildings for which the only source of MFDL funding is HOME-ARP and which contain no Units subject to the 2013 HOME Rule may calculate the Utility Allowance using the methodology described in subsection (c)(3)(A) of this section. A Development that is subject to the 2025 HOME Final Rule may also use the methodology described in subsection (c)(3)(A) of this section, if the Development does not also contain Units subject to the 2013 HOME rule. The methodology must be annually reviewed and approved by the Department.

(4) If a request is not received by October 1st, the Department will calculate the Utility Allowance using the HUD Utility Schedule Model. For property specific data, the Department will use:

(A) The information submitted in the Annual Owner's Compliance Report;

(B) Monitor Review Questionnaires submitted with prior monitoring reviews; or

(C) The owner may be contacted and required to complete the Utility Allowance Questionnaire. In such case, a five day period will be provided to return the completed questionnaire.

(D) Utilities will be evaluated in the following manner:

(i) For regulated utilities, the Department will contact the Utility Provider directly and apply the Component Charges in effect no later than 60 days before the allowance will be effective.

(ii) For deregulated utilities:

(I) The Department will use the Power to Choose website and search available Utility Providers by ZIP code;

(II) The plan chosen will be the median cost per kWh based on average price per kWh for the average monthly use of 1000 kWh of all available plans; and

(III) The actual Component Charges from the plan chosen in effect no later than 60 days before the allowance will be effective will be entered into the Model.

(E) The Department will notify the Owner contact in CMTS of the new allowance and, if requested, provide the backup for how the allowance was calculated. The owner will be provided a five day period to review the Department's calculation and note any errors. Only errors related to the physical characteristics of the building(s) and utilities paid by the residents will be reconsidered; the utility plan and Utility Provider selected by the Department and Component Charges used in calculating the allowance will not be changed. During this five day period, the owner also has the opportunity to submit documentation and request use of any of the available Green Discounts.

(F) The allowance must be implemented for rent due in all program Units thirty days after the Department notifies the Owner of the allowance.

(5) Buildings in which there are Units under an MFDL program are considered HUD-Regulated buildings and the applicable Utility Allowance for all rent restricted Units in the building is the Utility Allowance calculated under the MFDL program. If the Department is the awarding entity, no other utility method described in this section can be used. If the Department is not the awarding jurisdiction, Owners are required to obtain, annually, the Utility Allowance established by the awarding jurisdiction, and to document all efforts to obtain such allowance to evidence due diligence in the event that the jurisdiction is nonresponsive. In such an event, provided that sufficient evidence of due diligence is demonstrated, the Department, in its sole discretion, may allow for the use of the methods described in subsection (c)(3)(B), (C), (D) or (E) of this section related to Methods to calculate and establish its utility allowance.

(e) Acceptable Documentation. For the Methods where utility specific information is required to calculate the allowance (e.g., base charges, cost per unit of measure, taxes) Owners should obtain documentation directly from the Utility Provider and/or Regulating State Agency. Any Component Charges related to the utility that are published by the Utility Provider and/or Regulating State Agency must be included. In the case where a utility is billed to the Owner of the building(s) and the Owner is billing residents through a third party billing company, the Component Charges published by the Utility Provider and not the third party billing company will be used.

(f) Changes in the Utility Allowance. An Owner may not change Utility Allowance methods, start or stop charging residents for a utility without prior written approval from the Department. ~~Example 614(5): A Housing Tax Credit Development has been paying for water and sewer since the beginning of the Compliance Period. In year eight, the Owner decides to require residents to pay for water and sewer. Prior written approval from the Department is required.~~ Any such request must include the Utility Allowance Questionnaire found on the Department's website and supporting documentation. Developments may not start or stop charging residents for a utility during a lease term.

(1) The Department will review all requests, with the exception of the methodology prescribed in subsection (c)(3)(E) of this section related to Methods, within 90 days of the receipt of the request.

(2) If the Owner fails to post the notice to the residents and simultaneously submit the request to the Department by the beginning of the 90 day period, the Department's approval or denial will be delayed for up to 90 days after Department notification. ~~Example 614(6): The Owner has chosen to calculate the electric portion of the Utility Allowance using the written local estimate. The annual letter is dated July 5, 2022, and the notice to the residents was posted in the leasing office on July 5, 2022. However, the Owner failed to submit the request to the Department for review until September 15, 2022. Although the Notice to the Residents was dated the date of the letter from the utility provider, the Department was not provided the full 90 days for review. As a result, the allowance cannot be implemented by the owner until approved by the Department.~~

(3) Effective dates. If the Owner uses the methodology as described in subsection (c)(3)(A) of this section related to Methods, no posting is required, and any changes to the allowance can be implemented immediately, but must be implemented for rent due at least 90 days after the change. For methodologies as described in subsection (c)(3)(B), (C), (D) and (E) of this section related to Methods, the allowance cannot be implemented until the estimate is submitted to the Department and is made available to the residents by posting in a common area of the leasing office at the Development. This action must be taken by the beginning of the 90 day period in which the Owner intends to implement the Utility Allowance. Nothing in this section prohibits an Owner from reducing a resident's rent prior to the end of the 90 day period when the proposed allowance would result in a gross rent

issue.
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(g) Requirements for Annual Review.

(1) RHS and HUD-Regulated Buildings. Owners must demonstrate that the utility allowance has been reviewed annually and in accordance with the RHS or HUD regulations.

(2) Buildings using the PHA Allowance. Owners are responsible for periodically determining if the applicable PHA released an updated schedule to ensure timely implementation. When the allowance changes or a new allowance is made available by the PHA, it can be implemented immediately, but must be implemented for rent due 90 days after the PHA published effective date.

(3) Written Local Estimate, HUD Utility Model Schedule and Energy Consumption Model. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than October 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review. At the same time the request is submitted to the Department, the Owner must post, at the Development, the Utility Allowance estimate in a common area of the leasing office where such notice is unobstructed and visible in plain sight. The Department will review the request for compliance with all applicable requirements and reasonableness. If, in comparison to other approved Utility Allowances for properties of similar size, construction and population in the same geographic area, the allowance does not appear reasonable or appears understated, the Department may require additional support and/or deny the request. With the exception of MFDL developments, if an Owner fails to submit for annual review during the calendar year, the Development's Utility Allowance will default to the applicable PHA allowance. If the Development is located in an area that does not have a PHA, the Development fails to have a properly calculated Utility Allowance. The Utility Allowance for MFDL Developments that fail to submit for annual review will be calculated pursuant to subsection (d) of this section.

(4) Actual Use Method. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than August 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review. With the exception of MFDL developments, if an Owner fails to submit for annual review during the calendar year, the Development's Utility Allowance will default to the applicable PHA allowance. If the Development is located in an area that does not have a PHA, the Development fails to have a properly calculated Utility Allowance. The Utility Allowance for MFDL Developments that fail to submit for annual review will be calculated using the HUD Utility Model Schedule.

(h) For Owners participating in the Department's Section 811 Project Rental Assistance (PRA) Program, the Department's 811 division staff will approve the Utility Allowance for all 811 Units. On an annual basis, the Owner is responsible for submitting a Utility Allowance to the Department's 811 division for review. Once approved, the 811 division will provide the Owner with a property-specific rent schedule containing the approved Utility Allowance. The allowance listed on the rent schedule only applies to 811 PRA Units, not the entire building, and is the only allowance approved for use on 811 PRA Units. Failure to obtain an updated rent schedule for changes in utility allowances and gross rents will result in noncompliance and will require the Department to monitor tenant rents using the current approved rent schedule.

(i) Combining Methods. In general, Owners may combine any methodology described in this section for each utility service type paid directly by the resident and not by or through the Owner of the building (e.g., electric, gas). For example, if residents are responsible for electricity and gas, an Owner may use the appropriate PHA allowance to determine the gas portion of the allowance and use the Actual Use Method to determine the electric portion of the allowance. RHS and certain HUD-Regulated buildings (e.g., buildings with MFDL funds) are not allowed to combine methodologies.

(j) The Owner shall maintain and make available for inspection by the resident all documentation, including, but not limited to, the data, underlying assumptions and methodology that was used to calculate the allowance. Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling Unit of the resident at the convenience of both the Owner and resident.

(k) Utility Allowances for Applications.

(1) If the application includes RHS assisted buildings or tenants, the utility allowance is prescribed by the RHS program. No other method is allowed.

(2) If the application includes HUD-Regulated buildings for HUD programs other than an MFDL program the applicable Utility Allowance for all rent restricted Units in the building is the applicable HUD Utility Allowance. No other utility method is allowed.

(3) If the application includes MFDL funds from the Department, Applicants may calculate the utility allowance in accordance with subsection (c)(3)(B), (C), (D) or (E) of this section related to Methods. A Development with HOME-ARP Units that is subject to the 2025 HOME Final Rule may use subsection (c)(3)(A) of this section, if the Development does not also contain one or more Units subject to the 2013 HOME Final Rule. Applicants must submit their utility allowance to the Compliance Division prior to full application submission. In the event that the application has an MFDL from the Department, and receives federal funds from a unit of local government, the Department will require the use of the allowance approved by the Department.

(4) If the application includes federal funds from a unit of local government but no MFDL from the Department, Applicants are required to request in writing the Utility Allowance from the awarding jurisdiction. If the awarding jurisdiction does not respond or requests the Department calculate the allowance, the Department will establish the initial Utility Allowance in accordance with subsection (d)(3) of this section.

(5) For all other applications, Applicants may calculate the utility allowance in accordance with subsection (c)(3)(A), (B), (C), (D), or (E) of this section related to Methods. If using the method described in subsection (c)(3)(B), (C), (D), or (E) of this section, applicants must submit their utility allowance to the Compliance Division prior to full application submission.

(A) Upon request, the Compliance Division will calculate or review an allowance for application. The request must be submitted to the Compliance Division no later than 21 days, but no earlier than 90 days, from when the application is due.

~~(B) Example 614(7): An application for a 9% HTC is due March 1, 2022. The applicant would like Department approval to use an alternative method by February 15, 2022. The request must be submitted to the Compliance Division no later than January 25, 2022, three weeks before February 15, 2022.~~

~~(C) Example 614(8): An Applicant intends to submit an application for a 4% HTC with Tax Exempt Bonds on August 11, 2022, and would like to use an alternative method. Because approval is needed prior to application submission, the request can be submitted no earlier than May 13, 2022, (90 days prior to August 11, 2022) and no later than July 21, 2022, (21 days prior to August 11, 2022).~~

(B~~D~~) Any requests for new resources (either additional funds or tax credits) on a Development with an existing Department LURA must use the method that is in effect on the existing Development. If the Owner wishes to change or if for an MFDL application is required to change the methods for the purposes of the application, a request for the existing Development must first be submitted to the Compliance Division for approval.

(6) All Utility Allowance requests related to applications of funding must~~:~~

~~(A) Be submitted directly to UA-Application@tdhca.texas.gov. Requests not submitted to this email address will not be recognized.~~

(A~~B) Include~~ include the "Utility Allowance Questionnaire for Applications" along with all required back up based on the method. If back-up is not submitted the Utility Allowance will be calculated using the HUD Utility Schedule Model as described in subsection (d)(3) of this section.

(l) If Owners want to change to a utility allowance other than what was used for underwriting the Owner must submit Utility Allowance documentation for Department approval, at minimum, 90 days prior to the commencement of leasing activities. The Owner is not required to review the utility allowances, or implement new utility allowances, until the building has achieved 90% occupancy for a period of 90 consecutive days or the end of the first year of the Credit Period (if applicable), whichever is earlier. Once a request to change the utility allowance is approved or implemented, the utility allowance used at underwriting is no longer valid.

(m) Department review and approval of Renewable Sources (e.g. solar):

(1) Methods outlined in subsection (c)(3)(A), (B), (C), (D) and (E) of this section are allowable if the Utility Provider or PHA publishes a rate plan or schedule specific to Renewable Sources. The method outlined in subsection (c)(3)(E) of this section is allowable only after occupancy is established as outlined in subsection (c)(3)(E) of this section;

(2) Only buildings benefitting from Renewable Sources can use a Renewable Source utility allowance;

(3) Tenants (not Owners) must benefit from the Renewable Source in a manner that is not a discount or credit. To evidence the benefit, 20% of current tenant bills must be submitted with the request; and

(4) An Owner must submit both the Renewable Source allowance and the non-Renewable Source allowance for approval regardless of methodology or current occupancy. If the Renewable Source is damaged or inoperable for more than 30 days, the non-Renewable Source allowance must be implemented. At the time of the first review or the first annual utility allowance review, whichever is first, the Owner must be able to demonstrate with tenant bills that the tenants are benefitting from the Renewable Source; otherwise, the non-Renewable allowance must be used.

(n) The Department reserves the right to outsource to a third party the review and approval of all or any Utility Allowance requests to use the Energy Consumption Model or when review requires the use of expertise outside the resources of the Department. In accordance with Treasury Regulation §1.42-10(c) any costs associated with the review and approval shall be paid by the Owner.

(o) All requests described in this subsection must be complete and uploaded ~~directly to the Development's CMTS account using the "Utility Allowance Documents" in the type field and "Utility Allowance" as the TDHCA Contact.~~ as required on the applicable Questionnaire for both established Developments and Applications. The Department will not be able to approve requests that are incomplete and/or are not submitted correctly.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1512 **Agenda Date:** 7/9/2026 **Agenda #:** 7.

Presentation, discussion, and possible action on the 2027 Regional Allocation Formula Methodology

RECOMMENDED ACTION

WHEREAS, Tex. Gov't Code §§2306.1115 and 2306.111(d) require that the Texas Department of Housing and Community Affairs (TDHCA or the Department) use a Regional Allocation Formula (RAF) to allocate its HOME Investment Partnerships (HOME) Program, Housing Tax Credit (HTC) Program, and under certain circumstances, the Texas Housing Trust Fund (HTF) Program funding; and

WHEREAS, the proposed RAF Methodology utilizes appropriate statistical data to measure affordable housing needs, available housing resources, and other factors determined by the Department to be relevant to the equitable distribution of housing funds in the urban and rural areas of the 13 State Service Regions used for planning purposes; and

WHEREAS, the proposed RAF Methodology was approved by the Governing Board at its meeting on May 7, 2026, and was available for public comment through June 15, 2026, and no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the 2027 Regional Allocation Formula Methodologies for the HOME, HTC, and, as applicable, HTF programs, in the form presented at this meeting, is hereby approved.

BACKGROUND

The Department uses the RAF for planning purposes by utilizing appropriate statistical data to measure the affordable housing need and available resources in the 13 State Service Regions. The RAF also guides the allocation of funding to rural and urban areas within each region. The Department has flexibility in determining variables to be used in the RAF, per Tex. Gov't Code §2306.1115(a)(3), "the department shall develop a formula that…includes other factors determined by the department to be relevant to the equitable distribution of housing funds."

The Department revises the RAF annually to reflect current data, respond to public comment, and better assess regional housing needs and available resources. In prior RAF cycles, the RAF Methodology was updated to refine the use of Metropolitan Statistical Areas (MSAs) by using "MSA counties with urban places" and "Non-MSA counties or counties with only rural places" instead of using just MSA and Non-MSA counties to allocate between urban and rural areas.
This accounts for the fact that even though a county may be a part of an MSA, all the places

within that county may meet the definition of rural per Tex. Gov't Code §2306.004(28-a). The 2027 Urban Rural process used the U.S. Census Bureau's American Community Survey (ACS) 5-year 2020-2024 data.

Factors for lack of kitchen and plumbing facilities are used to measure housing need for Single Family activities, as well as an additional factor for Single Family Activities called the Regional Coverage. The Regional Coverage Factor takes into account the smaller populations of rural areas as well as scattered locations of single family projects, instead of relying solely on population as an absolute.

The draft 2027 RAF Methodology explains the use of factors, in keeping with the statutory requirements, which include the need for housing assistance, the availability of housing resources, and other factors relevant to the equitable distribution of housing funds in urban and rural areas of the state.

The Single Family HOME, Multifamily HOME, HTC, and HTF program RAFs each use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. For example, Tex. Gov't Code §2306.111(c) requires that 95% of the Department's annual allocation of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the Single Family and Multifamily HOME RAFs only use need and available resource data for non-PJs.

Upon approval by the Board, the draft RAF was available for public comment on the TDHCA Public Comment Center at <https://www.tdhca.texas.gov/tdhca-public-comment-center>. A public comment was open from Friday, May 15, 2026, through Monday, June 15, 2026, at 5:00 pm Central Time. A public hearing for the draft 2026 RAF Methodology was held at 2:00 p.m. Central Time on Tuesday, June 2, 2026, at the Stephen F. Austin Building, Room 172, 1700 Congress Ave, Austin, Texas 78701. No public comment was received on the Regional Allocation Formula Methodology.

The following Attachment(s) are provided:

- 2027 RAF Methodology, inclusive of the following example tables
    - Example 2027 HOME SF RAF
    - Example 2027 HTF RAF
    - Example 2027 HOME MF RAF
    - Example 2027 HTC RAF

Once approved, the final 2027 RAF Methodology will be published on the Department's website. **It should be noted with this action that the Board is approving the final methodology for publication, not specific allocation amounts.**

To the extent funds received/proposed to be used fall below the statutory minimum for any program/activity, or if the proposed activities fall into a statutory exception, the RAF will not be used for the program/activity in question.

2027 Regional Allocation Formula Methodology

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Introduction

Since 2000, the Texas Department of Housing and Community Affairs (TDHCA or the Department) has used a Regional Allocation Formula (RAF) to allocate funding at the regional and subregional level for multifamily and single-family activities. The RAF is required by Tex. Gov't Code §§2306.111 and 2306.1115. It allocates funding for the following programs:

Multifamily Programs:

Housing Tax Credit (HTC) Program

HOME Investment Partnerships Program (HOME) Multifamily (MF)

Single Family Programs:

Texas Housing Trust Fund (THTF) Program*

HOME Single Family (SF)

* The RAF is not required to be utilized for THTF as authorized by Tex. Gov't Code §2306.111(d-1), unless certain factors are in place. HTF is funded through state general revenue and is not to be confused with the federally funded National Housing Trust Fund (NHTF).

The following methodology explains how the RAF meets statutory requirements by accounting for housing need, housing resource availability, and other factors relevant to the equitable distribution of housing funds in urban and rural areas of the state.

The methodology also includes example allocation spreadsheets for each of the four programs subject to the RAF. These spreadsheets demonstrate how the methodology affects each program. The provided spreadsheets utilize the following total allocation amounts:

Program	Example Total Allocation
HTC	$65,000,000
HOME Multifamily	$12,500,000
HTF	$3,000,000
HOME Single Family	$15,000,000

These allocation amounts are only examples. After approval of the RAF Methodology by the TDHCA Governing Board, Program area staff calculate the final allocation amounts according to the most recent information on funding availability. Other planning considerations may also alter the final allocations provided by the RAF. For example, certain HOME SF activities may not release funds subregionally using the RAF. In addition, per Tex. Gov't Code §2306.111(d-1)(3), if THTF funds administered by the Department (and not otherwise set aside) do not exceed $3 million, then THTF funds are not required to be allocated using the RAF.

The draft 2027 RAF Methodology was presented at the May 7, 2026, TDHCA Board meeting for approval to be released for public comment. A public comment period was open from Friday, May 15, 2026, through Monday, June 15, 2026 at 5:00 pm Austin local time. A public hearing for the draft 2027 RAF Methodology was held at 2:00 p.m. Austin local time on Tuesday, June 2, 2026, at the Stephen F. Austin Building, Room 172, 1700 Congress Ave, Austin, Texas 78701. No public

comment was received.

Statutory Requirement

Tex. Gov't Code §§2306.111 and 2306.1115 require that TDHCA use a formula to allocate funding for the HOME, HTF, and HTC programs.

Tex. Gov't Code §2306.1115 states:

(a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

(1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;

(2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and

(3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.

The methodology detailed in this document evaluates both housing need and housing availability in urban and rural areas, as required by statute for the HOME SF, HOME MF, HTF, and HTC programs. The methodology also includes a regional coverage factor for single family programs. This coverage factor utilizes an inverse population density function to help distribute single family program funding to more rural areas of the state in accordance with the statutory requirements.

Urban and Rural Areas

Tex. Gov't Code §2306.004 states:

(28-a) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area; or

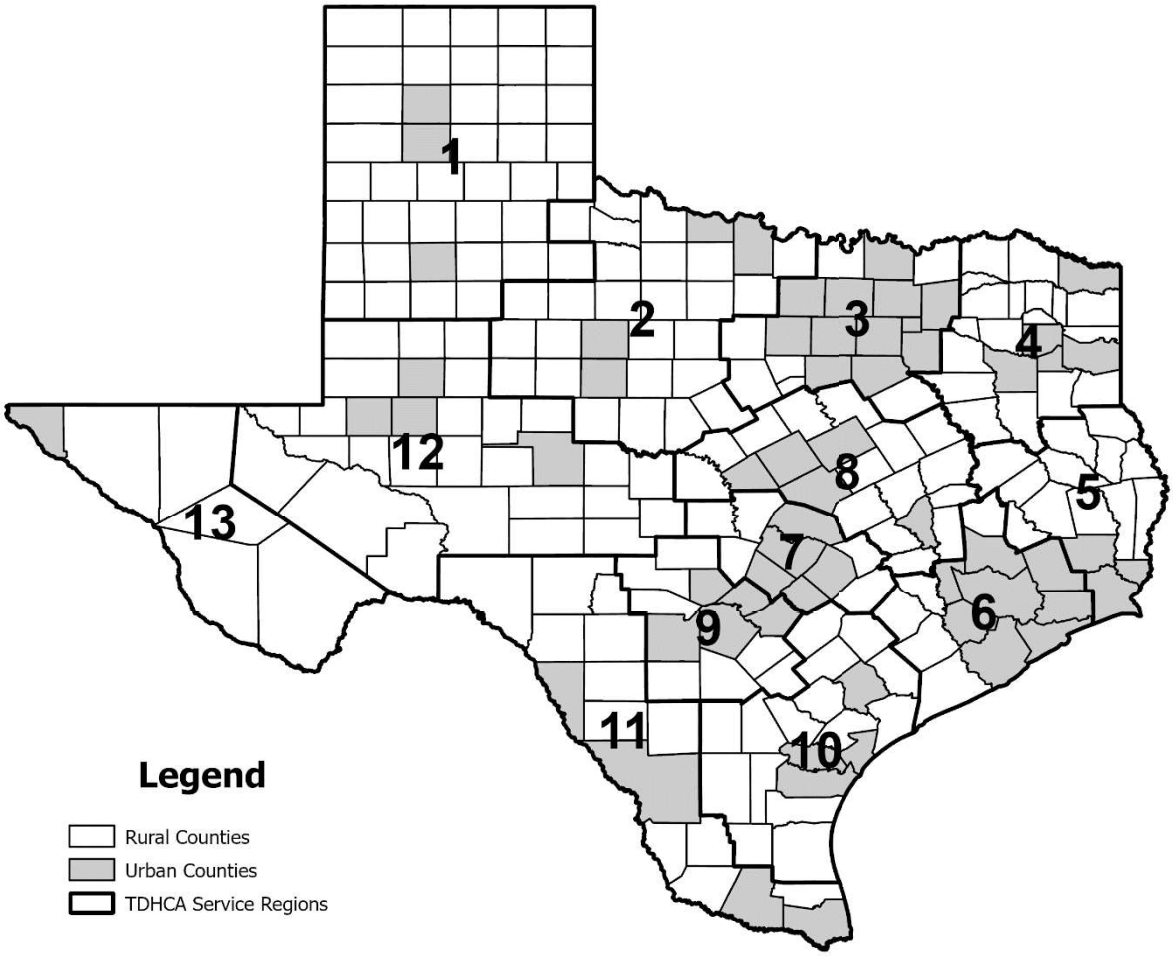
(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area.

Tex. Gov't Code §2306.004(28-a) is applied to incorporated places and Census Designated Places, as defined by the U.S. Census Bureau, collectively referred to as places. Prior to the development of the RAF each year, the parameters outlined in Tex. Gov't Code are used to determine which of these places are urban and which are rural. Organizations applying for certain site-specific TDHCA-administered funds use the urban and rural place designations to determine which subregional allocation they are eligible to apply for. If the site is located in an urban place, then that organization applies for funds allocated to the urban subregion of their region, while organizations requesting funds for sites in rural places would apply for rural subregional funds. For non-site specific funds, if

a place crosses county or regional boundaries, then that place's subregion (urban or rural) is determined by the county that contains the majority area and population of the place.
Additionally, the RAF must account for the statewide need for and availability of housing. If the RAF only analyzed data from places, many unincorporated parts of the state would not be included, which would significantly hinder the RAF's utility as an equitable allocation tool. For this reason, the RAF uses county-level data to measure statewide housing need and to calculate subregional allocations. This allows for a more complete picture of the state's demographics in determining allocations.

Even if a county contains a Metropolitan Statistical Area (MSA) per the U.S. Office of Management and Budget (OMB) definitions, it's possible that all the places within that county meet the definition of a rural area per Tex. Gov't Code §2306.004(28-a). Therefore, if an MSA county has no places designated as urban, the need and availability of the whole county will be counted toward the rural allocation (*i.e.*, the MSA county had no places with a population over 25,000 or places touching a boundary of a place with a population over 25,000). The allocation process outlined in this document refers to "MSA counties with urban places" as "urban counties" and "Non-MSA counties and counties with only rural places" as "rural counties." The need and availability of "MSA counties with urban places" directs the allocation toward the urban places, and the need and availability of "Non-MSA counties and counties with only rural places" directs the allocation toward the rural places.

Map of Urban and Rural Counties in Texas by Region



Source: U.S. Census Bureau, 2020-2024 ACS Data, 2024 TIGER Data
Disclaimer: This is not a survey product, boundaries, distances, and scale are approximate only

Methodology

For many of the RAF's variables, the Department uses the most recent American Community Survey (ACS) 5-Year Estimates data available. Land area data are not available in the annually released ACS; therefore, GEOINFO data used for the Regional Coverage Factor. The RAF currently uses the 2024 GEOINFO tables for land area.

Affordable Housing Need

For the purposes of developing an allocation formula, affordable housing need is measured through variables that correspond with the assistance provided by each specific TDHCA program. Despite HTF not currently utilizing the RAF, HTF is included in the RAF methodology description if funding levels or programmatic changes require the RAF to be utilized for this program.

Income

A household's income is the primary measurement of eligibility for housing assistance through TDHCA. HOME, HTC, and HTF serve households that earn less than or equal to 80% Area Median Family Income (AMFI). While eligibility for housing assistance is measured by AMFI, the Comprehensive Housing Affordability Strategy (CHAS) datasets that estimate the number of households in each AMFI category lag behind the poverty data included in the ACS by one year. In order to use the most up-to-date data, the RAF will incorporate ACS data for number of individuals at or below 200% of the poverty level to help calculate affordable housing need. Individuals at or below 200% of the poverty level will qualify for a majority of the housing assistance options offered through TDHCA's HOME, HTC, and HTF programs. The ACS collects income data by individual and housing data by household. Therefore, to ensure that data on *individuals* in poverty can be accurately weighted with data on cost burdened and overcrowded *households* to calculate affordable housing need, the income data must be converted to *households* at or below 200% of poverty. To do this, the number of individuals at or below 200% poverty in each subregion is divided by the average size of a household in Texas. The number of households at or below 200% poverty is included as a variable in all four program RAFs.

Cost Burden and Overcrowding

Renter and owner need for housing assistance is measured through cost burden and overcrowding conditions. The RAF defines a cost-burdened household as one that spends 30% or more of their monthly income on rent or homeowner costs (for homeowners with a mortgage), which is a common measure of unaffordable housing. The RAF considers an overcrowded housing unit to be one that contains more than one person per room, including the kitchen and bathroom. Areas with high cost burden or overcrowding may signify a need for assistance.

Many of TDHCA's programs aim to assist households that are cost-burdened or overcrowded. HTC and HOME MF both offer assistance for reduced-rent apartments. HOME SF offers Tenant-Based Rental Assistance, which pays a portion of a recipient's rent to their landlord. HTF offers the Amy Young Barrier Removal Program, which can serve both renters and homeowners. Therefore, variables representing renters who need assistance are included in the analysis for all four program RAFs.

HOME SF offers homebuyer assistance, home reconstruction assistance, and single family development programs. For home reconstruction, HOME SF offers grants and no-interest loans to homeowners to reconstruct their homes. For single family development, typically the homes are built by Community Housing Development Organizations (CHDOs) and purchased by low-income homeowners. HTF offers the Amy Young Barrier Removal Program, which can be used for homeowners (as well as renters), and the Bootstrap Loan Program for potential homeowners who use "sweat equity" and low- to no-interest loans to build and secure ownership of their homes. Therefore, variables representing homeowners who need assistance are included in the HOME SF and HTF RAFs.

Lack of Kitchen and Plumbing Facilities

HOME SF offers homeowner reconstruction assistance. HTF includes activities for the reconstruction, such as the Amy Young Barrier Removal Program. Since TDHCA programs fund the reconstruction of substandard housing, the RAF includes measures for substandard housing. Common definitions of substandard housing include lack of operable indoor plumbing, usable flush toilets, usable bathtub or shower, safe electricity, safe or adequate source of heat, or kitchen facilities. Data regarding total units lacking kitchen facilities or plumbing are the only data available on both an annual basis and at a county level. The count of occupied and unoccupied units lacking kitchen facilities and the count of occupied and unoccupied units lacking plumbing are utilized in the HOME SF and HTF RAFs.

Summary of Affordable Housing Need for Single Family and Multifamily Activities

The extent of Texans needing affordable housing is measured using five variables for single family activities:

- Cost burdened renter and owner households;
- Overcrowded renter and owner households;
- Housing units lacking kitchen facilities;
- Housing units lacking plumbing; and
- Individuals at or below 200% of the poverty rate.

The extent of Texans needing affordable housing is measured using three variables for multifamily activities:

- Cost burdened renter households;
- Overcrowded renter households; and
- Individuals at or below 200% of the poverty rate.

Housing Availability

Housing availability is included to measure where existing housing resources are located. Since this includes both market-rate and subsidized units, the RAF uses vacancies as a common measurement for housing availability. A high number of vacancies may indicate that a market has an adequate or a potentially abundant supply of housing. The HOME SF and HTF RAFs incorporate both units for rent and units for sale only into their housing availability measure, while the HOME MF and HTC RAFs only incorporate units for rent.

Regional Coverage Factor

The RAF uses inverse population density to generate a regional coverage factor. Population density measures the average number of people located in a defined area (i.e. persons per square mile). This is calculated by dividing the number of people in a geographic area by the area of the land in that area. In this way, population density can be used to compare the population size of geographic areas with different dimensions. A high population density means that a geographic area has higher population relative to its available land area. Contrarily, inverse population density measures the amount of land in a geographic area per person in that area (i.e. square miles per person). This is calculated by dividing the land area by the number of people that live in that area. A high inverse population density means that a geographic area has more land area relative to its population size. In this way, high population density generally corresponds to urban regions, while high inverse population generally corresponds to more rural regions.

Inverse population density is included in the HOME SF and HTF RAFs as a Regional Coverage Factor to consider the distance between scattered-site single family activities. This includes accounting for the dispersed population within the predominantly rural areas where HOME SF and HTF administrators provide assistance. TDHCA's multifamily programs generally focus development on a single site, so the Regional Coverage Factor is not as pertinent to multifamily program allocation. The Regional Coverage Factor assists in redistributing single family program funding from urban areas to more rural parts of the state. This better aligns funding availability with the statutory requirement that 95% of the annual allocation of HOME funds be allocated for the benefit of those areas of the state that do not receive HOME funds directly from the U.S. Department of Housing and Urban Development (HUD), primarily smaller cities and rural areas (per Tex. Gov't Code §2306.111).

Summary of Variables

The following chart shows which need, availability, and other variables are used in the RAF Methodology for each of the four applicable programs.

		Multifamily Programs		Single Family Programs	
		HTC	HOME MF	HTF	HOME SF
Need Variables	*Cost Burdened Renter Households*	✓	✓	✓	✓
	Cost Burdened Owner Households			✓	✓
	Overcrowded Renter Households	✓	✓	✓	✓
	Overcrowded Owner Households			✓	✓
	Units Lacking Kitchen Facilities			✓	✓
	Units Lacking Plumbing Facilities			✓	✓
	Individuals at or Below 200% of Poverty	✓	✓	✓	✓
Availability Variables	*Vacant Units for Rent*	✓	✓	✓	✓
	Vacant Units for Sale			✓	✓
Other	*Regional Coverage Factor*			✓	✓

Exceptions to the RAF

Per Tex. Gov't Code §2306.111, there are certain instances in which the RAF requirement does not apply to HOME MF, HOME SF, HTC, or HTF funds.

Set-Asides

Specific set-asides will not be subject to the RAF per Tex. Gov't Code §2306.111(d-1), including set-asides for contract-for-deed activities and set-asides mandated by state or federal law, if these set-asides are less than 10% of the total allocation of funds or credits. Set-asides for funds allocated to serve persons with disabilities will not be subject to the RAF. The total amount available through the RAF will not include funds for at-risk developments for the HTC Program or other statutorily created set-asides. Also pursuant to Tex. Gov't Code §2306.111(d-1), programmed activities for HTF that do not exceed $3 million are not subject to the RAF. It is due to these exceptions that the HTF funds, as currently programmed, do not utilize the RAF.

In addition, per Tex. Gov't Code §2306.111(c)(2), 5% of State HOME funds must be spent on activities that serve persons with disabilities in any area of the State. This portion of HOME is not subject to the RAF because it is set-aside for persons with disabilities.

In Tex. Gov't Code §2306.111(d-2), 5% of HTC funds must be allocated to developments that receive federal assistance through USDA. Any developments that receive federal assistance through USDA and HTC for rehabilitation may compete for funding separately under the "USDA Set-Aside." This funding is taken from the total tax credit ceiling prior to applying the RAF.

Participating Jurisdictions (PJs)

PJs refer to geographic areas that are under the jurisdiction of local government entities that receive HOME funding directly from HUD. In accordance with Tex. Gov't Code §§2306.111(c)(1), 95% of the funds for HOME must be spent outside of PJs. Since 95% of the annual allocation of HOME funds cannot be spent within a PJ, the housing need, availability, and coverage variables of PJs are not counted toward the subregional allocations for the HOME SF and HOME MF RAFs.

PJ designations are subject to change annually depending on HUD funding. According to HUD's 2025 HOME allocation, 35 of the PJs are cities and nine of the PJs are counties. Four PJ cities fell completely within PJ counties, resulting in a total of 31 PJ cities and nine PJ counties that will be subtracted from the HOME SF and HOME MF RAFs.

Allocation Adjustments

The HOME SF and HTC RAFs have subregional allocation adjustments under certain conditions. Tex. Gov't Code §2306.111(d-3) requires that at least $500,000 in housing tax credits be allocated to each urban and rural subregion. In the most current Qualified Allocation Plan (QAP), the Department reflects an increase to the $500,000 figure establishing a $600,000 minimum for each region. In a further effort to meet Tex. Gov't Code §§2306.111(c)(1) and (2), the HOME SF RAF has a minimum subregional allocation of $100,000. Additional detail regarding the processes used to adjust allocations for the HOME SF RAF and the HTC RAF can be found in the single family and multifamily RAF examples.

Single Family RAF Example

Tables 1, 2, and 3 show the need variables, availability variables, and regional coverage factor used in the HOME SF RAF. The HTF RAF is very similar to the HOME SF RAF with the exception that the HTF RAF includes PJs. Example numbers are used for illustrative purposes only. The statewide average household size in the following example is 2.83.

Table 1: Example of Need Variables Used for HOME SF, by Subregion

	Region	Column A: Individuals at or below 200% Poverty without PJs	Column B: Households (HH) at or below 200% Poverty without PJs	Column C: Cost Burdened Owners without PJs	Column D: Cost Burdened Renters without PJs	Column E: Overcrowded Owners without PJs	Column F: Overcrowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Total Need Variables
MSA Counties with Urban Places	1	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	2	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	3	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	4	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	5	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	6	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	7	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	8	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	9	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	10	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	11	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	12	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	13	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691

	Region	Column A: Individuals at or below 200% Poverty without PJs	Column B: HH at or below 200% Poverty without PJs	Column C: Cost Burdened Owners without PJs	Column D: Cost Burdened Renters without PJs	Column E: Overcrowded Owners without PJs	Column F: Overcrowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Total Need Variables
Non-MSA counties and counties with only rural places	1	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	2	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	3	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	4	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	5	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	6	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	7	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	8	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	9	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	10	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	11	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	12	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	13	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369

	Col A Total	Col B Total	Col C Total	Col D Total	Col E Total	Col F Total	Col G Total	Col H Total	Col I Total
State Total	2,570,000	911,348	121,500	287,000	62,000	49,000	123,000	149,000	1,702,848

Table 2: Example of Availability Variables Used for HOME SF, by Subregion

	Region	Column J: Vacant Units For Sale without PJs	Column K: Vacant Units For Rent without PJs	Column L: Total Availability Variables
MSA Counties with urban places	1	1,500	2,000	3,500
	2	1,000	3,000	4,000
	3	1,500	2,000	3,500
	4	1,000	3,000	4,000
	5	1,500	2,000	3,500
	6	1,000	3,000	4,000
	7	1,500	2,000	3,500
	8	1,000	3,000	4,000
	9	1,500	2,000	3,500
	10	1,000	3,000	4,000
	11	1,500	2,000	3,500
	12	1,000	3,000	4,000
	13	1,500	2,000	3,500
Non-MSA counties and counties with only rural places	1	1,500	2,000	3,500
	2	2,000	2,500	4,500
	3	1,500	2,000	3,500
	4	2,000	2,500	4,500
	5	1,500	2,000	3,500
	6	2,000	2,500	4,500
	7	1,500	2,000	3,500
	8	2,000	2,500	4,500
	9	1,500	2,000	3,500
	10	2,000	2,500	4,500
	11	1,500	2,000	3,500
	12	2,000	2,500	4,500
	13	1,500	2,000	3,500

	Column J Total	Column K Total	Column L Total
State Total	39,000	61,000	100,000

Table 3: Example of Regional Coverage Factor used for HOME SF, by Subregion

	Region	Column M: Land area without PJs	Column N: Total Population without PJs	Column O: Regional Coverage Factor
MSA Counties with urban places	1	3,000	350,000	0.009
	2	2,000	250,000	0.008
	3	3,000	350,000	0.009
	4	2,000	250,000	0.008
	5	3,000	350,000	0.009
	6	2,000	250,000	0.008
	7	3,000	350,000	0.009
	8	2,000	250,000	0.008
	9	3,000	350,000	0.009
	10	2,000	250,000	0.008
	11	3,000	350,000	0.009
	12	2,000	250,000	0.008
	13	3,000	350,000	0.009
Non-MSA counties and counties with only rural places	1	15,000	200,000	0.075
	2	13,000	300,000	0.043
	3	15,000	200,000	0.075
	4	13,000	300,000	0.043
	5	15,000	200,000	0.075
	6	13,000	300,000	0.043
	7	15,000	200,000	0.075
	8	13,000	300,000	0.043
	9	15,000	200,000	0.075
	10	13,000	300,000	0.043
	11	15,000	200,000	0.075
	12	13,000	300,000	0.043
	13	15,000	200,000	0.075

	Column M Total	Column N Total	Column O Total
State Total	216,000	7,150,000	0.893

Compounded Need

To allocate funds, the RAF compares each subregion's total need to the state's total need. All of the housing need variables are added together. Then, each subregion's total need is taken as a percentage of the amount of total need in the state. Table 1, Column I, illustrates how the Total Need Variables are derived: households at 200% of poverty, cost burdened owner and renter households, overcrowded owner and renter households, units lacking kitchen facilities, and units lacking plumbing facilities are added together, thereby compounding the need.

This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need. This prevents variables from being disproportionately weighted.

Weights

Examples of how the weights operate in the RAF are in Tables 4 and 5. The column header letters (A, B, C, etc.) will build off the previous table. If column letters are not in alphabetical order, the column header letter refers to a previous table.

To apply weights, first the subregional percentage (the subregional share of statewide need), housing availability, and regional allocation factor must be calculated. Table 4 demonstrates how the percentages are derived. Table 4 shows only Urban Region 1 and the statewide total in order to simplify the example.

Table 4: Percentages Taken

Area	Column I: Total Need Variables	Column P: Percent of State's Total Need	Column L: Total Availability Variables	Column Q: Percent of State's Total Availability	Column O: Regional Coverage Factor	Column R: Percent of State's Total Regional Coverage Factor
Urban Region 1	84,691	5.0%	3,500	3.5%	0.009	1.0%
State Total	1,702,848		100,000		0.893	

Note: Column I is from Table 1, Column L is from Table 2, and Column O is from Table 3.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. Housing availability variables have a negative weight to reflect that an abundance of available units might reduce the need for assistance. The housing need variables and the regional coverage factor have positive weights to reflect that these factors may increase the need for assistance. Renter and owner components of a single need or availability category are added together, as they represent one variable for the purposes of weighting compounded need. The weight of each variable, whether need, availability, or regional coverage factor, must equal 100%; otherwise, the initial subregion allocation will not add up to the total example allocation. The formulas to determine variable weight for the Single Family RAF are as follows:

Total Need Variables = HH at or below 200% poverty + Cost Burden + Overcrowding + Units Lacking Plumbing + Units Lacking Kitchen
Total Availability Variables = Unoccupied Units for Sale or Rent
Regional Coverage Factor = Inverse Population Density
Total Need Variables – Total Availability Variables + Regional Coverage Factor = 100%

To put it simply (with x representing the weight of each variable): 5x-x+x=100%
As a result, each variable is weighted at 20% for Single Family programs, giving the appropriate relationship between funding and current availability of resources. The compounded need variables receive 100% weight. Table 5 shows the application of the weights based on a hypothetical statewide availability of $2,500,000.

Table 5: Weight Application

Area	Column P: Percent of State's Total Need	Column S: Weight of Need Variables	Column T: Need Variable Allocation*	Column Q: Percent of State's Total Availability	Column U: Weight of Availability Variable	Column V: Availability Variable Allocation~	Column R: Percent of State's Total Regional Coverage Factor	Column W: Weight of Regional Coverage Factor	Column X: Regional Coverage Factor Allocation^	Column Y: Total Allocation+
Urban Region 1	5.0%	100%	$ 124,338	3.5%	-20%	$ (17,500)	1.0%	20%	$4,799	$ 111,637

Note: Column P, Q and R taken from Table 4.
*Column T is calculated as follows: Column P x Column S x statewide availability of funds.
~Column V is calculated as follows: Column Q x Column U x statewide availability of funds.
^ Column X is calculated as follows: Column W x Column R x statewide availability of funds.
+Column Y is calculated as follows: Column T + Column V + Column X.

HOME Subregional Allocation Adjustment

The HOME SF RAF has a subregional floor. This floor ensures sufficient funding to award at least one contract in each subregion. If the RAF results in a subregional funding amount that is less than $100,000, that subregion's funding amount is adjusted upward to provide for at least a minimum of $100,000. The process does not reallocate funds from subregions with initial funding amounts in excess of $100,000 to those subregions with initial funding amounts that are less than $100,000. Funds used to enable the floor are not subject to RAF requirements and are added as a final adjustment to the subregional allocation amounts available for award. The final adjustment adds a supplemental allocation to bring all subregions to a minimum of $100,000. The process is complete when each subregion has at least $100,000.

Table 6 shows the process of supplementing funds to subregions that have initial funding amounts that are less than $100,000. This table builds from the previous tables included in this methodology and Urban Regions 1 and 2 are included as examples of this adjustment. The column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

Table 6: Subregion amount under $100,000

Area	Column Y: Initial Subregion amount	Column Z: Amount needed to reach $100,000	Column AA: Final Subregion Allocation
Urban Region 1	$111,637	$-	$111,637
Urban Region 2	$84,255	$15,745	$100,000

Note: Column Y is from Table 5.

Since the Urban Region 1 initial Subregion amount exceeds $100,000, no adjustment is made to this sub-allocation. However, because the Urban Region 2 initial Subregion amount is less than $100,000, a supplemental allocation amount is added to bring the subregion allocation up to the final allocation amount of $100,000.

Multifamily RAF Example

Table 7 shows the need and availability variables used in the HTC RAF. The HTC RAF is very similar to the HOME MF RAF, with the exception that the HTC RAF includes PJs. Example numbers are used for clarity. The statewide average household size in the following example is 2.83.

Table 7: Example of Need and Availability Variables used for HTC, by Subregion

	Region	Column BB: Individuals at or below 200% Poverty	Column CC: HH at or below 200% Poverty	Column DD: Cost Burdened Renters	Column EE: Overcrowded Renters	Column FF: Vacant Units for Rent
MSA Counties with urban places	1	150,000	53,571	25,000	4,000	6,000
	2	100,000	35,714	20,000	2,000	4,000
	3	150,000	53,571	25,000	4,000	6,000
	4	100,000	35,714	20,000	2,000	4,000
	5	150,000	53,571	25,000	4,000	6,000
	6	100,000	35,714	20,000	2,000	4,000
	7	150,000	53,571	25,000	4,000	6,000
	8	100,000	35,714	20,000	2,000	4,000
	9	150,000	53,571	25,000	4,000	6,000
	10	100,000	35,714	20,000	2,000	4,000
	11	150,000	53,571	25,000	4,000	6,000
	12	100,000	35,714	20,000	2,000	4,000
	13	150,000	53,571	25,000	4,000	6,000

	Region	Column BB: Individuals at or below 200% Poverty	Column CC: HH at or below 200% Poverty	Column DD: Cost Burdened Renters	Column EE: Overcrowded Renters	Column FF: Vacant Units for Rent
Non-MSA counties and counties with only rural places	1	40,000	14,286	7,000	700	700
	2	25,000	8,929	2,000	400	500
	3	40,000	14,286	7,000	700	700
	4	25,000	8,929	2,000	400	500
	5	40,000	14,286	7,000	700	700
	6	25,000	8,929	2,000	400	500
	7	40,000	14,286	7,000	700	700
	8	25,000	8,929	2,000	400	500
	9	40,000	14,286	7,000	700	700
	10	25,000	8,929	2,000	400	500
	11	40,000	14,286	7,000	700	700
	12	25,000	8,929	2,000	400	500
	13	40,000	14,286	7,000	700	700

	Column BB Total	Column CC Total	Column DD Total	Column EE Total	Column FF Total
State Total	2,080,000	742,857	356,000	47,300	73,900

Compounded Need

To allocate funds, the RAF compares each subregion's total need to the state's total need. All of the housing need variables are added together. Then, each subregion's total need is taken as a percentage of the amount of total need in the state. Table 8 illustrates how the Total Need Variables are derived: households at or below 200% of poverty, cost burdened renter households, and overcrowded renter households are added together, thereby compounding the need. Table 8 shows only Urban Region 1 and the statewide total, in order to simplify the example.

Table 8: Total Need Variables

Area	Column CC: HH at or below 200% Poverty	Column DD: Cost Burdened Renters	Column EE: Overcrowded Renters	Column GG: Total Need Variables
Urban Region 1	53,571	25,000	4,000	82,571
State Total	742,857	356,000	47,300	1,146,157

Note: Columns CC, DD and EE are from Table 7.

This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need. This prevents variables from being disproportionately weighted.

Weights

Examples of how the weights work in the RAF are in Tables 9 and 10. If the letters are not in alphabetical order, the column header letter refers to a previous table.

In order to apply weights, first the subregional percentage availability, and inverse population density must be calculated. Table 9 demonstrates how the percentages are derived.

Table 9: Percentages Taken

Area	Column GG: Total Need Variables	Column HH: Percent of State's Total Need	Column II: Vacant Units for Rent	Column JJ: Percent of State's Total Availability
Urban Region 1	82,571	7.2%	6,000	8.1%
State Total	1,146,157		73,900	

Note: Column GG is from Table 8.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. The housing availability variable has negative weight to reflect that an abundance of available units might reduce the need for assistance, while housing need variables have positive weight to reflect that these factors may increase the need for assistance. Renter and owner components of a single need or availability category are added together, as they represent one variable for the purposes of weighting the variables. The weight of each variable, whether need, availability, or regional coverage factor, must equal 100%; otherwise, the initial subregion allocation will not add up to the total example allocation. The formulas to determine variable weight for the Multifamily RAF are as follows:

Total Need Variables = HH at or below 200% poverty + Renter Cost Burden + Renter Overcrowding

Availability Variable = Unoccupied Units for Rent

Total Need Variables – Availability Variable = 100%

Simply stated (with x representing the weight of each variable): 3x-x=100%
As a result, each variable is weighted at 50% for multifamily programs, giving the appropriate relationship between funding and current availability of resources. The compounded need variables receive 150% weight. Table 10 shows the application of the weights based on a statewide availability of $40,000,000.

Table 10: Weight Application

Area	Column HH: Percent of State's Total Need	Column KK: Weight of Need Variables	Column LL: Need Variable Allocation*	Column JJ: Percent of State's Total Availability	Column MM: Weight of Availability Variable	Column NN: Availability Variable Allocation~	Column OO: Total Allocation+
Urban Region 1	7.2%	150%	$ 4,322,519	8.1%	-50%	$ (1,623,816)	$ 2,698,703

Note: Column HH and JJ taken from Table 9.
*Column LL is calculated as follows: Column HH x Column KK x statewide availability of funds.
~Column NN is calculated as follows: Column JJ x Column MM x statewide availability of funds.
+Column OO is calculated as follows: Column LL + Column NN.

HTC Subregional Allocation Adjustment

Tex. Gov't Code §2306.111(d-3) is a requirement regarding funding and the RAF that applies only to HTC. This provision requires that TDHCA allocate at least 20% of housing tax credits to rural areas, and that $500,000 or more be available for each of the 26 subregions. In the most recent QAP, the Department reflects an increase to the $500,000 figure establishing a $600,000 minimum for each region. The overall state rural allocation of funds is ensured to satisfy the minimum of 20% of the credit ceiling amount in rural areas by making any adjustments at the time of award, if needed. Usually, the 20% allocation to rural areas occurs through the competitive process, but, if not, one or more applications from rural areas will be awarded from the statewide collapse of the RAF to ensure the requirement is met.

For the HTC RAF, the subregional funding amount is adjusted to a minimum of $600,000, if needed. This is a final adjustment to the subregional allocation amounts available for award. The process proportionately takes funds from subregions with initial funding amounts in excess of $600,000 and reallocates those funds to those subregions with initial funding amounts that are less than $600,000. The process is complete when each subregion has at least $600,000.

Tables 11 and 12 show the process of determining the amount to adjust from subregions with more than $600,000. These tables build from the previous tables included in this methodology and Urban Region 1 and 2 and Rural Region 1 and 2 are included. The column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

These four subregions are examined because the most common movement for funds during the $600,000 adjustment is from Urban Counties to Rural Counties. The first step in the $600,000 adjustment process is to determine the amount by which each subregion is over or under $600,000 for each subregion. This is illustrated in Table 11.

Table 11: Subregional amount over/under $600,000

Area	Column OO: Initial Subregion amount	Column PP: Amount needed to reach $600,000	Column QQ: Amount over $600,000 that can be reallocated
Urban Region 1	$2,698,703	$-	$2,098,703
Urban Region 2	$1,938,732	$-	$1,338,732
Rural Region 1	$961,482	$-	$361,482
Rural Region 2	$457,720	$142,280	$-
State Total	$40,000,000	$853,682.36	$25,253,682.36

Note: Column OO is from Table 10.

Column QQ in Table 11 is the amount in Column OO minus $600,000 if the amount in Column OO is more than $600,000. At least $600,000 is maintained in each subregion before the adjustment process. The next step in the adjustment process is to determine the percentage to be reallocated. The proportion of the total amount to be reallocated is in Column SS. Finally, Column OO is adjusted by Column SS to equal the final Sub-Amount in Column TT.

Table 12: Proportional adjustment

Area	Column RR: Percent of Total Amount that can be reallocated*	Column SS: Amount to be reallocated~	Column TT: Final Subregion Allocation+
Urban Region 1	8.31%	$ (70,945)	$2,627,758
Urban Region 2	5.30%	$ (45,255)	$1,893,477
Rural Region 1	1.43%	$ (12,220)	$949,262
Rural Region 2	0.00%	$142,280	$600,000
State Total	100.00%	$0	$40,000,000

**Column RR is calculated as follows: if Column OO is more than $600,000, then ((Column OO-$600,000)/(Statewide total for Column QQ))*
~Column SS is calculated as followed: if Column RR is a percentage, then (Column RR$853,682.36); if Column RR is "-%", then Column SS equals Column PP.*
+Column TT is calculated as follows: Column OO + Column SS.

Texas Department of Housing and Community Affairs

Example 2027 HOME SF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Owners	Cost-Burdened Renters	Over-crowded Owners	Over-crowded Renters	Total Units Lacking Plumbing	Total Units Lacking Kitchen	Vacant Units For Sale	Vacant Units For Rent	Land Area	Total Population	Inverse Population Density
MSA Counties with Urban Places	1	26,135	9,716	3,784	2,763	653	593	1,412	1,845	207	660	2,616	114,230	0.023
	2	20,405	7,586	2,549	1,740	458	150	2,077	1,645	288	304	3,293	76,024	0.043
	3	447,282	166,276	114,043	97,299	14,269	11,736	9,171	20,275	5,876	12,413	7,665	2,453,549	0.003
	4	120,081	44,640	12,914	14,213	2,937	1,898	10,085	6,774	822	3,016	3,453	379,919	0.009
	5	63,472	23,596	6,330	7,319	1,408	1,497	3,691	4,822	832	2,564	1,941	227,720	0.009
	6	144,061	53,554	21,213	22,400	4,717	2,681	4,255	4,466	1,914	3,430	2,606	521,996	0.005
	7	219,072	81,439	46,244	56,522	5,946	6,476	2,890	5,703	2,077	4,461	3,208	1,029,908	0.003
	8	135,781	50,476	16,790	25,121	2,799	2,853	3,810	4,848	1,730	2,612	4,256	488,500	0.009
	9	95,628	35,549	22,136	17,384	2,810	2,162	2,020	4,196	2,051	2,384	3,258	469,582	0.007
	1	77,790	28,918	7,153	11,865	1,769	1,496	3,296	4,807	663	3,970	2,508	222,006	0.011
	1	118,593	44,087	5,926	8,792	4,230	2,741	2,559	2,742	589	1,550	5,271	234,613	0.022
	1	70,582	26,239	9,840	11,786	2,800	2,702	3,283	2,418	875	2,097	4,136	249,254	0.017
	1	87,696	32,601	7,858	5,270	2,793	1,178	1,391	1,434	740	599	757	190,649	0.004
	Sub	1,626,578	604,676	276,780	282,474	47,589	38,163	49,940	65,975	18,664	40,060	44,967	6,657,950	0.165
Non-MSA Counties and Counties with	1	110,366	41,028	6,579	9,924	2,441	1,979	11,878	10,155	1,235	2,801	36,633	292,467	0.125
	2	86,435	32,132	7,217	8,787	1,487	908	9,206	9,432	1,219	1,548	23,742	249,510	0.095
	3	85,781	31,889	11,151	11,911	2,439	1,648	3,573	4,469	879	1,910	5,417	283,757	0.019
	4	212,005	78,812	19,524	21,693	6,439	2,364	11,503	11,439	1,755	3,652	11,856	603,816	0.020
	5	143,705	53,422	10,346	17,411	4,030	2,885	8,868	8,188	1,406	2,777	9,910	376,885	0.026
	6	72,294	26,875	7,183	11,812	1,516	1,343	3,324	3,835	884	2,472	4,577	210,508	0.022
	7	34,002	12,640	5,792	4,846	1,251	570	1,676	1,735	543	588	4,217	130,535	0.032
	8	93,051	34,591	8,852	9,851	2,851	1,522	7,129	7,741	1,172	1,923	12,672	293,740	0.043
	9	68,362	25,413	9,539	8,414	2,429	1,540	2,937	3,601	1,474	1,508	6,857	240,373	0.029
	1	90,401	33,606	6,391	10,984	1,757	1,780	6,821	6,714	475	1,384	14,903	238,949	0.062
	1	107,174	39,842	4,659	7,363	3,106	2,074	5,112	4,711	678	1,110	16,935	209,276	0.081
	1	60,869	22,628	4,722	5,603	1,787	1,022	4,096	4,673	680	1,339	35,496	180,957	0.196
	1	10,012	3,722	766	946	221	141	862	677	116	178	20,687	22,896	0.904
	Sub	1,174,457	436,601	102,721	129,545	31,754	19,776	76,985	77,370	12,516	23,190	203,902	3,333,669	1.654
	To	2,801,035	1,041,277	379,501	412,019	79,343	57,939	126,925	143,345	31,180	63,250	248,869	9,991,619	1.819

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Texas Average HH Size: 2.69

Texas Department of Housing and Community Affairs

Example 2027 HOME SF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variables	% of Total Availability Variables	Weighted	Regional Coverage Factor	% of Total Regional Coverage Factor	Weighted	Initial Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	20,766	0.9%	$139,034	867	0.9%	$(27,544)	0.023	1.3%	$37,767	$149,257	1.00%
	2	16,205	0.7%	$108,495	592	0.6%	$(18,808)	0.043	2.4%	$71,426	$161,113	1.07%
	3	433,069	19.3%	$2,899,563	18,289	19.4%	$(581,034)	0.003	0.2%	$5,152	$2,323,681	15.49%
	4	93,461	4.2%	$625,756	3,838	4.1%	$(121,932)	0.009	0.5%	$14,989	$518,813	3.46%
	5	48,663	2.2%	$325,814	3,396	3.6%	$(107,889)	0.009	0.5%	$14,055	$231,980	1.55%
	6	113,286	5.1%	$758,495	5,344	5.7%	$(169,777)	0.005	0.3%	$8,233	$596,952	3.98%
	7	205,220	9.2%	$1,374,030	6,538	6.9%	$(207,709)	0.003	0.2%	$5,136	$1,171,456	7.81%
	8	106,697	4.8%	$714,379	4,342	4.6%	$(137,943)	0.009	0.5%	$14,367	$590,802	3.94%
	9	86,257	3.9%	$577,527	4,435	4.7%	$(140,898)	0.007	0.4%	$11,443	$448,071	2.99%
	10	59,304	2.6%	$397,065	4,633	4.9%	$(147,188)	0.011	0.6%	$18,629	$268,506	1.79%
	11	71,077	3.2%	$475,885	2,139	2.3%	$(67,955)	0.022	1.2%	$37,048	$444,978	2.97%
	12	59,068	2.6%	$395,481	2,972	3.1%	$(94,419)	0.017	0.9%	$27,365	$328,427	2.19%
	13	52,525	2.3%	$351,673	1,339	1.4%	$(42,539)	0.004	0.2%	$6,552	$315,686	2.10%
	Subtotal	1,365,597	61.0%	$9,143,197	58,724	62.2%	$(1,865,636)	0.165	9.1%	$272,161	$7,549,723	50.33%
Non-MSA Counties and Counties with Only Rural Places	1	83,984	3.7%	$562,307	4,036	4.3%	$(128,222)	0.125	6.9%	$206,559	$640,644	4.27%
	2	69,169	3.1%	$463,113	2,767	2.9%	$(87,906)	0.095	5.2%	$156,921	$532,128	3.55%
	3	67,080	3.0%	$449,125	2,789	3.0%	$(88,605)	0.019	1.0%	$31,483	$392,003	2.61%
	4	151,774	6.8%	$1,016,187	5,407	5.7%	$(171,778)	0.020	1.1%	$32,381	$876,790	5.85%
	5	105,150	4.7%	$704,019	4,183	4.4%	$(132,892)	0.026	1.4%	$43,362	$614,489	4.10%
	6	55,888	2.5%	$374,192	3,356	3.6%	$(106,619)	0.022	1.2%	$35,859	$303,433	2.02%
	7	28,510	1.3%	$190,886	1,131	1.2%	$(35,931)	0.032	1.8%	$53,270	$208,225	1.39%
	8	72,537	3.2%	$485,666	3,095	3.3%	$(98,327)	0.043	2.4%	$71,144	$458,483	3.06%
	9	53,873	2.4%	$360,703	2,982	3.2%	$(94,737)	0.029	1.6%	$47,042	$313,009	2.09%
	10	68,053	3.0%	$455,643	1,859	2.0%	$(59,060)	0.062	3.4%	$102,850	$499,434	3.33%
	11	66,867	3.0%	$447,698	1,788	1.9%	$(56,804)	0.081	4.4%	$133,450	$524,344	3.50%
	12	44,531	2.0%	$298,151	2,019	2.1%	$(64,143)	0.196	10.8%	$323,486	$557,494	3.72%
	13	7,335	0.3%	$49,110	294	0.3%	$(9,340)	0.904	49.7%	$1,490,031	$1,529,801	10.20%
	Subtotal	874,752	39.0%	$5,856,803	35,706	37.8%	$(1,134,364)	1.654	90.9%	$2,727,839	$7,450,277	49.67%
	Total	2,240,349	100%	$15,000,000	94,430	100%	$(3,000,000)	1.819	100.0%	$3,000,000	$15,000,000	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Total Sample Allocation: $15,000,000

Weight of Need Variables: 100%

Weight of Availability Variables: -20%

Weight of Regional Coverage Factor: 20%

Texas Department of Housing and Community Affairs

Example 2027 HOME SF Regional Allocation Formula

Table 3 – Supplemental Allocation

	Region	Initial Subregion Amount	Supplemental Amount Needed to Reach Subregion Floor	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	$149,256.77	$-	$149,256.77	1.00%
	2	$161,113.31	$-	$161,113.31	1.07%
	3	$2,323,681.08	$-	$2,323,681.08	15.49%
	4	$518,813.27	$-	$518,813.27	3.46%
	5	$231,980.22	$-	$231,980.22	1.55%
	6	$596,952.12	$-	$596,952.12	3.98%
	7	$1,171,456.27	$-	$1,171,456.27	7.81%
	8	$590,802.04	$-	$590,802.04	3.94%
	9	$448,071.39	$-	$448,071.39	2.99%
	10	$268,505.53	$-	$268,505.53	1.79%
	11	$444,977.90	$-	$444,977.90	2.97%
	12	$328,426.80	$-	$328,426.80	2.19%
	13	$315,685.98	$-	$315,685.98	2.10%
	Subtotal	$7,549,722.68	$-	$7,549,722.68	50.33%
Non-MSA Counties and Counties with Only Rural Places	1	$640,643.78	$-	$640,643.78	4.27%
	2	$532,127.86	$-	$532,127.86	3.55%
	3	$392,003.30	$-	$392,003.30	2.61%
	4	$876,790.19	$-	$876,790.19	5.85%
	5	$614,489.13	$-	$614,489.13	4.10%
	6	$303,432.74	$-	$303,432.74	2.02%
	7	$208,225.11	$-	$208,225.11	1.39%
	8	$458,483.06	$-	$458,483.06	3.06%
	9	$313,008.52	$-	$313,008.52	2.09%
	10	$499,434.08	$-	$499,434.08	3.33%
	11	$524,343.92	$-	$524,343.92	3.50%
	12	$557,494.41	$-	$557,494.41	3.72%
	13	$1,529,801.21	$-	$1,529,801.21	10.20%
	Subtotal	$7,450,277.32	$-	$7,450,277.32	49.67%
	Total	$15,000,000.00	$-	$15,000,000.00	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Subregion Allocation Floor: $100,000.00

Texas Department of Housing and Community Affairs

Example 2027 HTF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Owners	Cost-Burdened Renters	Over-crowded Owners	Over-crowded Renters	Total Units Lacking Plumbing	Total Units Lacking Kitchen	Vacant Units For Sale	Vacant Units For Rent	Land Area	Total Population	Inverse Population Density
MSA Counties with Urban Places	1	196,669	73,111	19,624	44,346	2,662	4,182	5,724	9,147	1,266	9,338	2,716	580,929	0.005
	2	97,121	36,104	9,037	18,507	1,359	1,564	4,406	4,700	1,163	2,999	3,561	306,658	0.012
	3	2,089,260	776,677	319,734	586,769	50,518	81,709	27,547	59,146	16,044	98,895	9,603	8,128,927	0.001
	4	188,494	70,072	17,966	29,710	3,982	3,457	14,061	9,114	1,240	7,918	3,563	572,057	0.006
	5	136,853	50,875	11,159	21,866	2,422	3,088	5,526	7,694	1,407	4,498	2,101	396,827	0.005
	6	2,253,840	837,859	278,188	517,621	48,715	98,933	37,096	52,244	18,776	103,473	7,612	7,383,177	0.001
	7	522,317	194,170	104,026	195,264	11,794	24,168	6,789	12,629	4,901	18,961	4,220	2,426,592	0.002
	8	341,345	126,894	33,478	82,548	5,219	7,709	6,915	9,804	2,559	10,213	4,438	1,002,738	0.004
	9	787,536	292,764	100,901	173,783	15,665	24,679	11,956	20,820	7,481	32,387	4,498	2,536,923	0.002
	10	190,444	70,797	18,342	36,442	4,034	4,513	5,454	7,882	1,434	9,316	2,666	539,425	0.005
	11	827,908	307,772	44,433	76,123	28,940	23,683	16,001	15,425	4,114	12,328	7,103	1,645,473	0.004
	12	140,060	52,067	17,344	28,459	4,636	4,948	4,852	4,942	1,464	4,546	4,235	464,250	0.009
	13	371,903	138,254	33,540	53,445	7,437	8,570	5,333	6,754	2,140	7,451	1,013	870,779	0.001
	Subtotal	8,143,750	3,027,416	1,007,772	1,864,883	187,383	291,203	151,660	220,301	63,989	322,323	57,328	26,854,755	0.058
Non-MSA Counties and Counties with Only Rural Places	1	110,366	41,028	6,579	9,924	2,441	1,979	11,878	10,155	1,235	2,801	36,633	292,467	0.125
	2	86,435	32,132	7,217	8,787	1,487	908	9,206	9,432	1,219	1,548	23,742	249,510	0.095
	3	85,781	31,889	11,151	11,911	2,439	1,648	3,573	4,469	879	1,910	5,417	283,757	0.019
	4	212,005	78,812	19,524	21,693	6,439	2,364	11,503	11,439	1,755	3,652	11,856	603,816	0.020
	5	143,705	53,422	10,346	17,411	4,030	2,885	8,868	8,188	1,406	2,777	9,910	376,885	0.026
	6	72,294	26,875	7,183	11,812	1,516	1,343	3,324	3,835	884	2,472	4,577	210,508	0.022
	7	34,002	12,640	5,792	4,846	1,251	570	1,676	1,735	543	588	4,217	130,535	0.032
	8	93,051	34,591	8,852	9,851	2,851	1,522	7,129	7,741	1,172	1,923	12,672	293,740	0.043
	9	68,362	25,413	9,539	8,414	2,429	1,540	2,937	3,601	1,474	1,508	6,857	240,373	0.029
	10	90,401	33,606	6,391	10,984	1,757	1,780	6,821	6,714	475	1,384	14,905	238,949	0.062
	11	107,174	39,842	4,659	7,363	3,106	2,074	5,112	4,711	678	1,110	16,935	209,276	0.081
	12	60,869	22,628	4,722	5,603	1,787	1,022	4,096	4,673	680	1,339	35,496	180,957	0.196
	13	10,012	3,722	766	946	221	141	862	677	116	178	20,687	22,896	0.904
	Subtotal	1,174,457	436,601	102,721	129,545	31,754	19,776	76,985	77,370	12,516	23,190	203,904	3,333,669	1.654
	Total	9,318,207	3,464,017	1,110,49	1,994,428	219,137	310,979	228,645	297,671	76,505	345,513	261,232	30,188,424	1.712

Texas Average HH Size: 2.69

Texas Department of Housing and Community Affairs

Example 2027 HTF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variables	% of Total Availability Variables	Weighted	Regional Coverage Factor	% of Total Regional Coverage Factor	Weighted	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	158,796	2.1%	$62,474	10,604	2.5%	$(15,076)	0.005	0.3%	$1,639	$49,037	1.63%
	2	75,677	1.0%	$29,773	4,162	1.0%	$(5,917)	0.012	0.7%	$4,070	$27,926	0.93%
	3	1,902,100	24.9%	$748,331	114,939	27.2%	$(163,413)	0.001	0.1%	$414	$585,331	19.51%
	4	148,362	1.9%	$58,369	9,158	2.2%	$(13,020)	0.006	0.4%	$2,183	$47,532	1.58%
	5	102,630	1.3%	$40,377	5,905	1.4%	$(8,395)	0.005	0.3%	$1,856	$33,837	1.13%
	6	1,870,656	24.5%	$735,960	122,249	29.0%	$(173,806)	0.001	0.1%	$361	$562,515	18.75%
	7	548,840	7.2%	$215,927	23,862	5.7%	$(33,926)	0.002	0.1%	$610	$182,611	6.09%
	8	272,567	3.6%	$107,234	12,772	3.0%	$(18,158)	0.004	0.3%	$1,552	$90,627	3.02%
	9	640,568	8.4%	$252,015	39,868	9.4%	$(56,682)	0.002	0.1%	$622	$195,954	6.53%
	10	147,464	1.9%	$58,016	10,750	2.5%	$(15,284)	0.005	0.3%	$1,733	$44,465	1.48%
	11	512,377	6.7%	$201,581	16,442	3.9%	$(23,376)	0.004	0.3%	$1,513	$179,718	5.99%
	12	117,248	1.5%	$46,128	6,010	1.4%	$(8,545)	0.009	0.5%	$3,198	$40,781	1.36%
	13	253,333	3.3%	$99,667	9,591	2.3%	$(13,636)	0.001	0.1%	$408	$86,439	2.88%
	Subtotal	6,750,618	88.5%	$2,655,852	386,312	91.5%	$(549,235)	0.058	3.4%	$20,157	$2,126,773	70.89%
Non-MSA Counties and Counties with Only Rural Places	1	83,984	1.1%	$33,041	4,036	1.0%	$(5,738)	0.125	7.3%	$43,907	$71,210	2.37%
	2	69,169	0.9%	$27,213	2,767	0.7%	$(3,934)	0.095	5.6%	$33,356	$56,635	1.89%
	3	67,080	0.9%	$26,391	2,789	0.7%	$(3,965)	0.019	1.1%	$6,692	$29,118	0.97%
	4	151,774	2.0%	$59,712	5,407	1.3%	$(7,687)	0.020	1.1%	$6,883	$58,907	1.96%
	5	105,150	1.4%	$41,368	4,183	1.0%	$(5,947)	0.026	1.5%	$9,217	$44,638	1.49%
	6	55,888	0.7%	$21,988	3,356	0.8%	$(4,771)	0.022	1.3%	$7,622	$24,839	0.83%
	7	28,510	0.4%	$11,217	1,131	0.3%	$(1,608)	0.032	1.9%	$11,323	$20,932	0.70%
	8	72,537	1.0%	$28,538	3,095	0.7%	$(4,400)	0.043	2.5%	$15,123	$39,260	1.31%
	9	53,873	0.7%	$21,195	2,982	0.7%	$(4,240)	0.029	1.7%	$9,999	$26,955	0.90%
	10	68,053	0.9%	$26,774	1,859	0.4%	$(2,643)	0.062	3.6%	$21,866	$45,997	1.53%
	11	66,867	0.9%	$26,307	1,788	0.4%	$(2,542)	0.081	4.7%	$28,367	$52,131	1.74%
	12	44,531	0.6%	$17,519	2,019	0.5%	$(2,870)	0.196	11.5%	$68,761	$83,410	2.78%
	13	7,335	0.1%	$2,886	294	0.1%	$(418)	0.904	52.8%	$316,727	$319,194	10.64%
	Subtotal	874,752	11.5%	$344,148	35,706	8.5%	$(50,765)	1.654	96.6%	$579,843	$873,227	29.11%
	Total	7,625,370	100%	$3,000,000	422,018	100%	$(600,000)	1.712	100.0%	$600,000	$3,000,000	100.00%

Total Sample Allocation: $3,000,000

Weight of Need Variables: 100%

Weight of Availability Variables: -20%

Weight of Regional Coverage Factor: 20%

Texas Department of Housing and Community Affairs

Example 2027 HOME MF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Renters	Overcrowded Renters	Vacant Units For Rent
MSA Counties with Urban Places	1	26,135	9,716	2,763	593	660
	2	20,405	7,586	1,740	150	304
	3	447,282	166,276	97,299	11,736	12,413
	4	120,081	44,640	14,213	1,898	3,016
	5	63,472	23,596	7,319	1,497	2,564
	6	144,061	53,554	22,400	2,681	3,430
	7	219,072	81,439	56,522	6,476	4,461
	8	135,781	50,476	25,121	2,853	2,612
	9	95,628	35,549	17,384	2,162	2,384
	10	77,790	28,918	11,865	1,496	3,970
	11	118,593	44,087	8,792	2,741	1,550
	12	70,582	26,239	11,786	2,702	2,097
	13	87,696	32,601	5,270	1,178	599
	Subtotal	1,626,578	604,676	282,474	38,163	40,060
Non-MSA Counties and Counties with Only Rural Places	1	110,366	41,028	9,924	1,979	2,801
	2	86,435	32,132	8,787	908	1,548
	3	85,781	31,889	11,911	1,648	1,910
	4	212,005	78,812	21,693	2,364	3,652
	5	143,705	53,422	17,411	2,885	2,777
	6	72,294	26,875	11,812	1,343	2,472
	7	34,002	12,640	4,846	570	588
	8	93,051	34,591	9,851	1,522	1,923
	9	68,362	25,413	8,414	1,540	1,508
	10	90,401	33,606	10,984	1,780	1,384
	11	107,174	39,842	7,363	2,074	1,110
	12	60,869	22,628	5,603	1,022	1,339
	13	10,012	3,722	946	141	178
	Subtotal	1,174,457	436,601	129,545	19,776	23,190
	Total	2,801,035	1,041,277	412,019	57,939	63,250

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Texas Average HH Size: 2.69

Texas Department of Housing and Community Affairs

Example 2027 HOME MF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variable	% of Total Availability Variable	Weighted	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	13,072	0.9%	$162,180	660	1.0%	$(65,217)	$96,963.05	0.78%
	2	9,476	0.6%	$117,563	304	0.5%	$(30,040)	$87,523.70	0.70%
	3	275,311	18.2%	$3,415,801	12,413	19.6%	$(1,226,581)	$2,189,220.19	17.51%
	4	60,751	4.0%	$753,739	3,016	4.8%	$(298,024)	$455,715.51	3.65%
	5	32,412	2.1%	$402,132	2,564	4.1%	$(253,360)	$148,772.60	1.19%
	6	78,635	5.2%	$975,633	3,430	5.4%	$(338,933)	$636,700.67	5.09%
	7	144,437	9.6%	$1,792,045	4,461	7.1%	$(440,810)	$1,351,234.93	10.81%
	8	78,450	5.2%	$973,337	2,612	4.1%	$(258,103)	$715,234.57	5.72%
	9	55,095	3.6%	$683,573	2,384	3.8%	$(235,573)	$447,999.97	3.58%
	10	42,279	2.8%	$524,561	3,970	6.3%	$(392,292)	$132,268.76	1.06%
	11	55,620	3.7%	$690,077	1,550	2.5%	$(153,162)	$536,914.51	4.30%
	12	40,727	2.7%	$505,299	2,097	3.3%	$(207,213)	$298,085.16	2.38%
	13	39,049	2.6%	$484,481	599	0.9%	$(59,190)	$425,290.83	3.40%
	Subtotal	925,313	61.2%	$11,480,422	40,060	63.3%	$(3,958,498)	$7,521,924.44	60.18%
Non-MSA Counties and Counties with Only Rural Places	1	52,931	3.5%	$656,722	2,801	4.4%	$(276,779)	$379,943.18	3.04%
	2	41,827	2.8%	$518,950	1,548	2.4%	$(152,964)	$365,985.78	2.93%
	3	45,448	3.0%	$563,875	1,910	3.0%	$(188,735)	$375,139.51	3.00%
	4	102,869	6.8%	$1,276,306	3,652	5.8%	$(360,870)	$915,436.79	7.32%
	5	73,718	4.9%	$914,624	2,777	4.4%	$(274,407)	$640,216.55	5.12%
	6	40,030	2.6%	$496,656	2,472	3.9%	$(244,269)	$252,387.45	2.02%
	7	18,056	1.2%	$224,024	588	0.9%	$(58,103)	$165,921.16	1.33%
	8	45,964	3.0%	$570,284	1,923	3.0%	$(190,020)	$380,264.45	3.04%
	9	35,367	2.3%	$438,806	1,508	2.4%	$(149,012)	$289,793.79	2.32%
	10	46,370	3.1%	$575,320	1,384	2.2%	$(136,759)	$438,560.98	3.51%
	11	49,279	3.3%	$611,404	1,110	1.8%	$(109,684)	$501,719.76	4.01%
	12	29,253	1.9%	$362,943	1,339	2.1%	$(132,312)	$230,630.33	1.85%
	13	4,809	0.3%	$59,665	178	0.3%	$(17,589)	$42,075.84	0.34%
	Subtotal	585,922	38.8%	$7,269,578	23,190	36.7%	$(2,291,502)	$4,978,075.56	39.82%
	Total	1,511,235	100%	$18,750,000	63,250	100%	$(6,250,000)	$12,500,000.00	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Total Sample Allocation: $12,500,000
Weight of Need Variables: 150%
Weight of Availability Variables: -50%

Texas Department of Housing and Community Affairs Example 2027 HTC Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Renters	Overcrowded Renters	Vacant Units For Rent
MSA Counties with Urban Places	1	196,669	73,111	44,346	4,182	9,338
	2	97,121	36,104	18,507	1,564	2,999
	3	2,089,260	776,677	586,769	81,709	98,895
	4	188,494	70,072	29,710	3,457	7,918
	5	136,853	50,875	21,866	3,088	4,498
	6	2,253,840	837,859	517,621	98,933	103,473
	7	522,317	194,170	195,264	24,168	18,961
	8	341,345	126,894	82,548	7,709	10,213
	9	787,536	292,764	173,783	24,679	32,387
	10	190,444	70,797	36,442	4,513	9,316
	11	827,908	307,772	76,123	23,683	12,328
	12	140,060	52,067	28,459	4,948	4,546
	13	371,903	138,254	53,445	8,570	7,451
	Subtotal	8,143,750	3,027,416	1,864,883	291,203	322,323
Non-MSA Counties and Counties with Only Rural Places	1	110,366	41,028	9,924	1,979	2,801
	2	86,435	32,132	8,787	908	1,548
	3	85,781	31,889	11,911	1,648	1,910
	4	212,005	78,812	21,693	2,364	3,652
	5	143,705	53,422	17,411	2,885	2,777
	6	72,294	26,875	11,812	1,343	2,472
	7	34,002	12,640	4,846	570	588
	8	93,051	34,591	9,851	1,522	1,923
	9	68,362	25,413	8,414	1,540	1,508
	10	90,401	33,606	10,984	1,780	1,384
	11	107,174	39,842	7,363	2,074	1,110
	12	60,869	22,628	5,603	1,022	1,339
	13	10,012	3,722	946	141	178
	Subtotal	1,174,457	436,601	129,545	19,776	23,190
	Total	9,318,207	3,464,017	1,994,428	310,979	345,513

Texas Average HH Size: 2.69

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variable	% of Total Availability Variable	Weighted	Initial Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	121,639	2.1%	$2,055,633	9,338	2.7%	$(878,361)	$1,177,272.07	1.81%
	2	56,175	1.0%	$949,333	2,999	0.9%	$(282,095)	$667,238.39	1.03%
	3	1,445,155	25.0%	$24,422,292	98,895	28.6%	$(9,302,363)	$15,119,928.98	23.26%
	4	103,239	1.8%	$1,744,683	7,918	2.3%	$(744,791)	$999,891.45	1.54%
	5	75,829	1.3%	$1,281,462	4,498	1.3%	$(423,096)	$858,366.85	1.32%
	6	1,454,413	25.2%	$24,578,750	103,473	29.9%	$(9,732,984)	$14,845,766.01	22.84%
	7	413,602	7.2%	$6,989,637	18,961	5.5%	$(1,783,529)	$5,206,108.11	8.01%
	8	217,151	3.8%	$3,669,730	10,213	3.0%	$(960,666)	$2,709,063.83	4.17%
	9	491,226	8.5%	$8,301,446	32,387	9.4%	$(3,046,419)	$5,255,026.57	8.08%
	10	111,752	1.9%	$1,888,546	9,316	2.7%	$(876,291)	$1,012,254.64	1.56%
	11	407,578	7.1%	$6,887,845	12,328	3.6%	$(1,159,609)	$5,728,236.19	8.81%
	12	85,474	1.5%	$1,444,461	4,546	1.3%	$(427,611)	$1,016,850.12	1.56%
	13	200,269	3.5%	$3,384,431	7,451	2.2%	$(700,864)	$2,683,567.19	4.13%
	Subtotal	5,183,502	89.8%	$87,598,249	322,323	93.3%	$(30,318,678)	$57,279,570.39	88.12%
Non-MSA Counties and Counties with Only Rural Places	1	52,931	0.9%	$894,508	2,801	0.8%	$(263,471)	$631,037.59	0.97%
	2	41,827	0.7%	$706,852	1,548	0.4%	$(145,610)	$561,242.49	0.86%
	3	45,448	0.8%	$768,043	1,910	0.6%	$(179,660)	$588,382.45	0.91%
	4	102,869	1.8%	$1,738,432	3,652	1.1%	$(343,518)	$1,394,914.07	2.15%
	5	73,718	1.3%	$1,245,791	2,777	0.8%	$(261,213)	$984,578.20	1.51%
	6	40,030	0.7%	$676,486	2,472	0.7%	$(232,524)	$443,962.05	0.68%
	7	18,056	0.3%	$305,139	588	0.2%	$(55,309)	$249,829.61	0.38%
	8	45,964	0.8%	$776,773	1,923	0.6%	$(180,883)	$595,889.91	0.92%
	9	35,367	0.6%	$597,689	1,508	0.4%	$(141,847)	$455,841.65	0.70%
	10	46,370	0.8%	$783,632	1,384	0.4%	$(130,183)	$653,448.86	1.01%
	11	49,279	0.9%	$832,781	1,110	0.3%	$(104,410)	$728,371.02	1.12%
	12	29,253	0.5%	$494,357	1,339	0.4%	$(125,950)	$368,406.69	0.57%
	13	4,809	0.1%	$81,268	178	0.1%	$(16,743)	$64,525.02	0.10%
	Subtotal	585,922	10.2%	$9,901,751	23,190	6.7%	$(2,181,322)	$7,720,429.61	11.88%
	Total	5,769,424	100.0%	$97,500,000	345,513	100%	$(32,500,000)	$65,000,000.00	100.00%

Total Sample Allocation: $65,000,000
Weight of Need Variables: 150%
Weight of Availability Variables: -50%

Texas Department of Housing and Community Affairs Example 2027 HTC Regional Allocation Formula

Table 2 - Weights

	Region	Initial Subregion Amount	Amount Needed to Reach Subregion Floor	Amount that can be Reallocated	% of Total Amount that can be Reallocated	Amount to be Reallocated	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	$1,177,272.07	$-	$577,272.07	1.13%	$(16,702.70)	$1,160,569.38	1.79%
	2	$667,238.39	$-	$67,238.39	0.13%	$(1,945.46)	$665,292.92	1.02%
	3	$15,119,928.98	$-	$14,519,928.98	28.54%	$(420,117.34)	$14,699,811.64	22.62%
	4	$999,891.45	$-	$399,891.45	0.79%	$(11,570.40)	$988,321.06	1.52%
	5	$858,366.85	$-	$258,366.85	0.51%	$(7,475.55)	$850,891.30	1.31%
	6	$14,845,766.01	$-	$14,245,766.01	28.00%	$(412,184.75)	$14,433,581.26	22.21%
	7	$5,206,108.11	$-	$4,606,108.11	9.05%	$(133,272.41)	$5,072,835.70	7.80%
	8	$2,709,063.83	$-	$2,109,063.83	4.15%	$(61,023.32)	$2,648,040.51	4.07%
	9	$5,255,026.57	$-	$4,655,026.57	9.15%	$(134,687.81)	$5,120,338.77	7.88%
	10	$1,012,254.64	$-	$412,254.64	0.81%	$(11,928.11)	$1,000,326.52	1.54%
	11	$5,728,236.19	$-	$5,128,236.19	10.08%	$(148,379.58)	$5,579,856.61	8.58%
	12	$1,016,850.12	$-	$416,850.12	0.82%	$(12,061.08)	$1,004,789.04	1.55%
	13	$2,683,567.19	$-	$2,083,567.19	4.10%	$(60,285.61)	$2,623,281.59	4.04%
	Subtotal	$57,279,570.39	$-	$49,479,570.39	97.26%	$(1,431,634.10)	$55,847,936.29	85.92%
Non-MSA Counties and Counties with Only Rural Places	1	$631,037.59	$-	$31,037.59	0.06%	$(898.04)	$630,139.55	0.97%
	2	$561,242.49	$38,757.51	$-	0.00%	$38,757.51	$600,000.00	0.92%
	3	$588,382.45	$11,617.55	$-	0.00%	$11,617.55	$600,000.00	0.92%
	4	$1,394,914.07	$-	$794,914.07	1.56%	$(22,999.92)	$1,371,914.15	2.11%
	5	$984,578.20	$-	$384,578.20	0.76%	$(11,127.33)	$973,450.88	1.50%
	6	$443,962.05	$156,037.95	$-	0.00%	$156,037.95	$600,000.00	0.92%
	7	$249,829.61	$350,170.39	$-	0.00%	$350,170.39	$600,000.00	0.92%
	8	$595,889.91	$4,110.09	$-	0.00%	$4,110.09	$600,000.00	0.92%
	9	$455,841.65	$144,158.35	$-	0.00%	$144,158.35	$600,000.00	0.92%
	10	$653,448.86	$-	$53,448.86	0.11%	$(1,546.48)	$651,902.38	1.00%
	11	$728,371.02	$-	$128,371.02	0.25%	$(3,714.27)	$724,656.75	1.11%
	12	$368,406.69	$231,593.31	$-	0.00%	$231,593.31	$600,000.00	0.92%
	13	$64,525.02	$535,474.98	$-	0.00%	$535,474.98	$600,000.00	0.92%
	Subtotal	$7,720,429.61	$1,471,920.13	$1,392,349.74	2.74%	$1,431,634.10	$9,152,063.71	14.08%
	Total	$65,000,000.00	$1,471,920.13	$50,871,920.13	100.00%	$-	$65,000,000.00	100.00%

Subregion Allocation Floor: $600,000.00

To the extent funds received/proposed to be used fall below the statutory minimum for any program/activity, or if the proposed activities fall into a statutory exception, the RAF will not be used for the program/activity in question.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1513 **Agenda Date:** 7/9/2026 **Agenda #:** 8.

Presentation, Discussion, and Possible Action on the 2026 State of Texas Consolidated Plan: One-Year Action Plan

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) requires the submission of a One-Year Action Plan in accordance with 24 CFR §91.320;

WHEREAS, the Texas Department of Housing and Community Affairs ("the Department" or "TDHCA") has developed the draft 2026 State of Texas Consolidated Plan: One-Year Action Plan (the Plan), which reports on the intended use of funds received by the State of Texas from HUD for Program Year (PY) 2026, beginning on September 1, 2026, and ending on August 31, 2027;

WHEREAS, a public comment period was open from Friday, April 17, 2026, through Sunday, May 17, 2026, and a public hearing was held on Wednesday, May 6, 2026, to garner input on the Plan; and

WHEREAS, HUD announced the 2026 allocations for the HOME, ESG, CDBG and HOPWA formula programs on April 10, 2026, and staff has included these released amounts in the final version presented at this meeting;

WHEREAS, per 24 CFR §91.15(a)(1), the Plan is required to be submitted to HUD on July 17, 2026, which is at least 45 days before the start of PY 2026;

NOW, therefore, it is hereby

RESOLVED, that the 2026 State of Texas Consolidated Plan: One-Year Action Plan, in the form presented to this meeting, is hereby approved and the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to submit the 2026 State of Texas Consolidated Plan: One-Year Action Plan to HUD and, in connection therewith, to make such non-substantive grammatical, monetary and technical changes as they deem necessary or advisable.

BACKGROUND

TDHCA along with the Texas Department of Agriculture (TDA) and Texas Department of State Health Services (DSHS) prepared the draft 2026 State of Texas Consolidated Plan: One-Year Action Plan (Plan) in accordance with 24 CFR §91.320. TDHCA coordinates the preparation of the State of Texas Consolidated Plan documents. The Plan covers the State's administration of the Community Development Block Grant Program (CDBG) by TDA, the Housing Opportunities for Persons with AIDS Program (HOPWA) by DSHS, the Emergency Solutions

Grant (ESG) Program, the HOME Investment Partnerships (HOME) Program, and the National Housing Trust Fund (NHTF) Program by TDHCA.

The Texas General Land Office (GLO) is the responsible entity for developing the State Community Development Block Grant Disaster Recovery Program (CDBG-DR) Action Plan and submitting any required amendments to the Consolidated Plan in accordance with HUD guidelines. CDBG-DR planning documents are available at <https://recovery.texas.gov/action-plans/index.html>.

Examples of activities described in the 2026 One Year Action Plan include, but are not limited to, the Reconstruction of single-family housing through TDHCA's Homeowner Reconstruction Assistance (HRA) program, Tenant Based Rental Assistance (TBRA), HOME and NHTF (National Housing Trust Fund) Rental activities, Homeless programs, and Colonia Self-Help Centers.

The Plan reflects the intended uses of funds received by the State of Texas from HUD for Program Year 2026. The Program Year begins on September 1, 2026, and ends on August 31, 2027. The Plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the 2025-2029 State of Texas Consolidated Plan.

The Plan does not include discussion of TDHCA's ESG-CV or CDBG-CV funds. ESG-CV and CDBG-CV are separate programs, which were created by the CARES Act related to the Coronavirus pandemic. Information on these temporary programs may be found in amendments to both the 2015-2019 State of Texas 5-year Consolidated Plan and 2019 One-Year Action Plan found here:

<https://www.tdhca.texas.gov/housing-resource-center-annual-or-biennial-plans-and-reports>.

A draft of the Plan was available for public comment on the TDHCA Public Comment Center at <https://www.tdhca.texas.gov/tdhca-public-comment-center>. The public comment period was open from Friday, April 17, 2026, through Sunday, May 17, 2026, and a public hearing was held on Wednesday, May 6, 2026, at 2:00 p.m. The Texas Department of Agriculture regularly hosts public hearings and informational sessions on the CDBG funds they administer, more information on these hearings can be found at <https://texasagriculture.gov/Grants-Services/Rural-Economic-Development/-TxCDBG-Rural-Community-Development-Block-Grant/Training-and-Events>. The State received no public comments.

There were no substantial changes to the Plan or programs from the 2025 One-Year Action Plan to the 2026 One-Year Action Plan.

Program	Annual Allocation	Total Amount Available in PY 2026*
HOME	$34,892,270.78	$54,690,427,89
ESG	$10,262,662	$10,262,662
NHTF	**$9,611,392.27**	**$9,611,392.27**
CDBG	$72,039,298	$79,155,088
HOPWA	$8,661,855	$9,643,061

*Total funding available includes program income and prior program year resources that are still available for PY 2025. More details are in the 2026 OYAP, Section AP-15 pp. 46-56.

**NHTF amounts have not yet been released by HUD, dollar amounts in chart are estimates.

This action seeks approval to submit the Plan to HUD upon approval by the Board and prior to any deadline identified by HUD Per 24 CFR §91.15(a)(1) or outlined in CPD notice 26-05. Staff recommends approval of this action.

The Department has not yet received the PY 2026 allocation amount for NHTF. Should the allocation not be released prior to the Department's submission of the 2026 One-Year Action Plan to HUD, staff will bring a substantial amendment to the 2026 OYAP once the allocation amount is known to incorporate NHTF funding.

Staff intends to present the Plan to the Board for final approval at the Board meeting of June 4, 2026, allowing sufficient time for the Plan to be submitted to HUD prior to the deadline of July 17, 2026.

2026 State of Texas Consolidated Plan

One-Year Action Plan

Prepared by:

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PO Box 12847
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Phone: (512) 936-6701
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Department of State Health Services
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PO Box 149347, MC 1873Austin, TX 78714-9347
Phone: (737) 255-4300
Fax: (512) 989-4008
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OMB Control No: 2506-0117 (exp. 09/30/2021)

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

This One-Year Action Plan (OYAP) identifies the contemplated possible use of funds received by the State of Texas from the U.S. Department of Housing and Urban Development (HUD) for Program Year (PY) 2026. This PY 2026 OYAP applies to those actions of the Texas Department of Housing and Community Affairs (TDHCA), the Texas Department of Agriculture (TDA), and the Texas Department of State Health Services (DSHS), relating to the activities of those three state agencies involving the administration of ongoing HUD Community Planning and Development (CPD) programs. Those agencies, being all of the agencies that administer HUD CPD programs for the state of Texas (other than Community Development Block Grant Disaster Recovery funds designated specifically by HUD for disaster recovery efforts), are collectively referred to herein as the "State." This OYAP is for the HOME Investment Partnerships (HOME) Program, the Emergency Solutions Grant (ESG) Program, the Community Development Block Grant (CDBG) Program, the Housing Opportunities for Persons with AIDS (HOPWA) Program, and the National Housing Trust Fund (NHTF). This OYAP does not include CDBG-CV, which was part of the 2019 OYAP. The 2026 PY for HUD program activity begins on September 1, 2025, and ends on August 31, 2026. The performance report on PY 2024 funds was submitted to HUD in November 2025 and approved by HUD in December 2025.

The CPD programs include the Emergency Solutions Grant Program, the HOME Investment Partnerships Program, and the National Housing Trust Fund Program administered by the Texas Department of Housing of Community Affairs; the Community Development Block Grant Program administered by the Texas Department of Agriculture; and the Housing Opportunities for Persons with AIDS Program administered by the Department of State Health Services.

2. Summarize the objectives and outcomes identified in the Plan

The 2026 OYAP:

1. Reports on the intended use of funds received by the State from HUD for PY 2026;
2. Explains the State's method for distributing CDBG, ESG, HOME, HOPWA, and NHTF program funds; and,
3. Provides opportunity for public input on the development of this OYAP.

The State's progress in achieving the goals put forth in the OYAP will be measured according to HUD guidelines (24 CFR §91.520) and outlined in the Consolidated Annual Performance and Evaluation Report (CAPER), submitted to HUD by November 30 each year.

In accordance with the guidelines from HUD, the State utilizes the CPD Outcome Performance Measurement System through the use of HUD's Integrated Disbursement and Information System (IDIS) to develop the OYAP and CAPER each year. Program activities are categorized into the objectives and outcomes listed throughout the OYAP. The estimated performance figures are based on planned performance during the PY (September 1st through August 31st) of contracts committed and projected households to be served based on estimated availability of funds. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (SFY), which is September 1st through August 31st, are based on anticipated units and households at time of award.

The objectives, outcomes, and activity budgets in this OYAP are based on official and unofficial notices of allocations.

3. Evaluation of past performance

The information below is for HOME, ESG, NHTF, CDBG, and HOPWA for PY 2026 (September 1, 2025 to August 31, 2026), and excludes any activity during that period from CDBG-CV, or HOPWA-CV.

HOME Evaluation of Past Performance
TDHCA's HOME program expended $32,255,460.55 in program funds through five different HOME Program activities in PY 2024, representing completed assistance to 844 households.
ESG Evaluation of Past Performance

During PY 2024, TDHCA's ESG Program expended $9,483,057.63. With the expended funding, ESG served 496 households with rapid re-housing, 18,495 persons with overnight shelter assistance, and 816 persons with homelessness prevention.

NHTF Evaluation of Past Performance
During PY 2024, NHTF expended $121,436. With the expended funding 128 rental units were constructed.

CDBG Evaluation of Past Performance

During PY 2024, the Texas CDBG Program committed approximately $70 million, which includes the PY 2024 allocation, any remaining funds from the 2023 allocation, deobligated funds, and program income.

HOPWA Evaluation of Past Performance
In the HOPWA 2024 program year, Project Sponsors served 645 households with Tenant-Based Rental Assistance (TBRA) out of the 575 OYAP goal (112 percent); 462 households with Short-Term Rent, Mortgage, Utility (STRMU) out of the 295 OYAP goal (157 percent); 102 households with Facility-Based Housing Assistance (FBHA) out of the 136 OYAP goal (75 percent); 182 households with Permanent Housing Placement (PHP) out of the 132 OYAP goal (115 percent); 1,101 households with Housing Case

Management (HCM) out of the 1,031 OYAP goal (107 percent); and 19 households with Housing Information Services (HIS) out of the 7 OYAP goal (271 percent). In total, Project Sponsors served 1,259 unduplicated households and provided housing assistance services to 1,184 unduplicated households.

4. Summary of Citizen Participation Process and consultation process

The State is committed to reaching out to and engaging with the public in order to develop programmatic activities that are responsive to the various affordable housing needs of Texans. The State also solicits and receives input from governmental bodies, nonprofits, and community and faith-based groups. More information on the citizen participation, consultation, and public comment are included in the Consultation and Participation sections of the Plan.

The 2025-2029 Consolidated Plan (as adopted) substantial amendments, the OYAP, and the Consolidated Plan Annual Performance and Evaluation Reports (CAPER) are available to the public online at https://www.tdhca.texas.gov and materials are accessible to persons with disabilities, upon request.

The State recognizes that public participation and consultation are ongoing processes. During the development of the 2025-2029 Consolidated Plan, comprehensive outreach was conducted to gather input. This outreach continues through the development of each Annual Action Plan within the 5-year consolidated planning process.

5. Summary of public comments

No public comment was received for the 2026 One-Year Action Plan **6. Summary of comments or views not accepted and the reasons for not accepting them**

Any Public Comment received on the 2026 One-Year Action Plan will be summarized here in the Final No public comment was received for the 2026 One-Year Action Plan

7. Summary

The consolidated planning process occurs once every five years, so creating a comprehensive 2025-2029 Consolidated Plan was vital for CDBG, HOME, ESG, HOPWA, and NHTF. Because of the Consolidated Plan's authority to govern these programs, research from multiple sources, including other government plans, peer-reviewed journals, news sources, and fact sheets were used. Valuable public input was gathered through roundtable meetings, council/workgroup meetings, public hearings, and online formats. An expansive public input process was included in the development of the Consolidated Plan. The 2025-2029 Consolidated Plan is now carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that the State plans to use each year to address the priority needs and specific goals identified by the Consolidated Plan.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	TEXAS	Texas Department of Agriculture
HOPWA Administrator	TEXAS	Texas Department of State Health Services
HOME Administrator	TEXAS	Texas Department of Housing and Community Affairs
ESG Administrator	TEXAS	Texas Department of Housing and Community Affairs
NHTF Administrator	TEXAS	Texas Department of Housing and Community Affairs

Table 1 – Responsible Agencies

Narrative

The Texas Department of Housing and Community Affairs (TDHCA) administers the Emergency Solutions Grants (ESG) Program, the HOME Investment Partnerships (HOME) Program and the National Housing Trust Fund (NHTF) Program; the Texas Department of Agriculture (TDA) administers the Community Development Block Grant (CDBG) Program; and the Texas Department of State Health Services (DSHS) administers the Housing Opportunities for Persons with AIDS (HOPWA) Program. All these programs, known collectively as Community Planning and Development (CPD) Programs, are covered in the 2025-2029 State of Texas Consolidated Plan (Plan). TDHCA is the entity responsible for overseeing the development of the Plan.

Key Organizational Events

In 1991, the 72nd Texas Legislature created TDHCA. TDHCA's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

At that time the CDBG Program was transferred from TDHCA to the newly created Office of Rural Community Affairs, later called the Texas Department of Rural Affairs; the program was then subsequently moved to TDA. As of October 1, 2011, the program is administered by TDA. Through an interagency agreement with TDA, TDHCA administers 2.5% of the CDBG funds, which are statutorily designated for the Colonia Self Help Centers (SHCs) along the Texas-Mexico border.

On March 12, 2016, TDHCA was designated by Governor Abbott as the state agency responsible for the administration of funds provided through the NHTF.

TDHCA, TDA, and DSHS administer their assigned CPD programs and services through a network of organizations across Texas and do not typically fund assistance to individuals directly. Depending on the program, funded organizations include units of local government, councils of governments, nonprofit organizations, for-profit organizations, Administrative Agencies (AAs), Public Housing Authorities (PHAs), and Community Housing Development Organizations (CHDOs).

Consolidated Plan Public Contact Information

ESG, HOME, and NHTF Contact Information:
Texas Department of Housing and Community Affairs,
PO Box 13941, Austin, TX 78711-3941. (800) 525-0657.
https://www.tdhca.texas.gov/

CDBG Contact Information:
Texas Department of Agriculture, Office of Rural Affairs,
PO Box 12847, Austin, TX 78711-2847. (800) 835-5832.
http://texasagriculture.gov/Home/ContactUs.aspx

HOPWA Contact Information:
DSHS HIV/STD Section, HIV Care Services Group, HOPWA Program,
PO Box 149347, Mail Code 1873, Austin, TX 78714-9347. (737) 255-4300.
https://www.dshs.texas.gov/hivstd/hopwa/

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

In an effort to gather information from as many diverse audiences as possible, TDHCA uses different forms of technology to communicate efficiently, including online surveys, digital roundtables, social media, and email distribution. Online surveys foster an increased response rate of participants as well as facilitating data analysis. In addition, digital roundtables are used in the development of program rules and distribution methods. The availability of all these methods is communicated primarily via the TDHCA website, opt-in email distribution lists, social media, and through announcements at meetings and conferences.

An online presence allows TDHCA to reach out to encourage participation and consultation. TDHCA has a social media presence, specifically through Twitter, Facebook, Instagram, and YouTube. Furthermore, TDHCA sends out notices via voluntary email lists, where subscribed individuals and entities can receive email updates on TDHCA information, announcements, and trainings. Use of technology allows fast communication to a large audience and allows TDCHA to reach people across the state of Texas efficiently.

In the consolidated planning process, the State encourages the participation of public and private organizations, including broadband internet service providers, organizations engaged in narrowing the digital divide, agencies whose primary responsibilities include the management of flood prone areas, public land or water resources, and emergency management agencies in the process of developing the consolidated plan.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l)).

The State worked to enhance coordination between public and assisted housing providers, and private and governmental health, mental health and service agencies for the Plan in various ways. For example, TDHCA staff routinely attends inter- and intra-agency meetings to educate and coordinate on the intersection between housing and services, as described in Strategic Plan Section 35, Anticipated Resources, and Action Plan Section 65, Homeless and Other Special Needs. The opportunity to submit input was also on the agenda for several of these meetings and input was sometimes received after the meetings were concluded.

DSHS contracts with AAs in six Ryan White Part B HIV Planning Areas to administer the DSHS HOPWA Program. AAs ensure that a comprehensive continuum of care exists throughout their funded areas. To that end, AAs routinely consult with a variety of organizations and stakeholders, including persons living with HIV (PLWH) and local HIV Planning Councils. Additionally, AAs complete periodic needs assessments to inventory available resources and identify service needs, barriers, and gaps within their planning areas. With this information, AAs develop and implement a regional HIV core medical and supportive services

plan. When developing this plan, AAs establish multiple mechanisms for obtaining stakeholder input (e.g., dissemination of written copies of the plans, postings to the Internet, town hall meetings, advisory groups, etc.). Where possible, Project Sponsors coordinate with local Housing Choice Voucher Programs (HCVPs) and other affordable housing programs to support HOPWA program delivery. TDHCA operates 27 distinct Listservs so that the agency can disseminate information easily on different topics to interested groups. All these groups are sent updates for the topic they selected as well as cross cutting topics like TDHCA news, event information and announcements. All 27 of these groups were used to send out requests for consultation on the 2025-2029 Consolidated Plan.

TDHCA continues to use its fair housing email list to share fair housing-related news, event information, and announcements with interested persons and organizations.

TDA consulted with local governments both in person and through web-based meetings as part of its evaluation of the TxCDBG program. In 2024, TDA engaged in a series of public meetings to discuss the program and solicit feedback from stakeholders. The primary purpose of the meetings was to identify areas where program changes were needed to ensure that the program was able to best assist rural communities, or to ensure the sustainability of the program long term.

Provide a concise summary of the state's activities to enhance coordination with local jurisdictions serving Colonias and organizations working within Colonias communities.

TDHCA coordinates its work with other colonia-serving entities through the implementation of the Colonia Self-Help Center Program. The Colonia Self Help Center (CSHC) Program is funded by the U.S. Department of Housing and Urban Development through the Texas Community Development Block Grant (CDBG) Program. The CDBG funds are transferred to TDHCA through a memorandum of understanding with the Texas Department of Agriculture, and together TDHCA and TDA co-manage the administration of the funds, with TDHCA providing the day-to-day oversight of the Colonia SHC Program and subrecipients.

The Colonia SHC funds specific Texas border county governments with four-year contracts. Requests for funding are reviewed and recommended by a Colonia Resident Advisory Group (C-RAC), a group of colonia residents who live in the specific colonias served by the centers.

On a very frequent basis—weekly or more often—TDHCA provides guidance and oversight to the county governments with which TDHCA has executed a CSHC contract. As needed, TDHCA provides guidance and technical assistance to the housing subgrantees with whom each respective county has contracted to achieve specific deliverables per their individualized CSHC subcontract. Every one to two years, TDHCA organizes and implements a workshop for all eligible counties and their subgrantees to review rules, best practices, and exchange other program updates. As needed but on an average of one to two times per year, TDHCA convenes a meeting with the C-RAC. This grass-roots-style committee approves contracts, evaluates county recommendations, and provides TDHCA and the counties guidance on programming and activities in the colonias. Lastly, approximately every two years, TDHCA updates its CSHC Program rules,

and initiates this process by first soliciting comment from the public at large for critiques of the current rules and suggestions for changes.

As a part of the process discussed above, TDA meets with elected officials from counties serving colonia areas. The local leaders discuss funding priorities for the Community Development Fund and other fund categories, including projects that could serve colonia areas.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The Texas Interagency Council for the Homeless (TICH) was created in 1989 to coordinate the State's homeless resources and services. The TICH consists of representatives from eleven state agencies that serve persons experiencing or at risk of homelessness. Membership also includes representatives appointed by the office of the governor, the lieutenant governor, and the speaker of the house. The council is not appropriated funding and has no full-time staff but receives facilitation and advisory support from TDHCA. TICH's major mandates include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among service providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission (HHSC), a strategic plan to address the needs of the homeless; and
- maintaining a central resource and information center for the homeless.

The Texas Interagency Council for the Homeless has been meeting during 2026 with the CoCs to coordinate homeless services. These efforts are reinforced by 24 Code of Federal Regulation (CFR) Part 91 that require ESG recipients to expand consultation with community partners and CoCs in the formation of consolidated planning documents. The consultation must address the allocation of resources; development of performance standards and evaluation; and development of funding, policy, and procurements for operating state-required Homeless Management Information Systems (HMIS). The TICH held three meetings during the development of the draft Plan and TDHCA solicited input from the TICH on housing and community development needs at all three meetings.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

TDHCA coordinates with Continuums of Care (CoCs) and their member agencies regarding allocation of ESG funds, development of performance standards and outcomes evaluation, and development of funding, policies through the TDHCA rulemaking process.

TDHCA presents its draft ESG rules, which include the formula by which funds are allocated to each CoC region, to CoCs and other interested parties prior to presentation of the proposed rule to the TDHCA Board. The allocation formula includes weights for point-in-time counts conducted by the CoC. TDHCA staff conducts public hearings to garner feedback and accepts comment via email, mail and in person. Input received at public hearings is incorporated into the administrative rules, which are ultimately adopted by the Board.

TDHCA requires subrecipients, through its administrative rules, to utilize HMIS or an HMIS comparable database (for domestic violence or legal service providers only) and to submit HMIS exports as required by HUD.

TDHCA further consults with CoCs through involvement in the TICH, which is described in the prior question.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

1	**Agency/Group/Organization**	CARITAS OF AUSTIN
	Agency/Group/Organization Type	Services - Housing Services-homeless Services-Education Services-Employment
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
2	**Agency/Group/Organization**	Front Steps, Inc.

	Agency/Group/Organization Type	Services - Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
3	**Agency/Group/Organization**	THE GULF COAST CENTER
	Agency/Group/Organization Type	Services-Children Services-Persons with Disabilities Services-Victims of Domestic Violence Services-Health
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
4	**Agency/Group/Organization**	Aliviane
	Agency/Group/Organization Type	Services-Health
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Non-Homeless Special Needs

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
5	**Agency/Group/Organization**	Texas Council on Family Violence
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services - Victims
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
6	**Agency/Group/Organization**	The Harris Center for Mental Health and IDD
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-homeless Services-Health
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Non-Homeless Special Needs

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
7	**Agency/Group/Organization**	San Angelo Police Department
	Agency/Group/Organization Type	Other government - Local
	What section of the Plan was addressed by Consultation?	Homelessness Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
8	**Agency/Group/Organization**	Comal County Family Violence Shelter Inc dba Crisis Center of Comal County
	Agency/Group/Organization Type	Services-Victims of Domestic Violence Services-homeless Services - Victims
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
9	**Agency/Group/Organization**	City of Plano
	Agency/Group/Organization Type	Other government - Local

	What section of the Plan was addressed by Consultation?	Homelessness Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
10	**Agency/Group/Organization**	VETSTAR
	Agency/Group/Organization Type	Services - Housing Services-Children Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homelessness Needs - Veterans
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
11	**Agency/Group/Organization**	CITY OF EL PASO - COMMUNITY & HUMAN DEVELOPMENT
	Agency/Group/Organization Type	Other government - Local
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
12	**Agency/Group/Organization**	Lifeline for Families Inc

	Agency/Group/Organization Type	Services-Children Services-homeless Services-Education
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Families with children
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
13	**Agency/Group/Organization**	Haven for Hope
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services - Victims
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
14	**Agency/Group/Organization**	City of San Antonio
	Agency/Group/Organization Type	Other government - Local

	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 17, 2025 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
15	**Agency/Group/Organization**	Texas Health and Human Services Commission
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Health Agency Child Welfare Agency Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Market Analysis Anti-poverty Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings in 2025 and 2026. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.

16	**Agency/Group/Organization**	Texas State Affordable Housing Corporation (TSAHC)
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings in 2025 and 2026. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
17	**Agency/Group/Organization**	CORNERSTONE ASSISTANCE NETWORK
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Market Analysis Anti-poverty Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings in 2025 and 2026. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
18	**Agency/Group/Organization**	TEXAS DEPARTMENT OF STATE HEALTH SERVICES
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-homeless Services-Health Health Agency Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings in 2025 and 2026. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
19	**Agency/Group/Organization**	Texas Department of Family and Protective Services
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-homeless Health Agency Child Welfare Agency Other government - State

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings in 2025 and 2026. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
20	**Agency/Group/Organization**	Texas Education Agency
	Agency/Group/Organization Type	Services-Children Services-Education Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Families with children Homelessness Needs - Unaccompanied youth Market Analysis Anti-poverty Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings in 2025 and 2026. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
21	**Agency/Group/Organization**	Texas Department of Criminal Justice

	Agency/Group/Organization Type	Services - Housing Services-Persons with Disabilities Services-homeless Services-Education Services-Employment Services - Victims Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings in 2025 and 2026. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
22	**Agency/Group/Organization**	HOPWA Project Sponsors
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS engages in ongoing consultation with HOPWA stakeholders by collecting qualitative data from HOPWA Project Sponsors and using it for planning and evaluation. Project Sponsors provide narrative performance output and outcome data; offer program strategies for improved performance and strategies that contributed to successes; describe efforts to coordinate resources and efforts; assess housing barriers and make recommendations; request technical assistance; and supply other discussion items (i.e., feedback, ideas, other recommendations).
23	**Agency/Group/Organization**	HIV Administrative Agencies
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS

	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS engages in ongoing consultation with HOPWA stakeholders by collecting qualitative data from HIV Administrative Agencies (AAs) and using it for planning and evaluation. AAs work with HIV planning councils in major metropolitan areas and other organizations and stakeholders outside those areas to develop comprehensive HIV service plans and needs assessments. AAs consult with clients and other stakeholders through interviews, surveys, focus groups, and public hearings. AAs disseminate written copies of service plans, sharing them online, at town hall meetings, and with advisory groups. AA contact information and planning area maps are located athttps://www.dshs.texas.gov/hivstd/services/aa.shtm
24	**Agency/Group/Organization**	Central Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
25	**Agency/Group/Organization**	Brazos Valley Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
26	**Agency/Group/Organization**	Middle Rio Grande Development Council
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
27	**Agency/Group/Organization**	Coastal Bend Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
28	**Agency/Group/Organization**	Lower Rio Grande Valley Development Council
	Agency/Group/Organization Type	Regional organization Planning organization

	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
29	**Agency/Group/Organization**	South Texas Development Council
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
30	**Agency/Group/Organization**	Houston-Galveston Area Council
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
31	**Agency/Group/Organization**	ARK TEX COUNCIL OF GOVERNMENTS

	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
32	**Agency/Group/Organization**	Alamo Area Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
33	**Agency/Group/Organization**	East Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.

34	**Agency/Group/Organization**	Deep East Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
35	**Agency/Group/Organization**	Heart of Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
36	**Agency/Group/Organization**	South East Texas Regional Planning Commission
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
37	**Agency/Group/Organization**	Concho Valley Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
38	**Agency/Group/Organization**	Capital Area Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
39	**Agency/Group/Organization**	West Central Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization

	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
40	**Agency/Group/Organization**	Texoma Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
41	**Agency/Group/Organization**	North Central Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
42	**Agency/Group/Organization**	PANHANDLE REGIONAL PLANNING COMMISSION

	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
43	**Agency/Group/Organization**	South Plains Association of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
44	**Agency/Group/Organization**	Permian Basin Regional Planning Commission
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.

45	**Agency/Group/Organization**	HIV Planning Councils
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS Administrative Agencies (AAs) consulted with HIV Planning Councils to guide grant funding decisions. Councils conducted needs assessments to identify service gaps and barriers, including housing challenges. AAs and councils held regional meetings in HIV Service Delivery Areas (HSDAs) to gather feedback on HIV housing services. They engaged underserved populations, rural communities, and consumers to address critical housing needs amid rising rents, such as expanded service options and integrated service models. AAs presented HOPWA program updates during council meetings and worked on strategies to improve housing services, elevating stakeholder voices and centering planning around affected communities.
46	**Agency/Group/Organization**	Persons Living with HIV
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS Administrative Agencies (AAs) consulted with persons living with HIV (PLWH) to inform grant funding decisions. AAs collected consumer input through needs assessments and consumer satisfaction surveys, focusing on housing needs, barriers, and service gaps. Community Advisory Boards held meetings to gather feedback and address housing accessibility, service quality, and program improvements. AAs hosted public forums, focus groups, and outreach events to discuss housing services, share updates, and gather input on program effectiveness. Workshops provided PLWH with a supportive space to discuss housing challenges and service needs. In some cases, AAs conducted direct interviews with PLWH to assess housing service satisfaction and gather personal insights, ensuring their lived experiences informed planning decisions.
47	**Agency/Group/Organization**	Ryan White Service Providers
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS Administrative Agencies (AAs) consulted with Ryan White service providers to enhance housing services. Regular care coordination meetings with case managers, navigators, and frontline staff included housing discussions to address ongoing issues. AAs and providers collaborated on needs assessments and surveys to identify housing needs, service gaps, and barriers. AAs trained service providers on the HOPWA program and provided updates. Providers participated in strategic planning, discussing housings role within the HIV continuum of care. They also shared recommendations during public forums, community advisory board meetings, and consultations with AAs, integrating their insights into housing program planning and implementation.
48	**Agency/Group/Organization**	Texas Homeless Network

	Agency/Group/Organization Type	Services - Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings on January 24, 2024, May 21, 2024 and September 11,2024. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness. Agency also provided written input on suggested changes to State administered ESG program.
49	**Agency/Group/Organization**	Langford Community Management Services
	Agency/Group/Organization Type	Housing Planning organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended three HOME program roundtables in relation to Energy efficiency rules and HOME program construction cost limits. Information provided and comments made at these roundtables was used to guide program staff in adjustment of HOME program rules.
50	**Agency/Group/Organization**	GrantWorks, Inc.
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended three HOME program roundtables in relation to Energy efficiency rules and HOME program construction cost limits. Information provided and comments made at these roundtables was used to guide program staff in adjustment of HOME program rules.
51	**Agency/Group/Organization**	COASTAL BEND CENTER FOR INDEPENDENT LIVING
	Agency/Group/Organization Type	Housing Services-Elderly Persons Services-Persons with Disabilities
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended a HOME program roundtable in relation to HOME program construction cost limits. Information provided and comments made at roundtables were used to guide program staff in adjustment of HOME program rules.
52	**Agency/Group/Organization**	Trinity Habitat for Humanity
	Agency/Group/Organization Type	Housing Services - Housing Services-Persons with Disabilities
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended a HOME program roundtable in relation to HOME program construction cost limits. Information provided and comments made at roundtables were used to guide program staff in adjustment of HOME program rules.
53	**Agency/Group/Organization**	Lazarus House Initiative, Inc.

	Agency/Group/Organization Type	Services - Housing Services-Persons with Disabilities Services-homeless Services-Health Services-Education Services-Employment
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended a HOME program roundtable in relation to HOME program construction cost limits. Information provided and comments made at roundtables were used to guide program staff in adjustment of HOME program rules.
54	**Agency/Group/Organization**	Galilee CDC
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended a HOME program roundtable in relation to HOME program construction cost limits. Information provided and comments made at roundtables were used to guide program staff in adjustment of HOME program rules.
55	**Agency/Group/Organization**	Rio Grande Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
56	**Agency/Group/Organization**	NORTEX Regional Planning Commission
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
57	**Agency/Group/Organization**	Golden crescent Regional Planning Commission
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.

Identify any Agency Types not consulted and provide rationale for not consulting

As indicated in the Introduction, during the ongoing consultation and public participation process, Texas seeks input from the widest possible range of agency types.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Texas Homeless Network	Texas Homeless Network (THN) is a non-profit membership-based organization helping Texas communities prevent and end homelessness. THN provides training and technical assistance around the state of Texas helping service providers and communities better serve the homeless population with the end goal of preventing and ending homelessness. THN also serves as the CoC for the Balance of State.
Pathways Home	TICH	Pathways Home presents findings, which indicate that greater coordination of employment and health service resources with local housing programs would expand the State's capacity to prevent and end episodes of homelessness. In response to the study findings, Pathways Home proposes a framework to help more of the State's most vulnerable citizens to enter and remain in safe housing.

Table 3 – Other local / regional / federal planning efforts

Narrative

Since the consolidated planning process is an ongoing effort, the State continues to consult with agencies, groups, and organizations through the program year cycles for CDBG, ESG, HOME, NHTF and HOPWA, and the development of HUD required fair housing documents.

If a material amendment of a HUD required fair housing document is needed as described in 24 CFR §5.164, reasonable notice by publication on TDHCA's website will be given, comments will be received for no less than 30 days after notice is given, and any public hearing(s) held (although optional) will be held at a board meeting, or within the public comment period.

Language needs

The State conducted an analysis of eligible program participants with Limited English Proficiency (LEP). The analysis was performed for households at or below 200% poverty, roughly equivalent to 80% area median income statewide in Texas. The overwhelming need was for Spanish language translation, which comprised the language of 74% of LEP persons. The state will translate vital documents into Spanish, and

other languages as determined by the individual program. The state will analyze market areas for program beneficiaries to determine if documents should be translated into additional languages. The state will apply four-factor analysis to consider the resources available and costs considering the frequency with which LEP persons come into contact with the applicable programs and the nature and importance of the program, activity, or service. The State will make reasonable efforts to provide language assistance to ensure meaningful access to participation by non-English speaking persons.

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

Comprehensive outreach was conducted to gather input on the Plan. The consultations conducted before the creation of the draft Plan, as well as discussion of the participation of local, regional, and statewide institutions, CoCs, and other organizations affected by the Plan are listed in Process Section 10. The Plan, as adopted, any future substantial amendments, and the Consolidated Plan Annual Performance and Evaluation Report (CAPER) will be available to the public online at https://www.tdhca.texas.gov and will have materials accessible to persons with disabilities, upon request.

Public hearings
The Draft Plan was released for a 31-day public comment period from April 17, 2026, to May 17, 2026. One Public Hearing was held, May 6, 2026, in doing so, the State met HUDs requirement of holding, at minimum, one Public Hearing during the comment period. The Department will inform stakeholders of the hearing through a notification on its website, by sending a listserv announcement, and posting in the *Texas Register*. Constituents were encouraged to provide input regarding all programs in writing or at a public hearing.

Public hearing schedules were published in the *Texas Register*, on TDHCA's website at https://www.tdhca.texas.gov/, advertised by opt-in email distribution and during various workgroups and committee meetings. During the public comment period, printed copies of the draft plans were available from TDHCA, and electronic copies were available for download from TDHCA's website. Constituents were encouraged to provide input regarding all programs in writing or at the public hearings. See the Citizen Participation Outreach table below for details of annual outreach. In the case of extenuating circumstances, when there are concerns of public health and safety, TDHCA may host virtual public hearings to allow stakeholders and the public to provide oral comment on Plans and Reports.

Criteria for Amendment to the Consolidated Plan
Substantial amendments will be considered, if needed, when a new activity is developed for any of the funding sources or there is a change in method of distribution. If a substantial amendment is needed, reasonable notice by publication on TDHCA's website at https://www.tdhca.texas.gov/ will be given, and if a substantial amendment, comments will be received for no less than 30 days after notice is given. A public hearing will be optional.

Performance Report
The CAPER will analyze the results of the Plan annually after the end of the state's HUD Program Year. Due to the short 90-day turnaround time between the end of The State of Texas' HUD Program Year (8/31) and the due date of the CAPER (11/30), the public will be given reasonable notice by publication on

TDHCA's website at https://www.tdhca.texas.gov. Comment will be accepted for a minimum of 15 days. A public hearing will be optional.

One-Year Action Plan

The draft 2026 One Year Action Plan (OYAP) was released for public comment prior to HUD's release of actual annual allocation amounts, and the draft 2026 OYAP reflected estimated allocation amounts.

Complaints related to the Consolidated planning process follow the TDHCA complaint process, as defined by 10 Texas Administrative Code §1.2.

For details on the development of or amendments to HUD required Fair Housing document, see the PR-10 Narrative section located in the 2025-2026 State of Texas Consolidated Plan.

2. Summary citizen participation process and efforts made to broaden citizen participation in Colonias

The Colonia Self-Help Center (CSHC) Program subgrants funds to Cameron/Willacy, El Paso, Hidalgo, Maverick, Nueces, Starr, Val Verde, and Webb counties, and each written agreement includes a four-year term for expenditures and performance. Awards and funding associated with this program are reviewed and recommended by a Colonia Resident Advisory Group (C-RAC), which is a group of colonia residents who live in the specific service area served by the centers. The C-RAC members prioritize housing rehabilitation, reconstruction and new construction development in the targeted colonias served.

TDHCA provides guidance, technical assistance and oversight to the units of local government with which TDHCA has executed CSHC Program contracts. Technical assistance areas include program administration, guidelines, and best practices needed to fulfill contractual requirements in serving colonia residents with CDBG funding. Periodically, TDHCA convenes a meeting with the C-RAC. This grass-roots-style committee considers contract proposals, recommends approval of and amendments to contracts, evaluates county recommendations, and provides TDHCA and the counties guidance on programming and activities in the colonias. Texas colonias have a great need for assistance. The CSHC program focuses primarily in improving the housing stock through rehabilitation, reconstruction, and new construction in the targeted colonias. A percentage of funding is earmarked for public service activities that have a direct and colonia wide impact. Lastly, approximately every two years, TDHCA updates its CSHC Program rules, and initiates this process by first soliciting comment from the public at large.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting – TDHCA Board Meeting	Non-targeted/ broad community	TDHCA's board agenda and information is filed with the Texas Office of the Secretary of State (SOS) in advance of each meeting, in accordance with the Texas Open Meetings Act. The Draft 2026 OYAP will be presented at the TDHCA Board meeting.	Public comments are accepted at each meeting of the TDHCA Board in accordance with §2306.032(f) and §2306.066(d) of the Tex. Gov't Code.	n/a	Board materials will be posted at https://www.tdhca.texas.gov/tdhca-board-meeting-information-center
2	Public Comment Period	Non-targeted/ broad community	The Draft 2026 OYAP was released for a 31-day public comment period from April 17, 2026 to May 17, 2026.	Public comment was held April 17, 2026 to May 17, 2026.	No comment was received	https://www.tdhca.texas.gov/tdhca-public-comment-center

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
3	Public Hearing	Non-targeted/ broad community	A public hearing was held on May 6, 2026 Barbara Jordan State Office Building Room 2.006 1601 Congress Ave, Austin, TX 78711	No public comment was received	n/a	https://www.tdhca.texas.gov/tdhca-public-comment-center
4	Internet Outreach	Non-targeted/ broad community	TDHCA has a centralized webpage for public comment on all plans, reports, and program rules.	No public comment was received	n/a	https://www.tdhca.texas.gov/tdhca-public-comment-center

Table 4 – Citizen Participation Outreach

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

CPD funding is governed by this Consolidated Plan, but the State also works to collaborate, coordinate, and layer non-CPD funding sources in order to reach more Texans and more efficiently use available funds. Programs listed in the anticipated resources narrative sections below may be used to leverage CPD funds.

These include:

- 4% Housing Tax Credit (HTC)/Private Activity Bond (PAB) Program;
- 9% HTC Program;
- Multifamily Direct Loan Program Tax Credit Assistance Program Repayment Funds (TCAP RF);
- Homeless and Housing Services Program (HHSP);
- State Ending Homelessness Fund (EH Fund);
- State Housing Trust Fund Program;
- Texas Mortgage Credit Certificate (TX MCC) Program;
- First time homebuyer loan programs, including the My First Texas Home Program;
- Neighborhood Stabilization Program - Program Income (NSP PI);
- Section 8 Housing Choice Voucher (HCV) Program; and
- Section 811 Project Rental Assistance (Section 811 PRA) Program

For the programs above, the expected future funding amounts, to the extent known, are in the planning documents governing those programs. These documents are online at https://www.tdhca.texas.gov/ The anticipated resources below focus on CPD Programs.

TDHCA participates in numerous committees, workgroups, and councils, which help TDHCA stay apprised of other potential resources and considerations in addressing affordable housing needs. Relationships with other federal and state agencies and local governments are extremely valuable, helping Texas agencies to coordinate housing and services and serve all Texans efficiently and effectively. TDHCA's involvement in these committees can promote opportunities to pursue federal funding opportunities. TDHCA actively seeks engagement and input from community advocates, funding recipients, potential applicants for funding, and others to obtain input regarding the development of effective policies, programs and rules. Changes to funding plans are made periodically based on feedback received through these avenues.

TDHCA is the lead agency for the following workgroups:

C-RAC: C-RAC is a committee of colonia residents appointed by the TDHCA Governing Board. It advises TDHCA regarding the needs of colonia residents and the types of programs and activities, which should

be undertaken by the Colonia Self-Help Centers.

Disability Advisory Workgroup (DAW): The DAW augments TDHCA's formal public comment process, affording staff the opportunity to interact more informally and in greater detail with various stakeholders and to get feedback on designing more successful programs, with a specific focus on gaining insight on issues impacting persons with disabilities.

Housing and Health Services Coordination Council (HHSCC): HHSCC is established by Texas Government Code §2306.1091. Its duties include promoting coordination of efforts to offer Service-Enriched Housing and focusing on other cross-agency efforts.

Texas Interagency Council for the Homeless (TICH): The TICH was statutorily created in 1989 to coordinate the State's homeless resources and services. The TICH consists of representatives from eight state agencies. TDHCA, as the primary source for state homelessness funding, provides administrative and planning support to the TICH.

Weatherization Assistance Program Planning Advisory Committee (WAP PAC): The WAP PAC is comprised of a broad representation of organizations and agencies and provides balance and background related to the weatherization and energy conservation programs at TDHCA.

The descriptions of the collaborations for DSHS and TDA are in the Discussion question of this section below.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	Public Federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	$64,835,368.20	$250,000	4,932,722	70,018,091	262,018,091	TDA's CDBG Program funds community and economic development, including program income collected by the state, and program income retained by local subgrantees, excluding the colonia set-aside. Program Income will be allocated to TDA's State Revolving Loan Fund, which supports economic development. TDHCA administers a portion of the CDBG funding through its Colonia SHCs.
CDBG Colonias Set-aside	public - federal	Acquisition Admin and Planning Homeowner rehab Public Improvements Public Services	$7,203,929.80	0	$1,933,067	9,136,997	30,136,997	The Colonia Set-Aside is used for goals described in the Strategic Plan Section 45. The Colonia Economically Distressed Areas Program (CEDAP) Legislative Set - Aside leverages funding other federal and state funding programs.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner reconstruction Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	$34,892,270.78	19,798,157.11	0	54,690,427.89	139,569,083.12	TDHCA's HOME Program goals are described in the Strategic Plan Section 45 for multifamily and single-family activities. Single-family HOME activities may be coordinated with State Housing Trust Fund resources, including Bootstrap Loans and the Amy Young Barrier Removal Program. HOME Multifamily Development Funds can be layered with 4% and 9% HTCs and TDHCA Multifamily Direct Loan funds, including NHTF, TCAP Repayment Funds, and NSP Program Income. TDHCA also develops rules that govern all multifamily programs, including the Multifamily Direct Loan (MFDL) Program Rule and Housing Tax Credit Program Qualified Allocation Plan (QAP).

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOPWA	public - federal	Tenant-Based Rental Assistance; Short-Term Rent, Mortgage, and Utility; Facility-Based Housing Assistance; Permanent Housing Placement; Housing Case Management; Housing Information Services; Resource Identification; Project Sponsor Administration; and Grantee Administration.	$8,661,855	0	$981,206	9,643,061	26,585,176	DSHS will reserve $500,000 from the latest allocation for use in the next annual plan and include this amount under Prior Year Resources. DSHS will only use $9,143,061 during this annual plan. Tenant-Based Rental Assistance; Short-Term Rent, Mortgage, and Utility; Facility-Based Housing Assistance; Permanent Housing Placement; Housing Case Management; Housing Information Services; Resource Identification; Project Sponsor Administration; and Grantee Administration.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
ESG	public - federal	Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	$10,262,662	0	0	$10,262,662	$41,050,648	TDHCA's ESG funds are awarded via contract to Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems (HMIS) activities. HHSP is Texas state general revenue funding for the nine largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees. A set-aside of ESG funds was awarded under the RUSH (ESG RUSH), these funds have been awarded via contract to subrecipients to provide ESG eligible activities under ESG RUSH in the disaster declared areas, as defined in the award letter for the ESG RUSH allocation.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
Housing Trust Fund	public - federal	Multifamily rental new construction Multifamily rental rehab	$9,611,392.27		0	$9,611,392.27	$9,611,392.27	TDHCA's NHTF Program goals are described in the Strategic Plan Section 45 for multifamily and single-family activities. NHTF Multifamily Development Funds may be layered with 4% HTCs and 9% HTCs, and TDHCA Multifamily Direct Loan funds, including HOME, HOME-CHDO, NSP Program Income and TCAP Loan Repayment. TDHCA also develops rules that govern all multifamily programs, including the Multifamily Direct Loan (MFDL) Program Rule specifically for the MFDL Program and the Housing Tax Credit Program Qualified Allocation Plan (QAP). NHTF received an allocation amount of $8,605,522.64. The “Annual Allocation” field doesn’t accept cents, therefore numbers in the table below have been entered as whole numbers.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

HOME

HOME multifamily development is often used to leverage with the HTC Program, which authorizes 9% low-income housing tax credits of $2.90 per capita for each state, and 4% HTC in amounts linked to the usage of the state's cap for issuance of tax-exempt PABs to finance affordable housing development. In Texas, this equates to approximately $88,000,000 in 9% tax credits available to be awarded annually. These credits may be claimed each year for ten years and represents potential tax credit value on the magnitude of $880,000,000. The credits are usually syndicated to limited partner investors to yield cash for use in eligible development activities. In recent years the syndication rates have dropped significantly to a range between 75-80%. TDHCA's Qualified Allocation Plan (QAP) identifies the criteria used for selection of eligible developments to provide housing for low-income tenants. HOME provides increased leverage, allowing property owners to utilize fewer tax credits and less private debt and local funding, thus providing more efficient use of resources. In addition, HOME is used as a source to fill funding gaps that have occurred in previously-awarded HTC developments due to increased materials costs or interest rates. Other leveraging sources may include United States Department of Agriculture (USDA) operating subsidies and loans, and conventional and FHA-insured loans. Match requirements for the HOME Multifamily Direct Loan Program will in part be met through Rules and NOFAs that establish awardees' requirement to provide up to 7.5% of the award amount, or a higher, or lower amount as reflected in the NOFA. In addition to match provided as part of the developer's obligation, TCAP RF may be utilized as HOME match, and TDHCA calculates to below market interest rates on eligible loans provided to the HOME development which is included in the match funds reported in the CAPER. TDHCA will also use eligible multifamily bonds that are used to finance developments that also receive 4% HTC financing as HOME match. TDHCA requires Subrecipients and state recipients to provide match of up to 15% of the project hard costs for some single-family activities.

ESG

To meet the ESG match requirement, TDHCA requires the commitment of proposed match as part of the ESG application process. TDHCA awards additional points to applicants that commit to provide match in excess of the requirements. Subrecipients that also administer HHSP funds or funds from the EH Fund may utilize those funds as match for ESG, if they are otherwise eligible to be counted as match.

HOPWA

Texas HOPWA does not have a match requirement but leverages funds whenever possible. Project Sponsors leverage available funds from Ryan White and State Services grants, private funding sources, foundations, and local assistance to help clients. DSHS shares grantee administrative costs with AAs. However, AAs leverage much of their administrative expenditures from other funding sources.

Due to IDIS character limits, CDBG and NHTF Leveraging is described in the question below.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to

address the needs identified in the plan

CDBG Leverages

Community Development Fund applications award points to encourage local match; a sliding scale allows smaller communities to contribute less match funding than larger communities. The Rural Economic Development Fund requires matching funds for each application. Match funds may be provided by the applicant, by a water or sewer utility benefiting from the project, or other project partner.

NHTF Program Leveraging
NHTF multifamily development may be used to leverage with the HTC Program, which was created by the Tax Reform Act of 1986 and authorizes 9% low-income housing tax credits in the amount of $2.90 per capita for each state, and 4% low-income housing tax credits in amounts linked to the usage of the state's cap for issuance of tax-exempt bond to finance affordable housing development. In Texas, this equates to approximately $80,000,000 in 9% tax credits available to be awarded by TDHCA annually.

These credits may be claimed each year for ten years and this represents potential tax credit value on the magnitude of $880,000,000. The tax credits are syndicated to limited partner investors to yield cash for use in eligible development activities. Currently typical syndication rates range between 88% and 92%. TDHCA must develop a Qualified Allocation Plan (QAP) each year for the selection of eligible developments to provide housing for the low-income tenants. NHTF provides increased leverage, allowing the property owners to utilize fewer tax credits and less private debt and local funding, therefore providing more efficient use of resources. In addition, NHTF is used as a source to fill funding gaps that have occurred in previously-awarded HTC developments due to increased materials costs or interest rates.

State Owned Land
The Texas General Land Office manages state owned lands and mineral rights totaling approximately 13 million acres. Much of this is leased for the benefit of the Permanent School Fund, an endowment fund established in 1876 for the benefit of Texas public school education. Generally, state owned land is not utilized for affordable housing or community development goals; however, local jurisdictions occasionally donate land or property in support of activities designed to address the needs identified in the plan as part of their contribution to locally administered programs.

Discussion

HOPWA

Continuing with the discussion of collaboration begun in the introduction of this section,

DSHS HIV initiatives strive to reduce the number of undiagnosed persons and increase the number of virally suppressed PLWH. DSHS works with community partners, stakeholders, and health care providers statewide to strengthen services that prevent HIV transmission, improve diagnosis rates, and fill gaps in clinical treatment and related support services. The Texas HIV Syndicate serves as the Texas integrated HIV prevention and care planning group and facilitates this collaboration. The Syndicate includes representation from PLWH, HIV prevention and care organizational leaders, and

other community stakeholders, many of which provide HOPWA services. The Texas HIV Syndicate produced Achieving Together, a community plan to end the HIV epidemic in Texas. This plan reflects the ideas, recommendations, and guidance of the Texas HIV Syndicate and Achieving Together Partners, as well as statewide community engagement efforts with PLWH, people impacted by HIV, clinicians, and researchers. The plan has six focus areas, one of which addresses mental health, substance use, housing, and criminal justice. Within DSHS, the HIV/STD/HCV Epidemiology and Surveillance Unit collects and reports data on HIV in Texas, which includes data submission to the Centers for Disease Control and Prevention (CDC). Subsequently, HUD uses this data to determine HOPWA formula allocations, while other federal agencies use it to plan, develop, implement, and evaluate HIV service programs, including HOPWA.

Finally, TDA and/or TDHCA participate in the following workgroups:

Texas Water Infrastructure Coordination Committee (TWICC): TWICC is a voluntary organization of federal and state funding agencies and technical assistance providers that address water and wastewater needs throughout the State. TDA participates in TWICC to coordinate efforts to leverage funds.

Drought Preparedness Council; The Council was authorized and established by the 76th Texas Legislature in 1999, and is responsible for assessment and public reporting of drought monitoring and water supply conditions, along with other duties.

Texas Joint Housing Solutions Workgroup. The Texas Joint Housing Solutions Workgroup is a collection of state and federal agencies and organizations who work to identify resources that can address temporary unmet housing needs and solutions that allow disaster survivors to transition to permanent housing.

These workgroups, committees, and councils help to strengthen communication between state agencies as well as provide opportunities to layer or combine funding sources.

With the block grants and the layering resources listed above, there are also CDBG Disaster Recovery (DR) funds for disasters that have affected that State of Texas. More details and action plans for the various disasters CDBG-DR have been awarded for can be found at https://www.glo.texas.gov/disaster-recovery/action-plan

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Goals	2026	2027	Homeless	State of Texas	Emergency Shelter and Transitional Housing Rapid Re-housing Homeless Prevention	ESG: $10,262,662	Tenant-based rental assistance / Rapid Rehousing: 1,223 Households Assisted Homeless Person Overnight Shelter: 17,552 Persons Assisted Homelessness Prevention: 2,758 Persons Assisted
2	Acquisition & Construction of Single-Family Housing	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of New Units	HOME: $3,000,000	Homeowner Housing Added: 12 Household Housing Unit
3	Reconstruction of Single-Family Housing	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Reconstruction of Housing	HOME: $22,852,355.25	Homeowner Housing Reconstructed: 113 Household Housing Unit
4	Tenant Based Rental Assistance with HOME Funding	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Rental Assistance	HOME: $18,391,215.56	Tenant-based rental assistance : 783 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Households in New/Rehabilitated Multifamily Units	2027	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of New Units Rehabilitation of Housing	HOME: $ $5,383,840.62	Rental units constructed: 27 Household Housing Unit Rental units rehabilitated: 3 Household Housing Units
6	NHTF Households in New/Rehabbed Multifamily Units	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of New Units Rehabilitation of Housing	Housing Trust Fund: $ 9,485,871.74	Rental units constructed: 40 Household Housing Units Rental units rehabilitated: 15 Household Housing Units
7	HOPWA Tenant-Based Rental Assistance	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Rental Assistance Homeless Prevention	HOPWA: $5,762,219	Tenant-based rental assistance / Rapid Rehousing: 702 Households Assisted. DSHS will reserve $298,775 from the latest allocation for use in the next annual plan and include this amount under Funding.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
8	HOPWA Short-Term Rent, Mortgage & Utilities Asst.	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Homeless Prevention	HOPWA: $1,019,398	Homelessness Prevention: 442 Persons Assisted. DSHS will reserve $52,857 from the latest allocation for use in the next annual plan and include this amount under Funding.
9	HOPWA Facility-Based Housing Subsidy Assistance	2026	2027	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Rental Assistance Emergency Shelter and Transitional Housing Rapid Re-housing Homeless Prevention	HOPWA: $200,524	Homelessness Prevention: 93 Persons Assisted. DSHS will reserve $10,397 from the latest allocation for use in the next annual plan and include this amount under Funding.
10	HOPWA Permanent Housing Placement Assistance	2026	2027	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Rental Assistance Rapid Re-housing Homeless Prevention	HOPWA: $259,023	Public service activities other than Low/Moderate Income Housing Benefit: 175 Persons Assisted. DSHS will reserve $13,431 from the latest allocation for use in the next annual plan and include this amount under Funding.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
11	HOPWA Funded Supportive Services	2026	2027	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $1,605,534	Public service activities other than Low/Moderate Income Housing Benefit: 1,215 Persons Assisted. DSHS will reserve $83,248 from the latest allocation for use in the next annual plan and include this amount under Funding.
12	HOPWA Housing Information Services	2065	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $2,964	Public service activities other than Low/Moderate Income Housing Benefit: 23 Persons Assisted. DSHS will reserve $154 from the latest allocation for use in the next annual plan and include this amount under Funding.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
13	HOPWA Resource Identification	2026	2027	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Rental Assistance Supportive Services for Persons with HIV/AIDS Emergency Shelter and Transitional Housing Homeless Prevention	HOPWA: $96,096	Other: 0 Other. Activities that establish, coordinate, and develop housing assistance resources for eligible households (including preliminary research and expenditures necessary to determine the feasibility of specific housing-related initiatives). DSHS will reserve $4,983 from the latest allocation for use in the next annual plan and include this amount under Funding.
14	CDBG Public Improvements and Facilities	2026	202s	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public Facilities Public Services	CDBG: $55,373,207	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 200,000 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
15	CDBG Economic Development	2026	2027	Non-Housing Community Development Economic Development	State of Texas	Public Improvements and Infrastructure Economic Development Public Facilities Public Services	CDBG: $ $10,388,363	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 100,000 Persons Assisted
16	CDBG Urgent Need	2026	2027	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public Facilities	CDBG: $0	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 9,010 Persons Assisted
17	CDBG Colonia Set-Aside	2026	2027	Affordable Housing Non-Housing Community Development	State of Texas	Production of New Units Acquisition of existing units Rehabilitation of Housing Public Improvements and Infrastructure Public Facilities Public Services	CDBG Colonias Set-aside: $9,136,997	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 2,175 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
18	CDBG Colonia Self-Help Centers	2026	2027	Self-Help Centers	State of Texas	Production of New Units Acquisition of existing units Rehabilitation of Housing Public Services	CDBG: $ $1,995,342	Other: 4533 Other
19	CDBG Administration	2026	2027	Administration /Technical Assistance	State of Texas	Rehabilitation of Housing Public Improvements and Infrastructure Economic Development Public Facilities Public Services	CDBG: $ $2,261,179	Other: 0 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
20	HOME Administration	2026	2027	HOME Administration	State of Texas	Rental Assistance Production of New Units Acquisition of existing units Rehabilitation of Housing	HOME: $5,063,016.46	Other: 0 Other
22	NHTF Administration	2026	2027	NHTF Administration	State of Texas	Production of New Units Rehabilitation of Housing	Housing Trust Fund: $1,053,979.75	Other: 0 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
23	HOPWA Project Sponsor Administration	2026	2026	Non-Homeless Special Needs	State of Texas	Rental Assistance Supportive Services for Persons with HIV/AIDS Emergency Shelter and Transitional Housing Rapid Re-housing Homeless Prevention	HOPWA: $431,107	Other: 0 Other. DSHS will reserve $22,353 from the latest allocation for use in the next annual plan and include this amount under Funding.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
24	HOPWA Grantee Administration	2026	2026	Non-Homeless Special Needs	State of Texas	Rental Assistance Supportive Services for Persons with HIV/AIDS Emergency Shelter and Transitional Housing Rapid Re-housing Homeless Prevention	HOPWA: $266,196	Other: 0 Other. DSHS will reserve $13,802 from the latest allocation for use in the next annual plan and include this amount under Funding.

Table 6 – Goals Summary

Goal Descriptions

1	**Goal Name**	Homeless Goals
	Goal Description	Funds will be utilized to provide Administration, HMIS services, emergency shelter, rapid re-housing, homeless prevention and street outreach to eligible persons who are experiencing homelessness or at-risk of homelessness. Actual funding amounts will be determined based on the requested funds by component. The estimates for the funding amount per activity type and number of persons served are extrapolated from data collected over the prior three years. TDHCA limits the amount of funding available for street outreach and emergency shelter to not more than 60% of the total ESG funding available. Likewise, funds for administration and HMIS are limited proportionate to the funds made available in each service component to ensure that the regulatory caps for these expenditures are not exceeded. Special allocations under the ESG Program, such as the ESG RUSH funding, will be utilized to provide short-term disaster response assistance for the needs of persons who are experiencing homelessness or at-risk of homelessness residing in disaster areas, and will be subject to the limitations set forth for the funding source, including restrictions on use of funds or flexibilities offered by the funds.
2	**Goal Name**	Acquisition & Construction of Single Family Housing
	Goal Description	TDHCA will utilize a portion of its HOME funds for the implementation of Homebuyer Assistance with New Construction (HANC) and/or Single Family Development (SFD). HANC allows homebuyers to work with Subrecipients to select lots for purchase and provide financing for construction of a new unit of housing on the selected lot. SFD allows for development of single family housing for homeownership, and may be performed under the CHDO set-aside if the developer is eligible for CHDO certification. SFD may otherwise be performed by non-profit or for-profit developers in accordance with the priorities established in its funding announcement for SFD. TDHCA may utilize its program income, or use deobligated funding or other available HOME funding for these activities. The goal for the HOME Program is to add 12 new units of homeowner housing.
3	**Goal Name**	Reconstruction of Single Family Housing
	Goal Description	The goal for HOME Program reconstruction activities is to provide assistance to a minimum of 95 households through units of general local governments, and nonprofit organizations. These entities qualify applicants to receive assistance for the repairs and reconstruction necessary to make their homes decent, safe, sanitary, and accessible.

4	**Goal Name**	Tenant Based Rental Assistance with HOME Funding
	Goal Description	The goal for HOME Program TBRA activity is to provide on-going rental assistance or stand-alone rental security deposit assistance (which may include utility deposit assistance) to an estimated 1,401 households.
5	**Goal Name**	Households in New/Rehabilitated Multifamily Units
	Goal Description	The 2026 goal for HOME Multifamily Program is creating/rehabilitating over 60 multifamily rental units. TDHCA's HOME Multifamily Development Programs awards HOME funds as low-interest loans to CHDOs, for-profit, and nonprofit developers. These loans leverage other public and private financing including housing tax credits, United States Department of Agriculture (USDA) operating subsidies and loans, and conventional and Federal Housing Administration-insured loans. The result is safe, decent, and affordable multifamily rental housing.
6	**Goal Name**	NHTF Households in New/Rehabbed Multifamily Units
	Goal Description	The 2026 goal for Housing Trust Fund is creating and/or rehabilitating 30 multifamily rental units based on the performance period of the previous Program Year, September 1, 2025 – August 31, 2026. **Amount shown is an estimate due to 2026 NHTF Allocations not yet being released**
7	**Goal Name**	HOPWA Tenant-Based Rental Assistance
	Goal Description	The number of households that received TBRA services during the program year. TBRA provides an ongoing and portable rental subsidy that helps households obtain or maintain permanent housing, including assistance for shared housing arrangements, in the private rental housing market until they can enroll in the Housing Choice Voucher Program (HCVP) or other affordable housing programs. DSHS set an annual goal of assisting 702 households. The estimated funding and number of individuals served may fluctuate depending on HUD’s final allocation amounts and based on the target percentages identified in Action Plan Section 25.
8	**Goal Name**	HOPWA Short-Term Rent, Mortgage & Utilities Asst.
	Goal Description	The number of households that received STRMU services during the program year. STRMU provides short-term, rent, mortgage, and utility payments for households experiencing a financial crisis related to their HIV health condition or a change in their economic circumstances. STRMU helps prevent homelessness by enabling households to remain in their own homes DSHS set an annual goal of assisting 442 persons. The estimated funding and number of individuals served may fluctuate depending on HUD’s final allocation amounts and based on the target percentages identified in Action Plan Section 25.

9	**Goal Name**	HOPWA Facility-Based Housing Subsidy Assistance
	Goal Description	The number of households that received FBHA services during the program year. HOPWA Facility-Based Housing Assistance (FBHA) activities include Short-Term Supportive Housing (STSH) and Transitional Supportive Housing (TSH). STSH provides temporary shelter for households experiencing homelessness. Services allow households to develop individualized housing plans that address both short- and long-term needs and culminate in permanent housing. TSH provides up to 24 cumulative months of non-portable facility-based rental assistance to households that are homeless or at risk of homelessness, including assistance for shared housing arrangements. Services allow households to prepare for permanent housing and develop individualized housing plans that culminate in permanent housing. DSHS set an annual goal of assisting 93 households. The estimated funding and number of individuals served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
10	**Goal Name**	HOPWA Permanent Housing Placement Assistance
	Goal Description	The number of households that received PHP services during the program year. PHP helps households access, secure, and establish a permanent residence, maintained either on their own or with the help of ongoing rental assistance. Eligible costs include, , application fees, related credit checks, utility hookup fees and deposits, and reasonable security deposits necessary to move persons into permanent housing. DSHS set an annual goal of assisting 175 persons. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
11	**Goal Name**	HOPWA Funded Supportive Services
	Goal Description	The number of households that received Housing Case Management services during the program year. The DSHS HOPWA Program currently limits the use of Supportive Service funds to Housing Case Management. Project Sponsors may provide Supportive Services with HOPWA housing assistance services or as a standalone service. The core functions of Housing Case Management include engagement, assessment, goal-setting, service coordination, and discharge planning. The intensity or level of housing case management that a Project Sponsor provides will depend upon the household's assessed level of need. DSHS set an annual goal of assisting 1,215 persons. The estimated funding and number of households served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.

12	**Goal Name**	HOPWA Housing Information Services
	Goal Description	The number of households that received Housing Information Services during the program year. Housing Information Services include, but are not limited to, counseling, information, and referral services to assist households with locating, acquiring, financing, and maintaining housing. This may also include fair housing guidance for households that have encountered discrimination based on race, color, religion, sex, age, national origin, familial status, or disability. DSHS set an annual goal of assisting 20 persons. The estimated funding and number of households served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
13	**Goal Name**	HOPWA Resource Identification
	Goal Description	The work products, deliverables, and other activities of projects that used Resource Identification funds. Resource Identification encompasses activities that establish, coordinate, and develop housing assistance resources for eligible households (including preliminary research and expenditures necessary to determine the feasibility of specific housing-related initiatives). The estimated funding may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
14	**Goal Name**	CDBG Public Improvements and Facilities
	Goal Description	Public Improvements and Facilities includes community grants for basic infrastructure, public facilities, planning activities, public services, and other community needs. The Texas CDBG encourages the use of funds not only to improve existing locations but to provide facilities in other areas to accommodate residential opportunities that will benefit low- and moderate-income persons. Funding allocated includes annual allocation in addition to previously deobligated funds. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.

15	**Goal Name**	CDBG Economic Development
	Goal Description	This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons, for downtown revitalization activities, and for other economic development activities for rural communities. Funding allocated includes annual allocation in addition to previously deobligated funds and program income. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
16	**Goal Name**	CDBG Urgent Need
	Goal Description	Urgent Need assistance is available through the SUN fund as needed for eligible activities in relief of natural disasters and other emergency situations. Funding allocated includes previously deobligated funds. The estimated funding and number of persons served may fluctuate depending on actual natural disaster events, HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
17	**Goal Name**	CDBG Colonia Set-Aside
	Goal Description	This fund is available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition of a "colonia" under this fund. Funding allocated includes annual allocation. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
18	**Goal Name**	CDBG Colonia Self-Help Centers
	Goal Description	Colonia residents receiving direct assistance through Colonia Self-Help Centers. Assistance includes residential rehabilitation, reconstruction, new construction, utility connections, solid waste removal, and access to a technology center, tool lending library, and educational classes.
19	**Goal Name**	CDBG Administration
	Goal Description	CDBG Administrative costs including Technical Assistance and indirect costs.
20	**Goal Name**	HOME Administration
	Goal Description	HOME Administrative expenses based on HOME allocation and program income received in PY 2025 that is being programmed in the 2026 Action Plan.

21	**Goal Name**	NHTF Administration
	Goal Description	NHTF Administrative funds for PY 2026.
22	**Goal Name**	HOPWA Project Sponsor Administration
	Goal Description	Funds for Project Sponsor Administration.
23	**Goal Name**	HOPWA Grantee Administration
	Goal Description	Funds for Grantee Administration

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b)

Based on the goal descriptions for HOME in the table above, it is estimated that the State will provide affordable housing to 734 extremely low-income, low-income, and moderate-income families.

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The CPD Programs serve special needs populations and meet the 13 Priority Needs found in Strategic Plan 25 of the 2025-2029 Consolidated Plan. These Needs in Strategic Plan 25 are correlated with Goals in Action Plan 20 to show which activities will serve which priority needs. The goals from Action Plan 20 are listed below with allocation percentages. Percentages in the chart below are estimated and may change depending on funding received from HUD, legislative priorities, and funding requests from administrators or subrecipients. Due to software restrictions, allocations are rounded to the nearest whole number and do not reflect precise percentages.

Also, for the other programs listed in the anticipated resources (Action Plan 15) that could be used to leverage funds (including 4% HTC, 9% HTC, HHSP, State Housing Trust Fund, TX MCC, My First Texas Home Program, NSP PI, Section 8 HCV programs, and Section 811 PRA), goals are tailored to each program in the planning documents governing those programs. These documents can be found at https://www.tdhca.texas.gov/. In addition to meeting the priority needs, the CPD Programs work to serve special needs populations as described in this section. HOME and ESG's special needs populations are discussed in the introduction, and HOPWA and CDBG's are included in the discussion below.

HOME Serves Special Needs

TDHCA has determined that TDHCA may have and TDHCA administrators may request to establish a preference to serve the following special needs populations: persons with disabilities, persons with substance use disorders, persons living with HIV/AIDS (PLWH), persons with Violence Against Woman Act (VAWA) protections, colonia residents, farmworkers, homeless populations, veterans, (including wounded warriors as defined by the Caring for Wounded Warriors Act of 2008), public housing residents, persons transitioning out of incarceration, persons impacted by a state or federally declared disaster, and persons transitioning out of foster care and nursing facilities.

For administrators with programs that are designed to limit assistance to certain populations, TDHCA will only approve program designs that limit assistance to households that include a member within the following populations if necessary to provide as effective housing, aid, benefit, or services as those provided to others in accordance with 24 CFR §8.4(b)(1)(iv): PLWH, mental illness, substance use disorders, or households that would qualify under the TDHCA's Project Access program as defined in 10 TAC §5.801. Otherwise, administrators may only request a preference for populations described in the special needs section. TDHCA may limit assistance of directly administered HOME funds for TBRA for security and utility deposits to persons that have been issued vouchers through its PHA, so long as the assistance is not duplicative. TDHCA may also limit TBRA assistance administered directly through TDHCA to any population for which an administrator may establish a preference, so long as the limitation has been evaluated for compliance with fair housing requirements. TDHCA may initiate a set-aside of funds

for direct administration of TBRA by the Department for persons transitioning out of jail or incarceration.

For HOME or NHTF rental housing, TDHCA will allow development of housing that meets requirements under the Housing for Older Persons Act. TDHCA may also consider permitting rental housing owners to give a preference or limitation as indicated in this section and may allow a preference or limitation that is not described in this section to encourage leveraging of federal or state funding, provided that another federal or state funding source for the rental housing requires a limitation or preference. TDHCA may put further guidelines on development of specific types of rental housing by rule or NOFA. In order to have consistent requirements for Developments with 100% Single Room Occupancy Units, the Department will utilize the HOME definition in 24 CFR §92.2 for HOME and NHTF, in addition to the Department's definition of Single Room Occupancy at 10 TAC §11.1(d)(121) and the definition of Unit at 10 TAC §11.1(d)(137).

Funding Allocation Priorities

	Homeless Goals (%)	Acquisition &Construction of Single Family Housing (%)	Reconstruction of Single Family Housing (%)	Tenant Based Rental Assistance with HOME Funding (%)	Households in New/Rehabilitated Multifamily Units (%)	NHTF Households in New/Rehabbed Multifamily Units	HOPWA Tenant-Based Rental Assistance (%)	HOPWA Short-Term Rent, Mortgage & Utilities Asst. (%)	HOPWA Facility-Based Housing Subsidy Assistance (%)	HOPWA Permanent Housing Placement Assistance (%)	HOPWA Funded Supportive Services (%)	HOPWA Housing Information Services (%)	HOPWA Resource Identification (%)	CDBG Public Improvements and Facilities (%)	CDBG Economic Development (%)	CDBG Urgent Need (%)	CDBG Colonia Set-Aside (%)	CDBG Colonia Self-Help Centers (%)	CDBG Administration (%)	HOME Administration (%)	NHTF Administration (%)	HOPWA Project Sponsor Administration (%)	HOPWA Grantee Administration (%)	Colonias Set-Aside (%)	Total (%)
CDBG	0	0	0	0	0	0	0	0	0	0	0	0	0	79	15	0		3	3	0	0	0	0	0	**100**
CDBG Colonias Set-aside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	**100**
HOME	0	6	45	24	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	0	0	0	0	**100**
HOPWA	0	0	0	0	0	0	59	11	2	3	17	0	1	0	0	0	0	0	0	0	0	4	3	0	**100**
ESG	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**100**
Housing Trust Fund	0	0	0	0	0	90	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	0	0	0	**100**

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

Disaster Recovery

With the block grants and the layering resources listed above, there are also CDBG Disaster Recovery (DR) funds for disasters that have affected that State of Texas. More details and action plans for the various disasters CDBG-DR have been awarded for can be found at https://www.glo.texas.gov/disaster-recovery/action-plans

How will the proposed distribution of funds address the priority needs and specific objectives described in the Consolidated Plan?

ESG Serves Special Needs

ESG does not have funding allocation priorities for special needs populations, but the Department's subrecipient selection criteria include prioritization for homeless subpopulations as defined in the most recent Point in Time data collection guidance. ESG RUSH funding, a special allocation under the ESG Program, is limited to serving populations residing within disaster declared areas. ESG RUSH assistance to individuals and organizations will be evaluated for duplication of benefits as required by 42 U.S.C. 11364a and the ESG RUSH implementation guidelines and regulations prior to provision of assistance. These resources may include private insurance, other federal resources, such as FEMA Transitional Shelter Assistance (TSA), Shelter and Services Program (SSP), Emergency Non-Congregate Shelter (NCS) or CDBG-DR funds. The Department may prioritize RUSH funding to areas with proportionately fewer resources to respond to the disaster.

TDHCA requires ESG subrecipients to comply with the Violence Against Women Reauthorization Act of 2022 (VAWA). Forms and information are required to be distributed to applicants and program participants for short- and medium-term rental assistance in accordance with 24 CFR §5.2005(e). Also pursuant to 24 CFR §5.2005(e), ESG Subrecipients are required to develop and follow an Emergency Transfer Plan.

HOPWA Serves Special Needs

HOPWA serves as the only federal program dedicated to addressing the housing needs of low-income PLWH and their households. It helps them establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. Stable housing helps PLWH adhere to HIV treatment and achieve viral suppression. The proposed distribution of funds by HOPWA activity category reflects local needs with historical expenditure outputs. The program reallocates funding within and between HIV Service Delivery Areas (HSDAs) throughout the program year to meet changing needs

CDBG Serves Special Needs

CDBG provides over 90% of available funds for projects that primarily benefit low-to moderate-income persons through basic infrastructure, housing, job creation and other activities as identified at the local level. Among those projects, CDBG sets aside 12.5% of funds to benefit colonia residents through planning activities, infrastructure and housing construction, self-help center services, construction activities, and public services. Funding for community development projects in colonias and other LMI communities is a critical element in the well-being of these communities.

The Office of Colonia Initiative (OCI) at TDHCA is charged with the responsibility of administering the Colonia Self-Help Center (CSHC) Program, with the goal of improving the living conditions and lives of border and colonia residents. As part of its plan to improve the living conditions in colonias, OCI assigns specific employees to focus on supporting and providing technical assistance to border counties which maintain Colonia Self-Help Centers funded under the CSHC Program.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

Given that Texas is the second largest state in the nation by total area, the method of distribution of its funds takes into account a very large area. To serve this large area it is necessary for the State to use subrecipients to administer the programs funded under CPD. The selection processes for these entities are generally described below.

Distribution Methods

Table 8 - Distribution Methods by State Program

1	**State Program Name:**	Colonia Economically Distressed Areas Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-Aside fund provides funding to eligible cities and counties to assist colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB Economically Distressed Area Program or similar water or sewer system improvement project.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CEDAP funds: • The proposed use of the CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through Economically Distressed Area Program or similar program; • The ability of the applicant to utilize the grant funds in a timely manner; • The availability of funds to the applicant for project financing from other sources; • The applicant's past performance on previously awarded CDBG contracts; • Cost per beneficiary or household; and • Proximity of project site to entitlement cities or metropolitan statistical areas (MSAs).

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request once mainline construction has been confirmed.
	Describe how resources will be allocated among funding categories.	The Texas Legislature has set aside 3.5% of the State CDBG allocation for the CEDAP program. The allocation is distributed on an as-needed basis. In order to fully obligate the annual Colonia Funds to benefit colonia residents, funds not requested for the CEDAP activities may be transferred to other Colonia Fund programs.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $250,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons
2	**State Program Name:**	Colonia Fund and Construction Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	The goal of the Colonia Fund: Construction (CFC) program is to develop viable communities by providing decent housing, viable public infrastructure, and a suitable living environment, principally for persons residing within a community or area that meets the definition of a colonia. An eligible county applicant may submit an application for eligible construction activities, prioritizing access to public utilities and other basic human needs for colonia residents.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	While the Colonia Planning and Needs Assessment is underway, the selection criteria for the Colonia Fund: and Construction Program will focus upon the following factors: number of colonia communities identified in the county, and previous funding.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	Of the State CDBG allocation 6.5% (approximately) is allocated to the Colonia Fund Construction Program. After the initial awarding of funds, any portion of the CFC allocation that is unable to be awarded may be used to fund additional eligible applications under any other Colonia Fund Set-aside program.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $250,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
3	**State Program Name:**	Colonia Fund Planning & Needs Assessment Program
	Funding Sources:	CDBG CDBG Colonias Set-aside

	Describe the state program addressed by the Method of Distribution.	The Colonia Fund Planning Program is designed to provide needs assessments for colonia communities on a county-by county basis.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Colonia Fund Planning Program funds assess the conditions and current needs of colonia communities in to each county within 150 miles of the Texas-Mexico border on a rotating basis. All counties eligible to participate in the colonia set-aside have been offered an opportunity to receive planning and needs assessment services coordinated through a CFP grant to a designated Planning Zone.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	As planning activities are currently funded for all eligible counties, no funds are allocated to the Colonia Fund Planning Program for this Program Year.
	Describe threshold factors and grant size limits.	Not applicable for Program Year 2026
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
4	**State Program Name:**	Colonia SHC Legislative Set-Aside (administered by TDHCA)
	Funding Sources:	CDBG

	Describe the state program addressed by the Method of Distribution.	Administered by TDHCA and funded through CDBG, the Colonia Self-Help Center (CSHC) Program serves colonias along the Texas-Mexico border. Colonia Self-Help Centers (Centers) provide concentrated on-site technical assistance to low- and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education. Key services include: housing rehabilitation; reconstruction; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure construction and access; contract-for-deed conversions; and capital access for mortgages.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Approximately 35,979 residents live in the targeted colonias served by the CSHC Program. The Centers process applications from income eligible households using a selection criteria established by each Center. Eligible households must reside in a targeted colonia, which has been preselected by each county and approved by C-RAC. Households must earn less than 80% of AMI.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	The CSHC Program is statutorily required to be provided in Cameron/Willacy, El Paso, Hidalgo, Nueces, Starr, and Webb counties. Statute allows for additional Centers to be established in any other county if TDHCA deems it necessary and appropriate and if the county is designated an economically distressed area under statute. TDHCA established additional Centers in Maverick and Val Verde counties. Each Center must serve five targeted colonias within the county it serves. The Centers conduct outreach activities throughout the contract period to inform colonia residents of program benefits and eligibility criteria and to provide application assistance.

	Describe how resources will be allocated among funding categories.	The Texas Legislature has set aside 2.5% of the State CDBG allocation for the CSHC program. Resources are allocated after analysis and input from each community. Counties that are statutorily designated to participate in the CSHC Program conduct a needs assessment before proposing which target colonias should receive concentrated attention and the scope of program activities and funding. Each county designs a proposal unique to the needs of a specific community. After the C-RAC, composed of colonia residents, reviews and discusses the proposals from the counties, the proposals are then reviewed and approved by the TDHCA Governing Board for implementation. Funds deobligated from prior CSHC Program grant years and any program income recovered from CSHC funds shall be used by TDHCA for the CSHC Program.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $500,000 If there are insufficient funds available to fully fund an application, the Administrator may accept the amount available and wait for remaining funds to be committed the next program year. Each program activity, such as new construction, rehabilitation, and tool library operation, for example, are limited to specific dollar amounts. TDHCA, at its discretion and in coordination with the county, may amend a contract to increase the budget amount based on performance and other factors.
	What are the outcome measures expected as a result of the method of distribution?	Outcomes include the number of colonia residents assisted and housing units assisted or created. In general, these are Activities Benefiting LMI Persons.
5	**State Program Name:**	Colonias to Cities Initiative Program
	Funding Sources:	CDBG CDBG Colonias Set-aside

	Describe the state program addressed by the Method of Distribution.	The Colonia to Cities Initiative (CCIP) provides funding for basic infrastructure considered necessary for a colonia area to be annexed by an adjoining city. Priority is given to colonias that have received prior CDBG funding. The city's application must include documentation that annexation procedures have begun and a firm commitment from the city to annex the colonia upon completion of the project. Failure to annex the colonia may result in a requirement to repay the CDBG funding to TDA.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CCIP funds: • the proposed use of the TxCDBG funds including the eligibility of the proposed activities; • the ability of the community to utilize the grant funds in a timely manner; • the availability of funds to the community for project financing from other sources; • The support of colonia residents for the proposed annexation; • the applicant's past performance on previously awarded TxCDBG contracts, if applicable; • cost per beneficiary or household; and • commitment by the city to annex the colonia area within one year of project completion. If applications exceed the available funding, the Department may use the scoring factors established for the Colonia Fund-Construction component.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request.

	Describe how resources will be allocated among funding categories.	If there are an insufficient number of projects ready for CEDAP or CFC funding, the available Colonia funds may be transferred to the Colonias to Cities Initiative.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $250,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting Low and Moderate Income (LMI) Persons
6	**State Program Name:**	Community Development Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Community Development (CD) Fund is available on a biennial basis through a competition based on of the State's 24 planning regions. The goal of the CD Fund is to develop viable communities by providing decent housing, viable public infrastructure, and a suitable living environment, principally for persons of low to moderate income. Applicants are encouraged to provide for infrastructure and housing activities that will improve opportunities for LMI persons. When considering and designing projects, applicants must continue to consider project activities that will affirmatively further fair housing, which includes project activities that provide basic infrastructure (such as water, sewer, and roads) that will benefit residential housing and other housing activities. Planning activities, fire protection and emergency response activities, and all other eligible CDBG activities are available under this program.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	CD applicants are scored using a shared system with 25% of the final score determined by regional project priorities; 65% of the final score determined scoring factors identified by the Unified Scoring Committee, and 10% of the final score determined by state scoring factors. The USC is made up of one representative from each of the 24 geographic regions. The USC is responsible for determining objective scoring criteria for all regions for the CD Fund in accordance with the requirements in this Action Plan, including the numerical value of the points assigned to each scoring factor, during a public meeting. The USC may not adopt scoring factors that directly negate or offset the State's scoring factors. The state scoring will be based on past performance– including timely submission of closeout reports, timeliness of environmental clearance, maximum utilization of funds, and timeliness of completing projects
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	72.35% (approximately) of the State CDBG allocation is allocated to this fund. In addition, deobligated funds may be allocated to the CD Fund according to the procedures described in the Additional Detail on Method of Distribution section following this table.
	Describe threshold factors and grant size limits.	Maximum $750,000/Minimum $350,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons

7	**State Program Name:**	Downtown Revitalization Programs
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Downtown Revitalization awards grant funds for public infrastructure to foster and stimulate economic development in rural downtown areas. This program is considered one of the Rural Economic Development (RED) programs.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The selection criteria for the Downtown will focus upon the following factors: a. Applicant Need criteria, including median income, previous funding, and benefit to LMI persons. b. Project criteria, including match ratio, , consistency with Main Street program or other community strategic plan (if applicable), and other HUD or TDA programmatic priorities; and c. Past performance on previously awarded TxCDBG contracts, if applicable. The department may set aside funds within this Downtown Revitalization Program specifically for Main Street communities.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	Approximately 12% of the State CDBG allocation is allocated to the Downtown Revitalization Program,; in addition, deobligated funds, program income funds, and other RED program funds may be allocated for the DRP programs if such funds have not been utilized by other RED programs (if available).
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $350,000

	What are the outcome measures expected as a result of the method of distribution?	Eliminate or prevent slum and blight conditions.
8	**State Program Name:**	Fire, Ambulance, & Services Truck (FAST) Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Fire, Ambulance, & Services Truck (FAST) Fund provides funds for eligible vehicles to provide emergency response and special services to rural communities.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Funding for the FAST Fund is dependent on availability of deobligated funds that can be awarded and expended prior to the grant origin year expiration date. TDA may announce limited funding opportunities developed in coordination with the State Office of Rural Health as funds allow. Selection criteria will be based on the limited purpose identified in the application guide for each funding opportunity.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	Funding for the FAST Fund is dependent on availability of deobligated funds that can be awarded and expended prior to the grant origin year expiration date. No funds will be made available for the FAST Fund on the first day of the program year; if additional funds are deobligated during the program year, funds may be made available according to the procedures described in the Additional Detail on Method of Distribution section following this table.

	Describe threshold factors and grant size limits.	Maximum $1,000,,000/Minimum $100,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
9	**State Program Name:**	General HOME Funds for Single-Family Activities
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	TDHCA awards single-family activity funds as grants and loans through a network of local administrators for Homeowner Reconstruction Assistance (HRA), Tenant Based Rental Assistance (TBRA), and Homebuyer Assistance with New Construction (HANC), and Single Family Development (SFD). Assistance length and term depends on the type of activity. Non set-aside funds are initially made available on a regional basis in accordance with state statute (unless waived by the Governor in response to a state of federally declared disaster or is program income). Remaining funds are made available statewide through a first-come, first-served Reservation System, a contract-based system or some combination of these two methods. The method will be described in NOFAs and is informed by needs analysis, oversubscription for the activities, and public input.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Applicants must comply with requirements stated in NOFAs, the Single-Family Programs Umbrella Rule, and State HOME Program Rules in effect at the time they receive their award. Review of Applications: All programs will be operated through direct administration by TDHCA, reallocation of deobligated funding and program income, or through the release of a NOFA with an emphasis on geographic dispersion of funds, particularly in rural areas of the state, using a Regional Allocation Formula (RAF) which uses objective measures to determine rural housing needs such as poverty and substandard housing. For NOFAs, applicants must submit a complete application to be considered for funding or eligibility to access the Reservation System. Applications received by TDHCA will be reviewed for applicable threshold, eligibility and/or scoring criteria in accordance with the Department's rules and application review procedures published in the NOFA and/or application materials. Information related to NOFAs, application requirements and fees, and application review procedures and materials is available at https://www.tdhca.texas.gov/home-application-materialsSelection Process: Qualifying applications for funding are recommended to TDHCA's Board based on the Department's rules and any additional requirements established in the NOFA. Applications for participation in the Reservation System are not submitted to the TDHCA Board for approval but are subject to all other review requirements. Should TDHCA reprogram unutilized HOME funds for development activities, applications submitted for development activities will also receive a review for financial feasibility, underwriting, and compliance under the HOME Final Rule as well as the Department's existing previous participation review process. The state may select subrecipients or state recipients as described in program rules and NOFAs, or may conduct a portion of HOME activities directly in accordance with §92.201. When administrators have not successfully expended the HOME funds within their contract period, TDHCA de-obligates the funds and pools the dollars for redistribution according to TDHCA's Reallocation of Financial Assistance rule at 10 TAC §1.19, and consistent with the reservation system and any open NOFAs. TDHCA may also reallocate

		these funds through a competitive NOFA process resulting in an award of funds.
	Describe how resources will be allocated among funding categories.	TDHCA announces the annual allocation of HOME Single-Family funds through a NOFA and specifies that an amount at least equal to the annual allocation will initially be made available using a Regional Allocation Formula (RAF) which divides funds among 26 sub-regions as required by state statute. The allocation method is developed based on a formula which considers need and funding availability. After a period of time established in the NOFA, regional allocations collapse. Following the release of the annual allocation through the RAF, TDHCA periodically adds HOME program income and de-obligated funds to the funds available via the Reservation System and either allocates a specific amount of funds per activity based on funding priorities or may allow HOME administrator's requests for funding through the system to determine how the funds are finally allocated among fund categories. TDHCA may specify the maximum amount of funds that will be released for each activity type and may allocate funds via a first come, first served Reservation System or alternate method based on public comment. All NOFAs can be found on TDHCA's NOFA page on the website at https://www.tdhca.texas.gov/notices-funding-availability-nofas.
	Describe threshold factors and grant size limits.	Applicants must comply with requirements stated in the HOME NOFA and State HOME Program Rules in effect the year they receive their award. These sources provide threshold limits and grant size limits per activity type.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to LMI households.
10	**State Program Name:**	HOME Multifamily Development
	Funding Sources:	HOME

	Describe the state program addressed by the Method of Distribution.	The Multifamily Direct Loan Program awards HOME loans to for-profit and nonprofit multifamily developers to construct and rehabilitate affordable rental housing. These loans typically carry a 3% interest rate (or higher/lower if reflected in the NOFA) and have terms ranging from 15 years to 40 years. The vast majority of the loans are made to developments that also have awards of 4% or 9% HTCs.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	TDHCA's Texas Administrative Code Chapters 10, 11, and 13 set forth the minimum requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, appropriate zoning for the site, and a market and environmental study. Additionally, the development must also meet financial feasibility and subsidy layering requirements. After a period of Regional Allocation, HOME funds are typically awarded on a first-come, first-served basis, as long as the criteria above are met, although the NOFA may specify other priorities used to rank applications, such as giving priority to requests for larger amounts of funding. After a certain date, for HOME Multifamily Development applications layered with 9% HTCs, the highest scoring applications in the 9% cycle that also request HOME funds are prioritized according to 9% criteria.
	Describe how resources will be allocated among funding categories.	A maximum of 85% of HOME Multifamily Funds, are available for general activities and at least 15% for Community Housing Development Organizations (CHDOs). The HOME Multifamily Direct Loan Program may make funds available annually or through a special purpose NOFA under the General, Supportive Housing/Soft Repayment, or CHDO Set-Asides, or specifically to previously-awarded developments that have experienced cost increases since initial award.

	Describe threshold factors and grant size limits.	TDHCA's Qualified Allocation Plan set forth a minimum set of requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, experience of the developer, appropriate zoning for the site, and a market and environmental study. The development must also meet financial feasibility and subsidy layering requirements. Awards of HOME Multifamily Direct Loan Program funds range from approximately $4,000,000 to $8,197,611.50 per application typically in the form of a loan, but these amounts may change, and the caps may be lower or higher if so reflected in a published NOFA.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to LMI households.
11	**State Program Name:**	Local Revolving Loan Funds
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	TxCDBG allows communities that received Texas Capital Fund awards to support job creation or retention, and that created a local revolving loan fund, prior to implementation of the interim rule published November 12, 2015, to retain the program income generated by the economic development activities and to reinvest the funds to support job creation/retention activities.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Criteria are established by local subrecipients, with guidance from the TxCDBG Revolving Loan Fund Information Guide provided by TDA.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	The TxCDBG Revolving Loan Fund Information Guide is provided directly to subrecipients that have established revolving loan funds.
	Describe how resources will be allocated among funding categories.	Program Income generated by a local RLF is retained by that community or returned to TDA for distribution according to the Action Plan. See "Grantee Unique Appendices" for table of local revolving loan funds.
	Describe threshold factors and grant size limits.	Parameters for minimum or maximum loan amounts may be established by the subrecipient.
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons Activities Benefitting LMI Persons through Job Creation/Retention
12	**State Program Name:**	National Housing Trust Fund
	Funding Sources:	Housing Trust Fund

	Describe the state program addressed by the Method of Distribution.	The NHTF Program awards loans to for-profit and nonprofit multifamily developers to construct/rehabilitate multifamily affordable housing. Because the NHTF is required to benefit ELI households at or below the greater of 30% of AMI or the poverty rate, the units will likely not be able to service a debt payment. The constraints on NHTF dictate that the funds typically be available as construction only loans, generally up to 2% interest rate permanent loans with fixed monthly payments, deferred payment, deferred forgivable permanent loans, partially amortizing loans (with the amount not in a fixed payment due at sale, refinance, or at the end of the loan term), or 75% cash flow loans (FHA only) if required, to leverage with tax credits or other financing mechanisms. Loan types may be further limited by NOFA.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	TDHCA's Texas Administrative Code Chapters 11 and 13 set forth a minimum set of requirements that document a project owner's readiness to proceed with the development. The Development must also meet financial feasibility requirements. After an applied period of regional distribution, the funds are awarded on a first-come, first-served basis, as long as the criteria above are met, although the NOFA may specify other priorities used to rank applications, such as giving priority to requests for larger amounts of funding. In the event that multiple qualifying applications are submitted on the same date and insufficient funding exists to award all of them, applications will be scored according to the criteria specified in the NOFA. 10 TAC §13.6 establishes criteria that may be used for scoring; however, staff may identify within a given NOFA that additional scoring criteria are necessary to meet current needs. Remaining NHTF may then be made available statewide in the annual NOFA in other set-asides, or transferred to a special purpose NOFA.
	Describe how resources will be allocated among funding categories.	NHTF will not be allocated among funding categories. The NHTF funds are provided for multiple uses, to meet the requirement to serve ELI households.

	Describe threshold factors and grant size limits.	TDHCA's Texas Administrative Code Chapters 10, 11, and 13 set forth a minimum set of requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, experience of the developer, appropriate zoning for the site, and a market and environmental study. Additionally, the development must have certain unit amenities and common development amenities. Developments must also meet financial feasibility requirements. Award funds typically range from $4,000,000 to $8,197,611.50 per application in the form of a loan for this program, but which may be capped at a lower or higher amount in the NOFA.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to ELI households.
13	**State Program Name:**	State Mandated Contract for Deed Set-Aside
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	Rider 6 of the TDHCA bill pattern within the General Appropriations Act for Fiscal Years 2024-2025 requires TDHCA to identify funding sources and estimated funding levels for contract for deed conversions and other activities for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI) and the home converted must be their primary residence. Funds are set-aside for households at or below 60 percent AMFI and who reside in a colonia for a period of not less than 60 days before being made available statewide, excluding Participating Jurisdictions, to those at or below 80% AMFI.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Administrators must meet HOME Program threshold requirements to access funding. Funding is made available to contract for deed administrators on a first-come, first-served basis, in addition to threshold requirements outlined in the State HOME Program Rule, through the Reservation System.

	Describe how resources will be allocated among funding categories.	TDHCA will set aside $1,000,000 for Contract for Deed activities annually and will release the funds through the reservation system as a method of distribution.
	Describe threshold factors and grant size limits.	Applicants must meet the thresholds provided in the NOFA and State HOME Program Rules in effect the year in which they receive their award. Administrators are not awarded a grant following a successful application. Rather funds are awarded on a household by household basis.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to households with incomes at or below 60% AMFI.
14	**State Program Name:**	State Revolving Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	TxCDBG retains the program income generated by economic development activities and reinvests the funds to continue supporting economic development activities. In accordance with 24 CFR 570.479(e)(ii), the State has determined that program income generated by TCF beginning PY 2017 must be returned to the State for redistribution to new economic development activities. TCF awards are made for a specific project, based on the minimum necessary work to support the creation or retention of specific jobs, which must be completed prior to close out of the TCF contract. Therefore the community is unlikely to continue funding the same activity in the near future as described in the regulation.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Application Guides for the Rural Economic Development programs can be found on the TDA website.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Application Guides for the Rural Economic Development programs can be found on the TDA website.
	Describe how resources will be allocated among funding categories.	Program Income generated by the State Revolving Fund in prior Program Years will be allocated to the Rural Economic Development programs. Program Income collected during the current Program Year will be made available through the State Revolving Fund in subsequent Program Year(s).
	Describe threshold factors and grant size limits.	The amount of program income generated will determine the amount of funds available.
	What are the outcome measures expected as a result of the method of distribution?	Activities benefitting LMI Persons and the elimination of slum and blight conditions.
15	**State Program Name:**	State Urgent Need Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The State Urgent Need Fund is available following natural disasters and events that are not eligible for federal disaster assistance. The SUN program provides financial assistance to address disaster-related damage to public infrastructure and utilities, including repair, replacement, and mitigation measures.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The State Urgent Need Fund is available as needed following events that receive a proclamation or other formal request for state agency assistance from the Governor (or designee), for which the Governor has not requested federal assistance. • Priority will be given to projects that address safe drinking water, clearance of debris creating unsafe conditions, and other priorities as announced by the Commissioner of Agriculture. • The situation addressed by the applicant must be both unanticipated and beyond the control of the local government. • The problem being addressed must be of recent origin. For SUN APP assistance, this means that the application for assistance must be submitted no later than six months from the date of the state disaster declaration. • The applicant must demonstrate that adequate local funds are not available. For SUN assistance, this generally means the applicant has less than twelve months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, and funds from other state or federal sources are not available to completely address the problem. TDA may consider whether funds under an existing CDBG contract are available to be reallocated to address the situation.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

	Describe how resources will be allocated among funding categories.	Of the State CDBG allocation, $0 is allocated initially. However, a maximum $3 million may be transferred from other fund categories for either State Urgent Need Fund or Water Crisis Assistance Fund projects as needed.
	Describe threshold factors and grant size limits.	Maximum: $500,000 for projects benefitting a single jurisdiction. For projects benefitting multiple counties, up to $500,000 per county with a maximum total award of $2 million per project. Minimum: $100,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons Activities Addressing an Urgent Need
16	**State Program Name:**	Texas ESG Program
	Funding Sources:	ESG and special allocations of ESG Funding

	Describe the state program addressed by the Method of Distribution.	The ESG Program awarded contracts in PY2025 by making a portion of the funds available to prior subrecipients who have demonstrated effective performance under their prior award, with the remainder of funds offered under a competitive funding application. This process will carry over to the PY2026 funds, and some portion of the allocation may be set aside for direct awards to Subrecipients receiving funds for development of non-congregate shelter under HOME-ARP or awarded to nonprofit legal services providers who will accept referrals from subrecipients of ESG funds. ESG funds are awarded to private nonprofit organizations, cities, and counties in the State of Texas to provide the services necessary to help persons who are experiencing or at-risk of homelessness quickly regain stability in permanent housing. To prioritize geographic dispersion of funds, funding is allocated to each CoC based on an allocation formula that includes population and other data as described in the State ESG rules. Special allocations made under the ESG Program, such as ESG RUSH funding, may be awarded to existing Subrecipients whose record demonstrates high performance of their ESG award, or under a competitive Notice of Funding Availability. ESG RUSH funding is geographically restricted for use within disaster declared areas, therefore ESG RUSH is exempt from the regional distribution formula noted in 10 TAC §7.33. Award authority for all ESG funds remains with TDHCA's Board, and TDHCA contracts directly with all subrecipients. Any funds returned to the Department from prior year ESG allocations will be redistributed in accordance with the 10 TAC §7.41, or as otherwise approved by the TDHCA Board or as required by HUD.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	TDHCA will review the performance of existing subrecipients to determine whether they meet criteria, including timely expenditure of funds and acceptable monitoring history, prior to making a determination about the suitability of the subrecipient to be offered a new award of funding. In a competitive process with TDHCA, applications will be selected for an award based on requirements stated in the ESG NOFA and State ESG Program Rules in effect the year they receive their award. These sources provide threshold requirements, which must be met prior to an application being considered for an award, and selection criteria, which are utilized to rank applications and determine the order in which applications may be funded. ESG Subrecipients that are awarded ESG funds will be required to maintain the terms of the contract under which they were competitively awarded, including the performance targets that were a condition of the award. Threshold requirements: information necessary to conduct a previous participation review (including review of single audit compliance), and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds, including but not limited to timely reporting. Selection criteria include items related to program design, including the type and quality of services offered and performance outcomes. Selection criteria is not applicable for ESG RUSH funding directly awarded to existing ESG subrecipients, however TDHCA will review the prior performance of existing Subrecipients prior to making an award recommendation. In addition to the scoring criteria for the regular ESG awards, ESG RUSH that is competitively awarded will consider other available resources in the service area of the application to assist with evaluation of unmet need.

	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	TDHCA may retain some portion of the allocation of funds and offer this portion for direct awards to certain subrecipients that have either successfully administered a prior ESG award or have an existing HOME-ARP funded non-congregate shelter, or will provide legal services to clients referred by other ESG subrecipients. In addition, TDHCA will provide special allocations, such as ESG RUSH funding, as direct awards to existing Subrecipients who show high performance in their existing ESG award. For a competitive process, TDHCA will release a NOFA prior to receipt of ESG funding. The NOFA will include both threshold and selection criteria, and awards will be made to eligible applicants based on the application rank within their CoC region. Eligible applicant organizations are Units of General-Purpose Local Government, including cities, counties and metropolitan cities; urban counties that receive ESG funds directly from HUD; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may be eligible and should seek guidance from TDHCA to determine if they may apply. Governmental organizations such as Public Housing Authorities (PHAs) and housing finance agencies are not eligible and cannot apply directly for ESG funds. Eligible applicants also include private nonprofit organizations that are secular or religious organizations described in section 501(c) of the Internal Revenue Code of 1986, are exempt from taxation under subtitle A of the Code, have an acceptable accounting system and a voluntary board, and practice non-discrimination in the provision of assistance. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.

	Describe how resources will be allocated among funding categories.	ESG funds, inclusive of special allocations, may be used for four service components: street outreach, emergency shelter, homelessness prevention, and rapid re-housing assistance. Funds may also be utilized for HMIS/HMIS comparable database and administration in proportion to funding utilized for service components. In order for TDHCA to meet the requirement of no more than 60% of funds expended in street outreach and emergency shelter per 24 CFR §576.100(b), TDHCA reserves the right to remove applications proposing street outreach and emergency shelter from competition when 60% of ESG funds have been awarded to higher raking applications proposing these activities.
	Describe threshold factors and grant size limits.	While applications for TDHCA ESG funds may request funds for multiple service components, each service type proposed in an application is individually considered for an award of funds. Applicants will be awarded an amount not to exceed an amount set forth in the program rules or NOFA for street outreach activities, rapid re-housing, homeless prevention, and emergency shelter activities. Funds for HMIS are limited to 12% of the amount awarded for Street Outreach, Emergency Shelter, Rapid Rehousing, and Homeless Prevention, and funds for administration are limited to 3% of these amounts. Threshold requirements: information necessary to conduct a previous participation review (inclusive of single audit requirements), and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds, including but not limited to timely reporting.
	What are the outcome measures expected as a result of the method of distribution?	The expected outcome is that funds will be awarded to organizations that have the administrative and performance capacity to provide the services needed in their communities, with a broad distribution of funding to reach as many areas of the state with quality services as possible.
17	**State Program Name:**	Texas HOPWA Program
	Funding Sources:	HOPWA

	Describe the state program addressed by the Method of Distribution.	The DSHS HIV Care and Medications Unit administers the State of Texas HOPWA formula grant from HUD. The DSHS HOPWA Program serves all 254 counties in Texas, prioritizing those outside the six HOPWA-funded Metropolitan Statistical Areas: Austin, Dallas, El Paso, Fort Worth, Houston, and San Antonio. Therefore, the program targets less urbanized areas of Texas.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Visit the DSHS website for information on grant applications, available funding opportunities, application criteria, etc. http://www.dshs.texas.gov/fic/default.shtm. The Texas Health and Human Services Procurement and Contracting Services (PCS) Division oversees procurement and contracting services for DSHS. This division handles solicitations, contract development, contract execution, and serves as the office of record for DSHS' contracting needs.
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	DSHS contracts with AAs in six Ryan White Part B HIV planning areas encompassing 26 HSDAs. AAs subcontract with Project Sponsors in each HSDA for statewide service delivery. DSHS selects AAs through a combination of competitive requests for applications (RFAs) and intergovernmental contracts. AAs act as an administrative arm for DSHS, with DSHS oversight, by administering the HOPWA program locally for a five-year project period. A Project Sponsor is a nonprofit organization or governmental housing agency that receives funds under a contract with the AA to provide eligible housing and other support services or administrative services. Historically, many of the nonprofit Project Sponsors that provide HOPWA services have met the definitions of grassroots, faith-based, or community-based organizations
	Describe how resources will be allocated among funding categories.	Project Sponsors propose funding allocations and submit them to their respective AA and DSHS for approval. Project Sponsors base allocations on many factors, including but not limited to, number of households projected to continue into the next year, local unmet need, housing costs, prior number of households served, average expenditures per household, changes in the number of PLWH in poverty, etc. During the program year, DSHS reallocates funds within and between HSDAs throughout each planning region as needed. DSHS will reserve $500,00 from the latest allocation for use in the next annual plan and include this amount under Prior Year Resources. DSHS will only use $9,143,061 during this annual plan.

	Describe threshold factors and grant size limits.	DSHS uses a formula to determine allocations by HSDA. The formula uses the number of PLWH by county with adjustments for overlapping HOPWA formula jurisdictions, poverty rates, and housing costs DSHS reserves the right to adjust formula allocations when accounting for local factors, including unmet need, prior performance and expenditures, and any other relevant metrics. The formula does not provide a minimum or maximum grant size limit.
	What are the outcome measures expected as a result of the method of distribution?	PLWH and their households will establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. Stable housing helps PLWH adhere to HIV treatment and achieve viral suppression.
18	**State Program Name:**	Utility U Job Training Program
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	Utility U provides funds to cities and counties, in coordination with water and wastewater utilities, to provide job training opportunities in the utility field. Both classroom and on-site training methods provided by a community based development organization (CBDO) or similar organization shall provide critical utility industry skills to current and newly hired employees to create or enhance job opportunity.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Utility U Program will be available to cities and counties only upon recommendation by two or more state or federal regulatory or funding agencies. These agencies are expected to evaluate the need for job training for a specific utility or group of utilities prior to making a recommendation to TDA. The utility must agree to employ the trainee for a minimum of two years following completion of the training.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request.
	Describe how resources will be allocated among funding categories.	$0 of allocation is made available for the Utility U Program on the first day of the program year. If an eligible project is recommended for funding, up to $200,000 may be transferred from other fund categories as needed.
	Describe threshold factors and grant size limits.	Maximum $100,000/Minimum $30,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
19	**State Program Name:**	Water Crisis Assistance Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Water Crisis Assistance Fund is available to assist communities where the utility system has been placed under alternative management by state regulators. The WCA Fund provides financial assistance following appointment of a Receiver and/or temporary Manager, and may be used to address system deficiencies needed to return the system to regular operations.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Water Crisis Assistance Fund is available as needed following state appointment of a utility district or other political subdivision to serve as a Receiver or Temporary Manager, pursuant to Texas Water Code §13.412. Projects must address critical system deficiencies, such as those identified in a Notice of Violation issued by the Texas Commission on Environmental Quality (TCEQ). Once a utility receives a Water Crisis Assistance Fund project, that utility is no longer eligible to apply for future WCA funding.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	Of the State CDBG allocation, $0 is allocated initially. However, a maximum $3 million may be transferred from other fund categories for either State Urgent Need Fund or Water Crisis Assistance Fund projects as needed.
	Describe threshold factors and grant size limits.	Maximum $500,000/Minimum $50,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons

Discussion:

The distribution process for 4% HTC Program, 9% HTC Program, HHSP, State Housing Trust Fund Program, MCC Program, My First Texas Home Program, NSP PI Program, Section 8 HCV Program, Section 811 PRA Program, and TCAP RF can be found in the documents that govern these programs, all available at

https://www.tdhca.texas.gov The CDBG Colonia Set-Aside Methods of Distribution will be included in Action Plan Section 48, which is specifically about colonias.

Along with selecting appropriate entities to administer funding, the State must ensure that these entities appropriately expend their funds. For example, in addition to tracking the number of households supported by HOPWA, AAs routinely monitor Project Sponsors for compliance and performance. DSHS annually compiles program progress reports, reviewing household and expenditure outputs as well as housing stability outcomes. Strategic Plan Section 80, Monitoring, provides additional information on CPD Programs monitoring efforts.

Additional information for Allocation of CDBG program income and deobligated funds has been provided as an attachment.

AP-35 Projects – (Optional)

Introduction:

Per the IDIS Desk Guide, Project-level detail is not required for a state grantee's Annual Action Plan. Once a state grantee has allocated funding via its Method of Distribution, the state grantee will use the Projects sub-menu in IDIS Online to add its projects for the program year.

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Because no projects have been entered to date in this section, this section is not applicable. Allocation priorities are discussed in Action Plan Section 25, which also includes meeting special needs. Actions to meeting underserved needs are found in Action Plan Section 85. CDBG-DR allocation priorities can be found in the CDBG-DR Action Plans at: https://www.glo.texas.gov/disaster-recovery/action-plans

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

Not applicable

Acceptance process of applications

Not applicable

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Yes

State's Process and Criteria for approving local government revitalization strategies

TDA's CDBG program operates with a principle of "local control" – supporting locally identified projects that primarily benefit LMI persons, prevent/eliminate slum and blight conditions, and support community planning efforts.

The Community Development Fund provides funds to meet needs identified at both the local and regional level, including utility infrastructure, road reconstruction, community facilities, fire protection, and community or utility planning activities.

The Downtown Revitalization Program is intended to stimulate economic growth through the funding of pedestrian-center public infrastructure improvements to aid in the elimination of slum and blight conditions in the historic downtown areas of rural communities; the Main Street set aside is available to communities designated as an official Texas Main Street City by the Texas Historical Commission. Awarded cities receive funds to make public infrastructure improvements in the designated historic, downtown business district. TDA consistently receives more applications than can be funded through this popular program.

The Colonia Fund offers housing and utility infrastructure improvements to disadvantaged communities near the Texas-Mexico border that have been identified by the county as colonia communities.

AP-48 Method of Distribution for Colonias Set-aside – 91.320(d)&(k)

Introduction:

Distribution Methods

1	**State Program Name:**	Colonia Economically Distressed Areas Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-Aside fund provides funding to eligible cities and counties to assist colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB Economically Distressed Area Program or similar water or sewer system improvement project.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CEDAP funds: • The proposed use of the CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through Economically Distressed Area Program or similar program; • The ability of the applicant to utilize the grant funds in a timely manner; • The availability of funds to the applicant for project financing from other sources; • The applicant's past performance on previously awarded CDBG contracts; • Cost per beneficiary or household; and • Proximity of project site to entitlement cities or metropolitan statistical areas (MSAs).

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request once mainline construction has been confirmed.
	Describe how resources will be allocated among funding categories.	The Texas Legislature has set aside 3.5% of the State CDBG allocation for the CEDAP program. The allocation is distributed on an as-needed basis. In order to fully obligate the annual Colonia Funds to benefit colonia residents, funds not requested for the CEDAP activities may be transferred to other Colonia Fund programs.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $75,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons
2	**State Program Name:**	Colonia Fund Construction Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	The goal of the Colonia Fund: Construction (CFC) program is to develop viable communities by providing decent housing, viable public infrastructure, and a suitable living environment, principally for persons residing within a community or area that meets the definition of a colonia. An eligible county applicant may submit an application for eligible construction activities, prioritizing access to public utilities and other basic human needs for colonia residents.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	While the Colonia Planning and Needs Assessment is underway, the selection criteria for the Colonia Fund: Construction will focus upon the following factors: number of colonia communities identified in the county, and previous funding.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	Of the State CDBG allocation 6.5% (approximately) is allocated to the Colonia Fund Construction Program. Subsequent to awarding funds, any portion of the CFP allocation that is unable to be awarded may be used to fund additional eligible applications under any other Colonia Fund Set-aside program.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $150,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
3	**State Program Name:**	Colonia Fund Planning & Needs Assessment Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	The Colonia Fund Planning Program is designed to provide needs assessments for colonia communities on a county-by county basis.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Colonia Fund Planning Program funds assess the conditions and current needs of colonia communities in each county within 150 miles of the Texas-Mexico border on a rotating basis. All counties eligible to participate in the colonia set-aside have been offered an opportunity to receive planning and needs assessment services coordinated through a CFP grant to a designated Planning Zone.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	As planning activities are currently funded for all eligible counties, no funds are allocated to the Colonia Fund Planning Program for this Program Year.
	Describe threshold factors and grant size limits.	Not applicable for Program year 2026.
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
.4	**State Program Name:**	Colonia Self-Help Center Legislative Set-Aside (administered by TDHCA)
	Funding Sources:	CDBG

	Describe the state program addressed by the Method of Distribution.	Administered by TDHCA and funded through CDBG, the Colonia Self-Help Center (CSHC) Program serves colonias along the Texas-Mexico border. Colonia Self-Help Centers (Centers) provide concentrated on-site technical assistance to low- and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education. Key services include: housing rehabilitation; reconstruction; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure construction and access; contract for deed conversions; and capital access for mortgages.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Approximately 35,979 residents live in the targeted colonias served by the CSHC Program. The Centers process applications from income eligible households using a selection criterion established by each Center. Eligible households must reside in a targeted colonia, which has been preselected by each county and approved by C-RAC. Households must earn less than 80% of AMI.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	The CSHC Program is statutorily required to be provided in Cameron/Willacy, El Paso, Hidalgo, Nueces, Starr, and Webb counties. Statute allows for additional Centers to be established in any other county if TDHCA deems it necessary and appropriate and if the county is designated an economically distressed area under statute. TDHCA established additional Centers in Maverick and Val Verde counties. Each Center must serve five targeted colonias within the county it serves. The Centers conduct outreach activities throughout the contract period to inform colonia residents of program benefits and eligibility criteria and to provide application assistance.

	Describe how resources will be allocated among funding categories.	The Texas Legislature has set aside 2.5% of the State CDBG allocation for the Colonia SHC program. Resources are allocated after analysis and input from each community. Counties that are statutorily designated to participate in the CSHC Program conduct a needs assessment before proposing which target colonias should receive concentrated attention and the scope of program activities and funding. Each county designs a proposal unique to the needs of a specific community. After the C-RAC, composed of colonia residents, review and discuss the proposals from the counties, the proposals are then reviewed and approved by the TDHCA Governing Board for implementation. Funds de-obligated from prior CSHC Program grant years and any program income recovered from CSHC Program funds shall be used by TDHCA for the CSHC Program.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $500,000 CSHC program rules limit the assistance to up to $1,000,000 per CSHC per contract period. If there are insufficient funds available to fully fund an application, the Administrator may accept the amount available and wait for remaining funds to be committed the next program year. Each program activity, such as new construction, rehabilitation, reconstruction, and tool library operation, for example, are limited to specific dollar amounts. TDHCA, at its discretion and in coordination with the county, may amend a contract to increase the budget amount, based on performance and other factors.
	What are the outcome measures expected as a result of the method of distribution?	Outcomes include: colonia residents assisted; housing units assisted or created; instances of technical assistance provided; and instances of information delivered. In general, these are Activities Benefiting LMI Persons.
5	**State Program Name:**	Colonias to Cities Initiative Program
	Funding Sources:	CDBG CDBG Colonias Set-aside

	Describe the state program addressed by the Method of Distribution.	The Colonia to Cities Initiative (CCIP) provides funding for basic infrastructure considered necessary for a colonia area to be annexed by an adjoining city. Priority is given to colonias that have received prior CDBG funding The city's application must include documentation that annexation procedures have begun and a firm commitment from the city to annex the colonia upon completion of the project. Failure to annex the colonia may result in a requirement to repay the CDBG funding to TDA.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CCIP funds: • the proposed use of the TxCDBG funds including the eligibility of the proposed activities; • the ability of the community to utilize the grant funds in a timely manner; • the availability of funds to the community for project financing from other sources; • The support of colonia residents for the proposed annexation; • The applicant's past performance on previously awarded TxCDBG contracts, if applicable; • cost per beneficiary; and • commitment by the city to annex the colonia area within one year of project completion. If applications exceed the available funding, the Department may use the scoring factors established for the Colonia Fund-Construction component.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request.
	Describe how resources will be allocated among funding categories.	If there are an insufficient number of projects ready for CEDAP or CFC funding, the available Colonia funds may be transferred to the Colonias to Cities Initiative.

	Describe threshold factors and grant size limits.	Minimum $100,000/Maximum $1,000,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting Low and Moderate Income (LMI) Persons

Table 9 - Distribution Methods by State Program for Colonias Set-aside

Outcome Measures expected as results of Distribution Method

Activities Benefiting LMI Persons

Discussion

Texas has the largest number of colonias and the largest colonia population of all the Border States. The method of distribution for funds set aside to serve colonias relies on subgrantees along the Texas-Mexico border as well as interagency cooperation between TDHCA, TDA, TWDB, the Office of the Attorney General, and others. The majority of the funding that assists colonias is through infrastructure development, but funds are also available to address housing, community planning, economic revitalization and disaster relief. TDA administers the 10% CDBG colonia set-aside. TDHCA's role in administering colonia funding is limited to the Colonia Self-Help Center (CSHC) Program (2.5% set-aside of all Texas' CDBG funds, in addition to the 10% federal set aside) and HOME Contract for Deed set-aside. TDHCA focuses efforts of the OCI to counties along the Texas-Mexico Border that include a Colonia Self-Help Center (Center) funded by the Colonia SHC Program and support Center staff and counties with problem solving and training.

The majority of the funding that assists colonias is through the CDBG Program. However, HOME and ESG have a scoring prioritization for colonias. In addition, HOPWA may also provide funding in that area, as described in Action Plan Section 30.

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

HOME/NHTF Addresses Geographic Areas for Assistance

TDHCA does not provide priorities for allocation of investment geographically to areas of minority concentration. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement of its activities through the State of Texas Low Income Housing Plan and Annual Report. Part of this document describes the ethnic and racial composition of families and individuals receiving assistance from each housing program.

HOME/NHTF funds used for multifamily development are typically paired with tax-exempt bond and/or HTC. TDHCA rules that govern the HTC Program include incentives for developments utilizing the competitive 9% HTC in high opportunity areas, which are defined as high-income and low-poverty areas, with multiple community amenities in close proximity to the development. It also provides competitive incentive to develop in colonias or economically distressed areas. Developments using tax-exempt bond financing and 4% HTCs are more frequently located in qualified census tracts due to federal guidelines that cause these to be more financially viable.

ESG Addresses Geographic Areas for Assistance

Assistance provided by ESG funds will be directed statewide, according to the 12 HUD-designated CoC regions. TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration, as described in 24 CFR §91.320(f). Assistance provided by ESG RUSH funds will be directed to areas within the declared disaster areas.

HOPWA Addresses Geographic Areas for Assistance

The DSHS HOPWA Program serves all 254 counties in Texas, prioritizing those outside the six HOPWA-funded Metropolitan Statistical Areas: Austin, Dallas, El Paso, Fort Worth, Houston, and San Antonio. Therefore, the program targets less urbanized areas of Texas. DSHS contracts with AAs in six Ryan White Part B HIV planning areas encompassing 26 HSDAs. AAs subcontract with Project Sponsors in each HSDA for statewide service delivery.

CDBG Addresses Geographic Areas for Assistance

TDA does not provide priorities for allocation of funds geographically to areas of minority concentration as described in Section 91.320(f). CDBG funds are allocated across the state in three ways.

1. The CD Fund assigns a percentage of the annual allocation to each of the 24 Regional COGs, ensuring that each region of the state receives a portion of the funds. The allocation formula is found in the Texas

Administrative Code, Title 4 Section 30.3.

2. The Colonia Fund directs funding to communities within 150 miles of the Texas-Mexico border. All remaining funds are distributed through state-wide competitions without geographic priorities.

3. The Colonia Self-Help Center (CSHC) Program is offered along the Texas-Mexico border in Cameron/Willacy, El Paso, Hidalgo, Maverick, Nueces, Starr, Val Verde, and Webb counties. The CSHC Program serves approximately 40 colonias in eight border counties, which are comprised of primarily Hispanic households and have concentrations of very low-income households.

NHTF Geographic Priorities description is added to Discussion section text below.

Geographic Distribution

Target Area	Percentage of Funds
State of Texas	**100**

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

HOME Addresses Geographic Investments
HOME funds received in the annual allocation of funds from HUD, which excludes HOME Program Income, are allocated geographically using a regional allocation formula (RAF), as described in Strategic Plan Section 10, of the 2025-2029 State of Texas Consolidated Plan. This process directs funds to areas of the State that demonstrate high need. Unless waived by the Governor in the event of a disaster, at least 95% of HOME funds from the annual allocation are used in areas that are not Participating Jurisdictions (PJs) per statute. This results in more HOME funds in smaller communities than in larger Metropolitan Statistical Areas (MSAs) that receive HOME funds directly from HUD. The current RAF is online at https://www.tdhca.texas.gov/housing-resource-center-annual-or-biennial-plans-and-reports Program income does not have this geographic limitation and may be used anywhere in the state.

ESG Addresses Geographic Investments
ESG allocates ESG funds to each CoC region based on an allocation formula. This formula includes factors such as homeless population, people living in poverty, cost burden of renters, point in time counts and ESG funds available from federal and state sources. ESG RUSH funds and funds that have been deobligated from a prior ESG award are not subject to the allocation formula. ESG-RUSH funds have a geographic restriction as a condition of the grant, and ESG funds that have been deobligated from a prior year allocation will be awarded as described in the method of distribution, regardless of geography.

HOPWA Addresses Geographic Investments
DSHS uses a formula to determine HSDA allocations. The formula uses the number of PLWH by county with adjustments for overlapping HOPWA formula jurisdictions, poverty rates, and housing costs. DSHS

reserves the right to adjust formula allocations to account for local factors, including unmet need, prior performance and expenditures, and other relevant metrics.

CDBG Addresses Geographic Investments

Texas CDBG Funds for projects under the CD Fund are allocated by formula to 24 regions based on the methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs, along with a state formula based on poverty and unemployment (see attachment for distribution formula details). 12.5% of the annual allocation is allocated to projects under the Colonia Fund categories, which must be expended within 150 miles of the Texas-Mexico border.

State statute mandates designation of six Colonia Self-Help Centers (Centers) along the Texas-Mexico border in Cameron/Willacy, El Paso, Hidalgo, Nueces, Starr, and Webb counties to address the long history of poverty and lack of institutional resources. In 2001, TDHCA added two additional Centers in Maverick and Val Verde counties. These eight counties collectively have approximately 35,979 colonia residents who may qualify to access Center services.

NHTF Geographic Investments description is added to Discussion section text below.

Discussion

Many of the Target Areas available in the Integrated Disbursement and Information System (IDIS), HUD's electronic system in which this Plan has been entered, were too detailed for use at the macro-level; therefore, the State entered the "State of Texas" as a Target Area in Strategic Plan Section 10. Within Texas, each program relies on a formula to distribute funds geographically.

NHTF Geographic Priorities
The Texas NHTF will distribute NHTF funds through a competitive NOFA process. The funds will initially be available geographically, based on the proportion of Extremely Low Income Renter households to the total population of Renter Households in each of thirteen State Service Regions. A minimum will be calculated for each region as a ratio of the available allocation divided by thirteen, and available competitively within the grouping described in the NOFA, at least four groups of regions will be created prior to collapse into a statewide competition, unless the state's annual allocation is $4 million or less, in which case there may be fewer regions to allow each region to have at least $1 million in its initial allocation.

NHTF Addresses Geographic Investments
NHTF funds are allocated geographically using a Regional Allocation Formula, as described in Strategic Plan Section 10. Acknowledging that all regions of the State have a need to create housing for ELI households, the formula provides opportunity for access to NHTF. This process directs funds to areas of the State that demonstrate high need. Regions may be grouped together for application and funding

purposes. Any such grouping will be specified in the NOFA, but in no circumstance will fewer than four groups of regions be created.

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

Affordable Housing goals for PY 2026 are indicated in the table below for the number of homeless, non-homeless, and special needs households, and for the number of affordable housing units that will be provided by program type, including rental assistance, production of new units, reconstruction of existing units, or acquisition of existing units. Note that goals entered for ESG are only for Rapid Re-housing. The HOME goals include multifamily and single-family activities.

One Year Goals for the Number of Households to be Supported	
Homeless	1223
Non-Homeless	993
Special-Needs	702
Total	2,918

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	2708
The Production of New Units	79
Rehab of Existing Units	131
Acquisition of Existing Units	0
Total	2,918

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

The one-year goals for TDHCA's HOME Program include TBRA, homeowner reconstruction assistance, and rehabilitation and construction of single-family and multifamily units.

The one-year goals for TDHCA's NHTF program include construction of new/rehabilitated multifamily units.

TDHCA's ESG Program provides Rapid Re-housing assistance to help homeless individuals and households quickly regain stability in housing. Homelessness Prevention and Emergency Shelter outcome indicators are counted as persons, not households, so is not added into the chart above. ESG also provides street

outreach, but as this does not directly equate to affordable housing, it is not counted above.

DSHS' HOPWA Program provides TBRA, STRMU, FBHA, PHP, HCM, and HIS to assist eligible PLWH and their households establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. Stable housing helps PLWH adhere to HIV treatment and achieve viral suppression.

Currently, Texas CDBG funds primarily support affordable housing through water and sewer infrastructure for housing. The CDBG funding provides cost savings for housing when used to install water and sewer yard lines and pay impact and connection fees for qualifying residents. Housing rehabilitation projects are prioritized in several fund categories. CDBG funds also help communities study affordable housing conditions, providing data on affordable housing stock and planning tools for expanding affordable housing. CDBG provides approximately 100 to 200 utility connections per year, which are not reflected in the chart above, but could prove essential to obtaining or maintaining housing.

Colonia residents are considered “Special Needs” households who are supported through the production, rehab or acquisition of units. The Colonia Self-Help Center (CSHC) Program continues to address affordable housing needs in border counties by assisting qualifying colonia residents in improvement or maintenance of a safe home in suitable areas, with the contribution of the residents’ self-help construction. In addition, the CSHC Program provides other development opportunities that support the creation of affordable housing for beneficiaries, such as tool lending and training in home construction and repair, financial literacy, and homeownership skills.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

TDHCA believes that the future success of PHAs will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of PHAs, it is important to maintain a relationship with these service providers.

Actions planned during the next year to address the needs to public housing

TDHCA, acting as a small PHA itself, works with other PHAs around the State to port vouchers when necessary. This is especially true for Project Access (PA), a TDHCA program that uses Section 8 HCV vouchers to serve people with disabilities living in certain institutions by transitioning them into residences in the community, described fully in Action Plan Section 65. For the PA Program, an applicant is issued a voucher from TDHCA. In most cases, TDHCA works with the Receiving Public Housing Authority (RPHA) to transfer the documents and the voucher. The voucher holder is briefed and given an introduction on the RPHAs program rules. The RPHA can decide to absorb the voucher or bill the Initial PHA (IPHA). If the RPHA absorbs the voucher, the RPHA will send notice to the IPHA for documentation. This allows TDHCA to use another HCV for another applicant on the PA waiting list. If the RPHA bills the IPHA, the RPHA is required to submit a billing notice within an allotted time to the IPHA so payment can be received. In this way, TDHCA and local PHAs work closely together. TDHCA is also an administrator of Emergency Housing Vouchers and is coordinating, as needed, with local PHAs and CoCs for service delivery and referrals.

HOME/NHTF Addresses PHA Needs
TDHCA provides NOFAs under the HOME Program to interested parties around the State, including PHAs. TDHCA may utilize HOME funds through Tenant-Based Rental Assistance to pay security and utility deposits for Section 8 voucher holders, when other sources are not available. Furthermore, staff of PHAs, especially those receiving HOME funds and those with Section 8 Homeownership programs, are targeted by TDHCA's Texas Statewide Homebuyer Education Program for training to provide homebuyer education opportunities and self-sufficiency tools for PHA residents. PHAs may also administer HOME TBRA funds, for either on-going rental assistance or as a stand-alone program which provides security deposits with TBRA funds, enabling them to provide households with rental assistance and services to increase self-sufficiency.

Regarding HOME/NHTF Multifamily Developments that are financed with the HTC Program, PHAs are

incentivized in the QAP to use HTCs for Rental Housing Assistance conversion of PHA properties.

ESG Addresses PHA Needs
PHA residents are eligible to receive assistance and services from ESG Subrecipients, as long as the assistance does not violate 24 CFR §576.105(d) of HUD's ESG rules regarding use of funds with other subsidies. Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESG Program.

HOPWA Addresses PHA Needs
The DSHS HOPWA Program does not provide public housing assistance. However, Project Sponsors interface with local public housing agencies to coordinate housing assistance and supportive services efforts. Project Sponsors share HOPWA program information and eligibility criteria with local housing authorities and other affordable housing programs in their HSDA. While households that participate in HCV or public housing programs do not qualify for HOPWA-funded housing assistance services, Project Sponsors may provide PHP services to secure a subsidized unit. Additionally, Project Sponsors may provide Housing Case Management services to public housing residents and they may receive core medical and support services through the Ryan White HIV/AIDS Program.

CDBG Addresses PHA Needs
The Texas CDBG Program serves public housing areas through various funding categories as residents of PHAs qualify as low- to moderate-income beneficiaries for CDBG projects.

CDBG grant recipients must also comply with local Section 3 policies, including outreach to public housing residents and other qualified Section 3 persons in any new employment, training, or contracting opportunities created during the expenditure of CDBG funding.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

HOME, ESG, HOPWA, NHTF, and CDBG are subject to 24 CFR Part 75 which requires that HUD funds invested in housing and community development construction contribute to employment opportunities for low-income persons living in or near the HUD-funded project. These requirements, called Section 3 requirements, are covered at trainings for Subrecipients; persons who may benefit from employment opportunities include PHA residents.

HOME Addresses Public Housing Resident Initiatives
PHAs are eligible to apply to administer HOME funds to provide homebuyer assistance with new construction in their areas. PHAs also provide services to increase self-sufficiency, which may include homebuyer education services. In addition, TDHCA targets its Texas Statewide Homebuyer Education Program to PHAs, among other groups, which provide homebuyer education training opportunities and

self-sufficiency tools for PHA residents.

ESG Addresses Public Housing Resident Initiatives
PHA residents are eligible to receive assistance and services from ESG Subrecipients, as long as the assistance does not violate Section 576.105(d) of the ESG rules regarding use of funds with other subsidies.

HOPWA Addresses Public Housing Resident Initiatives
The DSHS HOPWA Program does not provide public housing assistance. However, Project Sponsors interface with local public housing agencies to coordinate housing assistance and supportive services efforts.

CDBG Addresses Public Housing Resident Initiatives
The CDBG Program serves public housing areas through various funding categories as residents of PHAs qualify as low- to moderate-income beneficiaries for CDBG projects.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

TDHCA has worked to promote programs that will rehabilitate and bring substandard housing into compliant condition and will develop additional affordable housing units. For example, most of the PHA applications for HTCs are for rehabilitation and the applications for new construction usually include a demolition of the existing units. TDHCA also offers a variety of funding sources for assistance. Most PHAs that apply are usually from larger Metropolitan Statistical Areas, which are usually PJs and, as such, are limited by state law in the HOME funding they may receive through TDHCA. Consistent with fair housing objectives, TDHCA seeks ways to accomplish these activities in a manner that disperses the placement of PHA units including dispersion into areas of greater opportunity and not into areas that involve unacceptable site and area features.

TDHCA has a history of assisting troubled housing authorities and has absorbed vouchers from several PHAs that have had difficulties. HUD identified, in two separate instances, public housing authorities that it thought might be well advised to have its voucher programs absorbed by TDHCA. The Navasota Housing Authority and the Alamo Area Council of Governments (which was operating as a PHA) each contacted TDHCA to discuss the possibility of absorbing their housing choice voucher programs. During a series of meetings with HUD staff and the PHAs, discussion resulted in multiple on-site visits. Ultimately, the Navasota Housing Authority and the Alamo Area Council of Governments transferred their voucher programs to TDHCA and HUD reassigned the files' PHA codes.

To expand its work with PHAs, TDHCA has developed a relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials (NAHRO), which serve the PHAs of Texas. Whenever possible, the State will communicate to PHAs the importance

of serving special needs populations.

Discussion:

To address PHA needs, TDHCA has designated PHAs as eligible participants in some of its programs, such as the HTC Program and HOME Program. PHAs have successfully administered HTC funds to rehabilitate or develop affordable rental housing. The PHA needs to submit an application and be awarded in order to access funding.

There are also federal sources available for PHAs that can be paired with HOME/NHTF. Also, through HUDs Rental Assistance Demonstration (RAD) Program, PHAs can use public housing operating subsidies along with the HTC Program once the older PHA units are demolished and replaced with new housing.

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

TDHCA will address requirements in 24 CFR §91.320 by using funds to reduce and end homelessness. Each ESG Applicant is required to coordinate with the lead agency of the CoC, which provides services and follows a centralized or coordinated assessment process; has written policies and procedures in place as described by 24 CFR §578.7(a)(8) and (9); and follows a written standard to provide street outreach, emergency shelter, rapid re-housing, and homelessness prevention assistance. To assist low-income individuals and families to avoid becoming homeless, TDHCA requires each ESG Subrecipient to set performance targets that are part of its scoring criteria for the NOFA, and these targets will be maintained for any offer of a direct award in the future. A Subrecipient must address the housing and supportive service needs of individuals assisted with ESG funds in a plan to move the client toward housing stability. Due to the nature of ESG RUSH funds being utilized to address emergent needs due to declared disasters, selection of Subrecipients may not include scoring criteria. When funds are directly awarded or awarded under a competitive Notice of Funding Availability, past performance of existing ESG Subrecipients will be evaluated prior to making an award.

ESG is one of several programs that work to help transition persons out of institutions, such as the HOPWA Program, Section 811 PRA Program, Project Access Program, Money Follows the Person Program, and the Mainstream Voucher Program. The HHSCC also works to enhance coordination between housing and service agencies to assist persons transitioning from institutions into community-based settings.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The Texas ESG Program provides funds to service providers for outreach to unsheltered homeless persons to connect them to emergency shelter, housing, or critical services; and to provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or other appropriate facilities. Of critical importance is assisting the unsheltered homeless with emergency shelter or other placement. Subrecipients serving clients through street outreach will be measured against their targets to help persons experiencing homelessness move into temporary, transitional or permanent housing. Subrecipients conducting street outreach may provide: case management, such as assessing housing and service needs; arranging, coordinating, and monitoring the delivery of services; and planning a path to permanent housing stability.

ESG Subrecipients are required to describe how they provide outreach to sheltered and unsheltered homeless persons in their ESG application.

For clients receiving emergency shelter, rapid re-housing, or homelessness prevention, clients will be

required to receive case management services with exceptions pursuant to the VAWA and the Family Violence Prevention and Services Act (FVPSA). Subrecipients are required to develop a plan to assist program participants to retain permanent housing after the ESG assistance ends.

Addressing the emergency shelter and transitional housing needs of homeless persons

The Texas ESG Program provides funds to service providers for outreach to unsheltered homeless persons in order to connect them to emergency shelter, housing, or critical services; and to provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or other appropriate facilities. Of critical importance is assisting the unsheltered homeless with emergency shelter or other placement. Subrecipients serving clients through street outreach will be measured against their targets to help persons experiencing homelessness move into temporary, transitional or permanent housing. Subrecipients conducting street outreach may provide case management, such as assessing housing and service needs; arranging, coordinating, and monitoring the delivery of services; and planning a path to permanent housing stability.

ESG Subrecipients are required to describe how they provide outreach to sheltered and unsheltered homeless persons in the ESG application.

For clients receiving emergency shelter, rapid re-housing, or homelessness prevention, clients will be required to receive case management services with exceptions pursuant to the VAWA and the Family Violence Prevention and Services Act (FVPSA). Subrecipients are required to develop a plan to assist program participants to retain permanent housing after the ESG assistance ends.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

ESG funds may be utilized for short-term and medium-term rental assistance (24 CFR §576.106, unless otherwise waived) and for a variety of housing relocation and stabilization services such as rental application fees, security deposits, utility deposits, utility payments, and moving costs for homeless individuals or persons at risk of homelessness (24 CFR §576.106). Funds may also be utilized for housing service costs related to housing search and placement, housing stability case management, mediation, legal services, and credit repair. ESG funds can also be used to pay for essential service costs including case management, childcare, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services, transportation, and costs related to serving special populations. It should be noted that, while

the assistance listed above are eligible under ESG, an ESG Subrecipient may choose to not provide all the assistance listed. Applicants for ESG funds are incentivized thought the application scoring process to provide a wide array of services. ESG Subrecipients specify in their written standards which services they will provide.

Subrecipients that request an award of funds must set targets within their application for funding intended to reduce the length of time from program intake to placement in permanent housing and positive housing destination for persons experiencing homelessness, as well as targets for the percentage of persons served that maintain housing for three or more months after existing the program. These targets will be evaluated and will be a factor in funding decisions.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

ESG funds promote coordination with community providers and integration with mainstream services to gather available resources. One possible performance measure for Subrecipients is their ability to help increase non-cash benefits for program participants; the Subrecipients help program participants obtain non-ESG resources, such as veterans benefits or food stamps.

Individuals eligible for the State's HOPWA Program who are exiting from an institution receive a comprehensive housing plan and linkage and referrals to health professionals from a case manager. The State HOPWA Program provides TBRA, which can be used to transition persons from institutions into stable housing. Some project sponsors also provide rental deposits and application fees. Other programs included in this Plan also provide Facility-Based Housing Subsidy Assistance to address the temporary housing assistance needs of persons transitioning from institutions.

TDHCA has contracts for more than $31 million for the Section 811 PRA Program, which is providing approximately 500 integrated supportive housing units in eight areas of the state for extremely low-income individuals with disabilities and their families. The target population includes individuals transitioning out of institutions, people with serious mental illness, and youth and young adults with disabilities transitioning out of the state's foster care system. Individuals in the Section 811 PRA Target Population are eligible for assistance from Texas Health and Human Services or the Department of Family and Protective Services, are Medicaid-eligible, and are between the ages of 18 and 62.

TDHCA has received a preliminary award letter from HUD providing notification that TDHCA has been selected for an award of $6,982,087 that could create an additional 140-assisted Section 811 PRA Program

units.

Coordination between housing and the Health and Human Services (HHS) agencies is exemplified by the Project Access and Money Follows the Person programs. Project Access uses Section 8 Housing Choice Vouchers administered by TDHCA to assist low-income persons with disabilities transitioning from nursing homes and Intermediate Care Facilities (ICFs) to the community while using the Money Follows the Person Program to provide services by HHS agencies. The TDHCA Governing Board has approved changes to Project Access since it began in 2002 based on input from advocates and the HHS agencies including incremental increases to vouchers from 35 to 140 and creation of a pilot program with DSHS for persons with disabilities transitioning out of State Psychiatric Hospitals. In September 2018, TDHCA received an additional 50 vouchers, awarded by HUD through the Mainstream Voucher Program (MVP), for the Project Access program. An additional 15 MVP vouchers were awarded to TDHCA through the CARES Act also directed toward Project Access recipients.

TDHCA offers TBRA to individuals on the Project Access Wait List, allowing them to live in the community until they can utilize a Project Access voucher. TDHCA conducted outreach and technical assistance to Texas Health and Human Services (HHS) Relocation Specialists and HOME TBRA administrators to help them serve individuals on the Project Access waitlist. TDHCA may also offer TBRA administered directly by the Department for individuals transition from jail and prison and establish partnerships with state and local agencies or organizations to assist persons eligible for assistance in securing suitable rental housing.

To further address the needs of individuals transitioning from institutions, HHSCC seeks to increase coordination of housing and health services by supporting agencies to pursue funding, such as Relocation Contractor services for people with behavioral health challenges and Intellectual and Developmental Disabilities; Medicaid waiver programs; vouchers from PHAs for people with disabilities and aging Texans; housing resources from the Texas Department of Criminal Justice for people with criminal histories transitioning to the community; and DSHS' rental assistance program.

Discussion

The Texas ESG Program is designed to assist, assess and, where possible, shelter the unsheltered homeless; to quickly re-house persons who have become homeless and provide support to help them maintain housing; and to provide support that helps persons at risk of becoming homeless maintain their current housing. ESG RUSH funding allocated to Texas may also be prioritized for gap funding for rehabilitation of emergency shelter in the disaster area and damaged by the disaster Other special needs populations are described in Action Plan Section 25.

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	442
Tenant-based rental assistance	702
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	93
Total	1,237

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

The Analysis of Impediments to Fair Housing Choice (AI) identifies impediments to fair housing choice in the State of Texas and action steps that the State intends to take to address identified impediments. The State of Texas is currently operating under the 2024 AI. The 2024 AI describes state and local regulatory and land use barriers in detail and may be accessed at https://www.tdhca.texas.gov/state-texas-analysis-impediments-ai-fair-housing-choice.

TDHCA and the Texas Workforce Commission Civil Rights Division (TWC CRD) annually collaborate on a Fair Housing webinar series. The series includes training sessions providing general fair housing information and specific sessions on HUD's guidance, how to respond to reasonable accommodation requests, and best practices in fair housing. TDHCA also conducts training webinars every November on special topics in fair housing. The webinars are available for free 24/7 on TDHCA's website at: https://www.tdhca.texas.gov/fair-housing-training-presentations, a GoToStage channel, and the Department's YouTube channel.

In May 2020, TDHCA was awarded a 1-year grant under HUD's Fair Housing Initiatives Program – Education and Outreach Initiative and has created a library of training presentations, designed a Fair Housing rights brochure distributed statewide to community organizations, and created short form webinar videos, based on the longer presentations, to provide training, education, and outreach on Fair Housing related issues. In March 2023, TDHCA was awarded another Fair Housing Initiatives Program – Education and Outreach Initiative grant for $124,913 to produce and distribute professional short form videos to provide education on fair housing issues and direct viewers to more detailed information sources.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

TDHCA reviews all guiding documents, rules, and practices internally to determine if known barriers or impediments to fair housing choice can be addressed through actions within TDHCA's authority. TDHCA's Fair Housing Team collaborates with TDHCA Division Directors to develop and improve tools, rules, and other initiatives to address possible barriers to housing choice. TDHCA has been making and will continue to make a concerted effort to increase staff and subrecipient education to ensure that all programs are providing best practices guidance to recipients and the general public. In January of 2025, TDHCA's Fair Housing Team released a new, modernized multifamily affirmative marketing tool to make it easier for TDHCA program participants to complete the affirmative marketing planning process. This tool provided a safe harbor process for participants to identify least likely to apply populations for additional marketing outreach. In late 2025, TDHCA's Fair Housing Team also released a simplified affirmative marketing form

to go along with the modernized tool. Additionally, staff have updated and improved the website that lists TDHCA's approved fair housing trainers for the 10% Test for Housing Tax Credits. The Request for Qualifications to find these trainers was also updated to account for the increased use of online learning management systems for training and webinars.

Discussion:

For its Single-Family programs, TDHCA has promulgated a rule relating to Fair Housing, Requirements, Waitlist Policies, Affirmative Marketing Plans, Homebuyer Counseling, Reasonable Accommodations, and Limited English Proficiency. This rule exists under TDHCA's Single-Family programs umbrella rule. The rule, which reflects federal requirements, requires administrators of federal funds to have an affirmative marketing plan, which identifies the least likely to apply populations and methods of affirmative marketing. Further, the rule requires all TDHCA Single-Family administrators to accept applications for a 21-day calendar period and select applications via a neutral, random selection process, unless the administrator is providing TBRA to assist in the event of a declared disaster. This selection process helps to level the playing field and provide equal access for all households, regardless of disability status or language proficiency. Also included in the rule are specific provisions related to Limited English Proficiency to provide meaningful access and an equal opportunity to participate in services, activities, programs, and other benefits.

For its Multifamily programs, TDHCA consolidated rules for Affirmative Fair Housing Marketing Plans (AFHMP) and Tenant Selection Criteria (TSC), also known as Written Policies and Procedures, and placed them under the purview of Fair Housing staff. When Fair Housing staff provides a review of the AFHMP and TSC of a Multifamily property, additional training, tools, and technical assistance is provided to owners, property staff, and management company on Fair Housing issues and policies in order to provide meaningful access for applicants and residents to enjoy Multifamily housing opportunities.

TDHCA maintains and regularly updates a memorandum of understanding with the Texas Workforce Commission's Civil Rights Division that increases communication and information sharing, while also providing a mechanism for TDHCA to refer complaints directly to TWC if they contain suspected fair housing violations.

Finally, the State has a Fair Housing website available at https://www.tdhca.texas.gov/fair-housing that includes fair housing information for a variety of audiences (renters and homebuyers, owners and administrators, real estate agents, and local governments and elected officials) and includes fair housing toolkits and resources, updated multifamily affirmative marketing tool, marketing checklists, written policies and procedures checklists, and links to the Fair Housing email list and community events calendar. Through this education and outreach, the State is hoping to make its best practices guidance widely known and to integrate such guidance with other state resource information.

AP-80 Colonias Actions – 91.320(j)

Introduction:

Based on a 2014 assessment by the Texas Office of the Secretary of State's Colonia Initiatives Program, an estimated 500,000 people live in 2,294 colonias in Texas. Eight Texas counties (El Paso, Maverick, Webb, Starr, Hidalgo, Nueces, Val Verde and Cameron) have the largest population of colonias and are home to an estimated 369,500 people. Texas' colonias lie outside of city limits in the rural areas of their respective counties, where few to no local building codes exist to protect the households that seek affordable and sanitary housing solutions. Egregious housing conditions persist while residents also endure substandard infrastructure, inadequate potable water and wastewater systems, and a host of public health, environmental and employment risks. TDA's redesigned Colonia Fund Planning and Needs Assessment Program is intended to provide updated needs assessments across the colonia-eligible area of the state.

As discussed in Action Plan Section 48, the majority of the funding that assists colonias is through the CDBG Program, which funds both state agencies working to develop infrastructure and water services, as well as subgrantees at the local government level who work in concert with nonprofit service providers for housing, community affairs, and economic development. TDHCA's Office of Colonia Initiatives offer technical assistance in applying for and administering the Colonia Self-Help Center (CSHC) Program. The HOME Program also has a specific Contract for Deed set-to improve the housing affordability and quality of housing for colonia residents.

Actions planned to address obstacles to meeting underserved needs

The State dedicates 12.5% of CDBG funds annually for colonia areas– 10% through the Colonia set-aside and an additional 2.5% set-aside by the State legislature. Additional funds are also awarded for colonia projects through other competitive fund categories. Basic human needs, including water and sewer infrastructure and housing rehabilitation, are prioritized for colonia set-aside funding, with a particular emphasis on connecting colonia households to public utilities. Colonia set-aside funds are not able to effectively address other local priorities for colonia communities, including road reconstruction and drainage improvements that are also important for daily activities. Colonia planning funds are available to research and document characteristics and needs for colonia communities.

The Colonia Self-Help Centers (Centers) experience the obstacle of wavering capacity to meet the needs of extremely under resourced colonia residents. The typical challenges that nonprofits face, such as high turnover, lack of succession planning, lack of long-term funding opportunities, limited access to high quality training, and limited access to continuing education resources, are all exacerbated for subgrantees serving border colonias. In response, TDHCA has an Office of Colonia Initiatives (OCI), with designated employees that are focused on the needs of Centers along the border. The OCI is tasked with providing

support to Center staff with problem solving and training.

Colonia residents may also receive benefit through the HOME Program, which provides rental assistance, reconstruction of owner-occupied units with or without refinancing acquisition and new construction of affordable single-family housing, single-family and multifamily development, and rental housing preservation of existing affordable or subsidized developments.

Actions the state plans to take to reduce the number of poverty-level families

Colonia set-aside funding is intended to improve the living conditions of low and moderate income families in colonias, including basic human needs. As with all CPD funds, Section 3 goals encourage job, contracting, and training opportunities for qualifying residents when such opportunities become available as a result of grant funding.

The CSHC Program provides 40 targeted colonias in eight border counties with a multitude of opportunities to create a one-stop shop for low-income colonia families to gain a foothold out of poverty. The Centers prioritize housing services in the form of new construction, reconstruction, rehabilitation, tool lending, construction skills training, and utility connections. CSHC Program community development activities include homeownership education, access to and training in computers/technology, consumer rights education and financial literacy, and solid waste disposal assistance. While the above listed services are limited only to residents of pre-identified colonias in the CSHC Program, the Centers themselves are open to all who wish to use the meeting space for activities beneficial to the community or simply to seek information on locating other services. By creating an accessible and consistent manner for which services and information are disseminated among colonias, more households can become beneficiaries of multiple kinds of assistance that build their self-sufficiency over time.

Actions the state plans to take to develop the institutional structure

TDHCA and TDA are committed to working with other state and federal regulatory and funding agencies. Agency coordination continues through the Texas Water Infrastructure Coordinating Committee (TWICC), which addresses concerns in colonias and other areas throughout the state. The information sharing within the group facilitates delivery for multiple programs besides affordable housing and proactively addresses potential obstacles that could affect large areas of the state, including the Texas–Mexico border.

The state legislature has also set aside a portion of the CDBG administration funding for technical assistance and administrative support provided by the state planning regions. This funding can provide institutional structure and assistance to small communities without administrative resources.

Specific actions the state plans to take to enhance coordination between public and private

house and social service agencies

In addition to the cooperation among various state agencies that help to support and develop colonias, TDHCA focuses efforts of the OCI on counties administering the CSHC Program. The OCI supports administrators, disseminates funding information, and problem solves with administrators and the Colonia Resident Advisory Committee (C-RAC), which is comprised of colonia residents appointed by the counties with a Center. This requires facilitating communication related to administration of the CSHC Program with other service providers, the private sector (such as colonia landowners, title companies, lenders), and other government agencies. The OCI increases the efficiency with which TDHCA can apply solutions and build institutional knowledge in the community.

TDA has an ongoing working relationship with each of the state planning regions, many of which provide services such as workforce development, aging and disability resources, and emergency management services. In addition, TDA field representatives are available to provide general information on potential resources to communities and residents.

AP-85 Other Actions – 91.320(j)

Introduction:

The actions listed below are Other Actions taken by TDHCA, TDA, and DSHS to meet the requirements of §91.320(j). Other Actions include Meeting Underserved Needs, Fostering and Maintaining Affordable Housing, Lead-Based Paint Hazard Mitigation, Reducing Poverty-Level Households, Developing Institutional Structure, and Coordination of Housing and Services. The HOME, ESG, HOPWA, and CDBG programs address the other actions in concert with other federal, state, and local sources.

Actions planned to address obstacles to meeting underserved needs

HOME Addresses Underserved Needs
Obstacles to meeting underserved needs with HOME funds, particularly multifamily activities, include NIMBYism and a lack of understanding of federal requirements surrounding the use of HOME funds. TDHCA works to overcome these obstacles by educating developers and the communities where affordable housing is being proposed.

ESG Addresses Underserved Needs
Lack of facilities and services for homeless persons in rural areas is ESG's greatest underserved need. To help meet this need, TDHCA has used Community Services Block Grant discretionary funds to provide training and technical support to organizations in the Balance of State CoC. Shelters in the Balance of State CoC have limited funds for operations and maintenance, with little access to federal funds which often require substantial organizational capacity less common in smaller organizations. ESG and TDHCAs HHSP, which is state funded only in some urban areas, may supplement federal funds in operational support. ESG RUSH allocations will also assist with supporting otherwise eligible clients that resided in the disaster area(s) for which ESG RUSH funds are allocated. ESG RUSH may be prioritized first for areas that do not receive an allocation of ESG RUSH and do not directly administer ESG funding, and then for areas that did not receive an allocation of ESG RUSH, but do directly administer ESG funding.

HOPWA Addresses Underserved Needs
Some PLWH face significant obstacles to obtaining and maintaining medical insurance, income, and employment. Rising costs of living (rent, deposits, utilities, food, transportation, and so on) and limited available affordable housing contribute to hardships for many PLWH.

DSHS's HOPWA program addresses the needs of this underserved population by integrating with the administrative structure of the Texas Ryan White Part B HIV/AIDS Program and the larger, multi-sectoral system for delivering treatment and care to PLWH in Texas. This helps PLWH and their households establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. The program reallocates funding within and between HSDAs

throughout the program year to meet changing needs.

CDBG Addresses Underserved Needs
TDA encourages projects addressing underserved community development needs. In the current Program Year, CDBG funds will be available through multiple grant categories to provide water or sewer services on private property for low- and moderate-income households by installing yard lines and paying connection fees. Regional priorities for funding allow each area of the state to determine its highest priority needs, which may vary from first-time water service to drought relief to drainage projects.

Since the first legislative reforms in the 1990s, service providers in colonias have made gains in their capacity to address colonia issues, but unmet needs still exist, and the Texas-Mexico border population growth is still increasing. OCI's main obstacle in addressing colonia housing needs is the varying capacities of subrecipients to administer assistance. The OCI staff provides technical assistance and on-going training to organizations and local governments that use the CSHC Program to serve colonia residents.

Actions planned to foster and maintain affordable housing

HOME Addresses Affordable Housing
The HOME Program provides grant funds, deferred forgivable loans, and repayable loans to households or developments assisted by or through entities including units of local government, public organizations, nonprofit and for-profit organizations, CHDOs, and PHAs. These funds are primarily used to foster and maintain affordable housing by providing rental assistance, reconstruction of owner-occupied housing units with or without refinancing, acquisition and new construction of affordable single-family housing, single-family development and funding for rental housing preservation of existing affordable or subsidized developments. HOME funds may also be used in conjunction with the HTC Program or Bond Program to construct or rehabilitate affordable rental housing.

In addition, tax credits awarded through the HTC program can be layered with awarded funds from the HOME Multifamily Development program. When more than one source of funds is used in an affordable housing project, the State is able to provide more units of affordable housing than with one funding source alone.

ESG Addresses Affordable Housing
While TDHCA encourages the use of ESG funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. Fostering affordable housing is not an initiative for which TDHCA provides ESG funding or that TDHCA monitors in relation to the ESG Program.

HOPWA Addresses Affordable Housing
The shortage of available affordable housing persists. Rising housing costs price eligible households out of the market while household incomes remain the same or decrease. Rent-to-income-ratio requirements prevent households from accessing housing. Many households have poor credit, rental, and criminal

histories that affect housing access. Corporate owners regularly exclude applicants with minor infractions. In response to these market characteristics, the DSHS HOPWA Program provides TBRA, an ongoing and portable rental subsidy that helps households obtain or maintain permanent housing, including assistance for shared housing arrangements, in the private rental housing market until they can enroll in the Housing Choice Voucher Program (HCVP) or other affordable housing programs.

CDBG Addresses Affordable Housing

Currently, CDBG funds primarily support affordable housing through water and sewer infrastructure for housing. The CDBG funding provides cost savings for housing when used to install water and sewer yard lines and pay connection fees for qualifying residents. Housing rehabilitation projects are also prioritized in colonia areas.

CDBG funds can help communities study affordable housing conditions, providing data on affordable housing stock and planning tools for expanding affordable housing. The Colonia SHCs continue to address affordable housing needs in border counties by assisting qualifying colonia residents to improve or maintain a safe, suitable home in suitable areas.

The OCI provides training and technical assistance to the Centers to assist with carrying out activities, such as housing rehabilitation, new construction, reconstruction, low-interest mortgages, grants for self-help programs, revolving loan funds for septic tanks, and tool lending.

Actions planned to reduce lead-based paint hazards

HOME Addresses Lead-based Paint
The HOME Program requires lead screening in housing built before 1978 for all HOME eligible activities in accordance with 24 CFR §92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. Furthermore, single-family and multifamily development activities in HOME increase the access to lead-based-paint-free housing through the construction of new housing or reconstruction of an existing housing unit. There is significant training, technical assistance, and oversight of this requirement on each activity funded under the HOME Program.

ESG Addresses Lead-based Paint
For ESG, TDHCA requires Subrecipients to evaluate and reduce lead-based paint hazards as part of its habitability review. During the annual contract implementation training, TDHCA will provide ESG Subrecipients with information related to lead-based paint regulations and TDHCA's requirements related to such. TDHCA will require ESG-funded Subrecipients to determine if a housing unit was built prior to 1978, for households seeking ESG funded rent or rent deposit assistance whose household has a family member(s) six years of age or younger. If the housing unit is built prior to 1978, the ESG Subrecipient will

notify the household of the hazards of lead-based paint.

While currently not offered under administrative rule, if TDHCA were to program funds for ESG to be used for renovation, rehabilitation, or conversion Subrecipients must comply with the Lead-Based Paint Poisoning and Prevention Act and the Residential Lead-Based Paint Hazard Reduction Act of 1992. Through renovation, rehabilitation or conversion, ESG increases access to shelter without lead-based paint hazards. TDHCA evaluates, tracks, and reduces lead-based hazards for conversion, renovation, leasing or rehabilitation projects.

NHTF Addresses Lead-Based Paint
The Multifamily Direct Loan Program evaluates the potential for the presence of lead-based paint for NHTF assisted activities and takes appropriate steps in accordance with 24 CFR §93.351 and the applicable provisions in 24 CFR Part 35, as provided in TDHCA's NHTF Minimum Rehabilitation Standards. The aforementioned include notification of potential lead-based paint hazards to households residing in housing units that pre-date 1978. Furthermore, multifamily development and reconstruction activities with NHTF increase the access to lead-based-paint-free housing because they create new housing.

HOPWA Addresses Lead-Based Paint
The regulations for lead-based paint require specific responses to potential lead-based paint hazards. While the DSHS HOPWA Program does not undertake lead-based paint abatement activities, Project Sponsors perform Housing Quality Standards certifications for each assisted unit to assess for lead-based paint health risks.

CDBG Addresses Lead-Based Paint
Lead-based paint mitigation is an activity eligible under housing rehabilitation that is funded under the Colonia Fund and Community Development Funds. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)) and procedures established by TDA's CDBG in response to the Act.

Actions planned to reduce the number of poverty-level families

HOME Addresses Poverty-Level Households
Through the HOME TBRA Program, TDHCA assists households with rental subsidy, and security and utility deposit assistance for an initial term not to exceed 24 months. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, General Education Development (GED) classes, or drug dependency classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency. Additionally, TDHCA allocates funding toward the construction of affordable housing, incentivizing units to assist very low-income households, and assists very low-income households along the international border of Texas and

Mexico by promoting the conversion of contract for deed arrangements to traditional mortgages.

ESG Addresses Poverty-Level Households
The ESG Program funds activities that provide shelter and essential services for homeless persons, as well as intervention services for persons threatened with homelessness. Essential services for homeless persons include medical and psychological counseling, employment counseling, substance abuse treatment, transportation, and other services. While TDHCA supports the use of ESG funds to help ESG clients lift themselves above the poverty line, it is not a specific initiative for which TDHCA earmarks ESG funding or that TDHCA monitors for the ESG Program.

For individuals threatened with homelessness, homelessness prevention funds may be utilized for short-term subsidies to defray rent and utility arrearages for households receiving late notices, and security deposits.

HOPWA Addresses Poverty-Level Households
The DSHS HOPWA Program helps eligible PLWH and their households establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. Stable housing helps PLWH adhere to HIV treatment and achieve viral suppression. HOPWA activities benefit low-income PLWH and their households. The DSHS HOPWA Program does not specifically target households with incomes at or below the Federal poverty level. Nevertheless, over 80 percent of assisted households consistently fall within 0 to 30 percent of the AMI each year. CDBG Addresses Poverty-Level Households

A substantial majority of TDA's CDBG funds, over 90% in Program Year 2026, are awarded to principally benefit low- and moderate-income persons. In addition, the formula used to distribute CD funds among regions includes a variable for poverty/income to target funding to the greatest need, scoring criteria in the CD Fund, DRP Program, and Colonia Fund also direct funding toward communities with the greatest need. Economic development activities improve local opportunities for jobs and entrepreneurship.

Actions planned to develop institutional structure

HOME Addresses Institutional Structure
The HOME Program encourages partnerships in order to improve the provision of affordable housing. Organizations administering programs that require a federal affordability period resulting in a mortgage loan are required to ensure that participating household receive HUD approved housing counseling prior to loan closing. In addition, organizations receiving TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services. Finally, partnerships with CHDOs and nonprofit and private-sector organizations facilitate the development of quality rental housing

developments and assist in the reconstruction of owner-occupied housing.

ESG Addresses Institutional Structure
TDHCA encourages ESG subrecipients to coordinate services with housing and other service agencies. Likewise, the CoCs funded with ESG funds are required to coordinate services and their local funded organizations to provide services as part of the local CoC. TDHCA reviews ESG subrecipients' coordination efforts during on-site and desk monitoring. A map of local CoCs can be found online at: https://www.thn.org/texas-balance-state-continuum-care/.

HOPWA Addresses Institutional Structure
DSHS contracts with AAs in six Ryan White Part B HIV planning areas encompassing 26 HSDAs. AAs subcontract with Project Sponsors in each HSDA for statewide service delivery. AAs act as an administrative arm for DSHS, with DSHS oversight, by administering the HOPWA program locally for a five-year project period. AAs also administer funding for other HIV medical and support services, including the Ryan White HIV/AIDS Program funds. This structure ensures the coordination of all agencies serving PLWH, avoids duplication, saves dollars, and provides comprehensive core medical and support services for PLWH in each local community.

CDBG Addresses Institutional Structure
Each CDBG applicant must invite local housing organizations to provide input into the project selection process. TDA coordinates with state and federal agencies, state planning regions, and other partners to further its mission in community and economic development.

TDA also uses conference calls and webinars to provide training and technical assistance throughout the state. On-site project reviews may be conducted based on risk and other factors.

Actions planned to enhance coordination between public and private housing and social service agencies

TDHCA has staff members that participate in several State advisory workgroups and committees. The workgroups and committees which TDHCA leads are listed in Action Plan Section 15. The groups in which TDHCA participates include, but are not limited to, the Community Resource Coordination Groups, led by the Health and Human Services Commission (HHSC); the Council for Advising and Planning for the Prevention and Treatment of Mental and Substance Use Disorders, led by DSHS; Reentry Task Force, led by Texas Department of Criminal Justice; Interagency Workgroup on Border Issues, led by Secretary of State; Texas Foreclosure Prevention Task Force, led by Texas State Affordable Housing Corporation; Money Follows the Person Demonstration Project, led by HHSC; and Texas State Independent Living Council, led by the HHSC.

TDHCA's participation in HUD's Section 811 PRA Program requires linkages between housing and services through a partnership with TDHCA, the State Medicaid Agency (i.e., HHSC), and the Texas Department of

Family and Protective Services (DFPS). Because the program is designed so that an individual can access both affordable housing and services in the community, TDHCA staff and HHSC/DFPS staff work closely to ensure both housing and services are coordinated for the program. TDHCA and HHSC/DFPS have responsibilities to execute the program. TDHCA uses units in multifamily housing financed by TDHCA and a network of local service providers coordinated by the HHSC enterprise agencies provides the services.

HHSCC, established by Texas Government Code §2306.1091, seeks to improve interagency understanding and increase the number of staff in state housing and health services agencies that are conversant in both housing and services.

Other coordination efforts for HHSCC involving people leaving institutions are in Action Plan Section 65.

Senate Bill 7 passed during the 83rd Legislative session directed further cooperation. Texas Government Code §533.03551 directs the commissioner of HHSC to work in cooperation with TDHCA, TDA, Texas State Affordable Housing Corporation (TSAHC), and other federal, state, and local housing entities to develop housing supports for people with disabilities, including individuals with intellectual and developmental disabilities.

Finally, HHSC provides Money Follows the Person Demonstration funds to TDHCA to support two full-time employees to increase affordable housing options for individuals with disabilities who currently reside in institutions and choose to relocate into the community and to support a unit damages fund and a barrier busting fund. These enhanced coordination efforts further the implementation of many programs included in the Consolidated Plan, including the Section 811 PRA Program, Section 8 Project Access, and HOME Single-family activities.

Discussion:

In addition to the program actions mentioned above, TDHCA strives to meet underserved needs by closely monitoring affordable housing trends and issues as well as conducting its own research. TDHCA also makes adjustments to address community input gathered through roundtable discussions, webinars and public hearings held throughout the State.

To foster and maintain affordable housing, TDHCA, TDA, and DSHS provide funds for nonprofit and for-profit organizations and public organizations to develop and maintain affordable housing. Funding sources include grants, low-interest loans, housing tax credits, and mortgage loans.

For lead-based paint hazard mitigation, DSHS has been charged with oversight of the Texas Environmental Lead Reduction Rules (TELRR). TELRR cover areas of lead-based paint activities in target housing (housing constructed prior to 1978) and child-occupied facilities, including the training and certification of persons conducting lead inspections, risk assessments, abatements, and project design. For all projects receiving over $25,000 in federal assistance, contractors need to follow inspections and abatements standards

overseen by DSHS. By following these standards, the State is increasing the access to housing without lead-based paint hazards. The adherence to inspection and abatement standards is related to the extent of lead-based paint in that a majority of the housing in need of rehabilitation is likely housing built before 1978.

Furthermore, TDHCA, DSHS, and TDA's programs are aimed at reducing the number of Texans living in poverty, thereby providing a better quality of life for all Texans. The departments provide long-term solutions to the problems facing people in poverty and focus resources to those with the greatest need.

Regarding institutional structure, TDHCA, DSHS, and TDA are primarily pass-through funding agencies and distribute federal funds to local entities that in turn provide assistance to households. Because of this, the agencies provide housing and social services through work with many partners, including consumer groups, community based organizations, neighborhood associations, community development corporations, councils of governments, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies. Because the agencies typically do not fund individuals directly, coordination with outside entities is essential to the success of their programs. By structuring its operations this way, the State allows local providers to focus on local needs.

AP-90 Program Specific Requirements

Introduction:

Program specific requirements as referenced in 24 CFR §91.320(k)(1,2,3) are described below for the CDBG, HOME, and ESG programs.

For the CDBG Program, it is expected that the total amount of program income collected in PY 2026 and made available for programming in PY 2026 will be approximately $250,000, including program income collected by the state and program income retained by local subgrantees. The amount of CDBG urgent need activities is not expected to exceed $3,000,000. The 85% of CDBG funds anticipated to benefit persons of low to moderate income includes PY 2024-2026.

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	1,350,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.	0
5. The amount of income from float-funded activities	0
Total Program Income	**1,350,000**

Other CDBG Requirements

1. The amount of urgent need activities	3,000,000
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	85.00%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section

92.205 is as follows:

The State is not proposing to use any form of investment in its HOME Program that is not already listed as eligible for investment in 24 CFR §92.205(b).

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

TDHCA has elected to utilize the recapture provision under 24 CFR §92.254(a)(5)(ii) as its primary method of recapturing HOME funds under any program the State administers that is subject to this provision. The following methods of recapture would be acceptable to TDHCA and will be identified in the note prior to closing.

A. Recapture the amount of the HOME investment reduced on a pro rata share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The amount subject to recapture will be calculated by determining number of complete years that the affordability requirements were met regardless of any additional months and deducting that number from the number of years in the affordability period. The total HOME subsidy will be divided by the number of years of the affordability period; the result will then be multiplied by the number of years resulting from the calculation above. The calculation would appear as follows:

(Number of years in affordability period-Number of complete years affordability was met) X (Total HOME subsidy/Number of years in affordability period) = Amount subject to recapture

B. The recapture amount is subject to available net proceeds in the event of sale or foreclosure of the housing unit. In the event of sale or foreclosure of the housing unit, if the net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds) are less than the HOME investment that is subject to recapture, then the Department will recapture the available amount of net proceeds. If there are no net proceeds from the sale, no repayment will be required of the homebuyer and the balance of the loan shall be forgiven. TDHCA will not recapture more than the amount available through net proceeds.

C. The household can sell the unit to any willing buyer at any price.

D. In the event that the ownership of assisted property is not transferred, and the assisted property is rented or leased, or otherwise ceases to be the principal residence of the initial household prior to the end of the affordability period, the entire HOME investment is subject to recapture.

E. In the event of sale to a subsequent low-income purchaser of a HOME-assisted homeownership unit, the low-income purchaser may assume the existing HOME loan and recapture obligation entered

into by the original buyer if no additional HOME assistance is provided to the subsequent homebuyer. In cases in which the subsequent homebuyer needs HOME assistance in excess of the balance of the original HOME loan, the HOME subsidy (the direct subsidy as described in §92.254) to the original homebuyer must be recaptured. A separate HOME subsidy must be provided to the new homebuyer, and a new affordability period must be established based on that assistance to the buyer.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds are as follows:

In certain limited instances, TDHCA may choose to utilize the resale provision at 24 CFR §92.254(a)(5)(i) under any activity the State administers that is otherwise subject to this provision. The following method of resale would be acceptable to TDHCA and will be identified in the note prior to closing:

A. Resale is defined as the continuation of the affordability period upon the sale or transfer, rental or lease, refinancing, or if the initial Household is no longer occupying the property as their Principal Residence.

B. Resale requirements must ensure that, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the housing is made available for subsequent purchase at an affordable price to a reasonable range of low- or very low-income homebuyers that will use the property as their principal residence. Affordable to a reasonable range of low-income buyers is defined as targeting Households that have income between 70 and 80 percent of the area median family income and meet all program requirements.

C. The resale requirement must ensure that the price at resale provides the original HOME-assisted owner a fair return on investment. Fair return on investment is defined as the sum of down payment and closing costs paid from the initial seller’s cash at purchase, closing costs paid by the seller at sale, the principal payments only made by the initial homebuyer in excess of the amount required by the loan, and any documented capital improvements in excess of $500. Fair return on investment is paid to the seller at sale once mortgage lien debt with priority to the HOME funds is paid and all other conditions of the initial written agreement are met. In the event there are no funds for fair return, then fair return does not exist. In the event there are partial funds for fair return, then fair return shall remain in force.

D. The initial homebuyer's investment of down payment and closing costs divided by TDHCA's HOME investment equals the percentage of appreciated value that shall be paid to the initial homebuyer. The balance of appreciated value shall be paid to TDHCA. If appreciated value is zero, or less than zero, then no appreciated value exists. The HOME loan balance will be transferred to the subsequent buyer and the affordability period will remain in effect. The period of affordability is based on the

total amount of HOME funds invested in the housing.

E. In the event that a federal affordability period is required, and the assisted property is rented or leased, or no member of the Household has it as the Principal Residence, the HOME investment must be repaid. In the event that a federal affordability period is required, and the assisted property is sold or transferred in lieu of foreclosure to a qualified low income buyer at an affordable price, the HOME loan balance shall be transferred to the subsequent qualified buyer and the affordability period shall remain in force to the extent allowed by law.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

TDHCA may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds as described in 24 CFR §92.206(b)(2). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 TAC, Chapter 11 and 13, for refinanced properties in accordance with its administrative rules. TDHCA may allow for lower per-unit rehabilitation costs than those required in 10 TAC §11.101(b)(3), potentially allowing rehabilitation costs as low as $1,000 per unit provided (1) those minimal rehabilitation costs can be supported in a Scope and Cost Review, (2) the request is in accordance with this plan, TDHCA's rules, and the applicable NOFA, and (3) TDHCA's Board agrees to waive the minimum rehabilitation costs in 10 TAC §11.101(b)(3). At a minimum, this requires the following:

1. That rehabilitation is the primary eligible activity for developments involving refinancing of existing debt by requiring that the HOME eligible rehabilitation costs – whether funded entirely or partially by TDHCA's HOME funds – are greater than the refinancing costs (i.e. payoff amount plus closing and title costs);
2. That a minimum funding level – minimal rehabilitation costs as described above, or the applicable per unit costs in 10 TAC §11.101(b)(3) – is set for rehabilitation on a per unit basis;
3. That a review of management practices is required to demonstrate that disinvestments in the property has not occurred;
4. That long-term needs of the project can be met;
5. That the financial feasibility of the development will be maintained over an extended affordability period;
6. That whether new investment is being made to maintain current affordable units and/or creates additional affordable units is stated;
7. That the required period of affordability is specified;
8. That the HOME funds may be used throughout the entire jurisdiction (except as TDHCA may be limited by the Texas Government Code) is specified; and

9. That HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG, is stated.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).

HOME TBRA is a planned activity for Texas, but TDHCA does not generally administer this program directly. TBRA is primarily offered through a network of Administrators, who may select to utilize a preference in administration of the TBRA locally. These preferences are limited to those special populations listed in AP-25, and establishment of a preference by an Administrator must be included on their application for funding, which is reviewed by TDHCA. The available preferences include: persons with disabilities, persons with substance use disorders, persons living with HIV/AIDS (PLWH), persons with Violence Against Woman Act (VAWA) protections, colonia residents, farmworkers, homeless populations, veterans, (including wounded warriors as defined by the Caring for Wounded Warriors Act of 2008), public housing residents, persons transitioning out of incarceration, persons impacted by a state or federally declared disaster, and persons transitioning out of foster care and nursing facilities.

Additionally, for administrators with programs that are designed to limit assistance to certain populations, TDHCA will only approve program designs that limit assistance to households that include a member within the following populations if necessary to provide as effective housing, aid, benefit, or services as those provided to others in accordance with 24 CFR §8.4(b)(1)(iv): PLWH, mental illness, substance use disorders, or households that would qualify under the TDHCA's Project Access program as defined in 10 TAC §5.801. Otherwise, administrators may only request a preference for populations described in the special needs section.

6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).

The allowable preferences established that may be selected by administrators in their local TBRA Programs are necessary to increase affordability and accessibility to meaningful housing subsidy. These populations are shown to be at increased risk of being cost burdened or at risk of homelessness as shown in the Needs Assessment in the Consolidated Plan. TBRA typically has a shorter waiting list for subsidy that other tenant-based voucher program, and reduces their rent to 30% of their income, assuming that they select a unit that is at or below the Fair Market Rent for their area.

7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

   Not applicable

Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

   ESG Written Standards are evaluated based on questions that are Included as an attachment.

2. If the Continuum of Care has established a centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

   Each of the 12 CoCs in Texas has a different centralized or coordinated assessment system. TDHCA ensures that its Subrecipients participate in the local CoC's coordinated assessment. Applicants for ESG funding are required to certify their participation in the CoC centralized or coordinated assessment system. ESG Subrecipients are required to use this process per 24 CFR §576.400(d), with an exception for victim service providers. ESG Subrecipients are also required to certify that they have written standards that are consistent with the CoC's screening, assessment and referral of ESG program participants, or to certify that the Subrecipient is a victim services provider and not required to participate in coordinated assessment/entry.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

   ESG funds, including special allocations, such as ESG RUSH, may be offered to eligible prior subrecipients who have demonstrated effective performance under their prior award or may be offered under a competitive funding application. Some portion of the allocation may be set aside for direct awards to Subrecipients receiving funds for development of non-congregate shelter under HOME-ARP. The allocation amounts available in each CoC region are established by formula.

   Eligible applicant organizations include Units of General Purpose Local Government, including cities, counties and metropolitan cities; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may have been eligible and were advised to seek guidance from TDHCA to determine their eligibility for application. Governmental organizations such as Public Housing Authorities (PHAs) and housing finance agencies are not eligible subrecipients and applications from such agencies would not

be awarded ESG funds.

Eligible applicants also include private nonprofit organizations that are secular or religious organizations exempt from taxation under Section 501(c) of the Internal Revenue Code of 1986, have an acceptable accounting system and a voluntary board, and practice non-discrimination in the provision of assistance. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

As a State recipient, TDHCA is not required to provide for the participation of a homeless individual or formerly homeless individual on the board of directors or other equivalent policy-making entity. However, TDHCA may prioritize funding for Subrecipients by allocating points if they have participation of homeless or formerly homeless individuals in their programs.

5. Describe performance standards for evaluating ESG.

TDHCA has transitioned from evaluating performance based on whole numbers of persons or households served to percentages of persons or households served who achieve particular outcomes.

Subrecipients providing street outreach will be required to meet contractual performance targets for the percentage of assisted persons placed in temporary or transitional housing.
Subrecipients providing emergency shelter and transitional shelter will be required to meet contractual performance targets for the provision of essential services and the percentage of assisted persons who will exit to temporary, transitional, positive, or permanent housing destinations.

Subrecipients providing homelessness prevention and rapid re-housing assistance will be required to meet contractual performance targets for the percentage of assisted persons receiving higher income at exit than at entry, the percentage of persons who will exit to permanent or positive housing destinations and, the percentage of persons who will maintain housing three months or more as a result of receiving ESG assistance.

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. **How will the grantee distribute its HTF funds? Select all that apply:**
   ☑ Applications submitted by eligible recipients
   ☐ Subgrantees that are HUD-CPD entitlement grantees

2. **If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".**

   N/A

3. **If distributing HTF funds by selecting applications submitted by eligible recipients,**

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Selection criteria typically only apply when funds are oversubscribed; in cases where the application is layered concurrently with 9% Housing Tax Credits and submitted during the competitive HTC cycle, for instance, scoring in 10 TAC §11.9 would be applicable. To the extent that two or more applications for NHTF have the same received by date and the funds are oversubscribed, the criteria listed in the Multifamily Direct Loan Rule (10 TAC Chapter 13), found in the attachments, will apply, unless alternative scoring or prioritization criteria has been specified in the NOFA. If applications for NHTF are not combined with 9% HTC or do not need to be prioritized in a regional allocation formula, they will be prioritized based on the Application Acceptance Date and reviewed according to the priorities established in the NOFA to ensure they meet the Department's threshold criteria, which takes into account all of the selection criteria in 24 CFR §91.320(k)(5)(i).

The Texas Department of Housing and Community Affairs' Multifamily Division awards or allocates more than $1 billion annually of debt and equity in an efficient and compliant manner. Processes for Application selection are comprehensive and assure that the resulting Developments satisfy strong standards for financial feasibility and long-term stability. TDHCA's Compliance Monitoring Division assures that all properties meet these standards for the duration of their affordability period and is frequently cited as one of the best Compliance divisions nationally.

Program requirements are outlined in the Texas Administrative Code the Qualified Allocation Plan and Multifamily Direct Loan Rule are updated annually through an open and transparent public input process. Additionally, the QAP is approved annually by the Governor. All of the selection criteria described in 24 CFR §91.320(k)(5)(i) are addressed by the rules, although not necessarily contained in one rule dedicated

solely to NHTF. TDHCA holds all Applications for multifamily funds to the same standards through the application of consistent requirements across all fund sources.

All Applications for NHTF funds must meet threshold criteria in 10 TAC Chapter 11, Subchapters A through D, and the Multifamily Direct Loan Rule, which address Definitions, Site and Development requirements, Applicant and Application requirements, and loan structure and underwriting requirements.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Texas' application requirements can be found in 10 TAC Chapter 11, Subchapter C: Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules; as well as 10 TAC Chapter 13 (Multifamily Direct Loan Rule). See link in attachments to rules.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Selection criteria typically only apply when funds are oversubscribed; in cases where the application is layered concurrently with 9% Housing Tax Credits and submitted during the competitive HTC cycle, for instance, scoring in 10 TAC §11.9 would be applicable. To the extent that two or more applications for NHTF have the same received by date and the funds are oversubscribed, the scoring criteria listed in the linked Multifamily Direct Loan Rule (10 TAC Chapter 13) in the attachments, will apply, unless alternative priorities or scoring criteria are established in the applicable NOFA.

If applications for NHTF are not combined with 9% HTC or do not need to be prioritized in a regional allocation formula, they will be prioritized based on the Application Acceptance Date and reviewed to ensure they meet the Department's threshold criteria, which takes into account all of the selection criteria in 24 CFR §91.320(k)(5)(i).

Please see response to 3a for additional detail on selection criteria.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

As described in SP-10 Geographic Priorities the Texas NHTF will distribute NHTF funds through a competitive NOFA process. As reflected in 10 TAC §13.4(b) the funds will initially be available geographically, based on the proportion of Extremely Low Income Renter households to the total population of Renter Households in each of thirteen State Service Regions. A minimum will be calculated

for each region as a ratio of the available allocation divided by thirteen and made available competitively for at least the first 30 days after a NOFA is published prior to being collapsed into a statewide competition. Regions may be combined within the NOFA, but in no case will there be fewer than four geographic groups for distribution unless the state's annual allocation is $4 million or less, in which case there may be fewer regions to allow each region to have at least $1 million in its initial allocation.

Thereafter, consideration of geographic diversity will not be a factor in evaluating applications. Please see attached Multifamily Direct Loan Rule for text of 10 TAC §13.4(b).

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applicants must provide evidence of their experience in developing and managing multifamily developments as required under 10 TAC §11.204(6) if layered with other fund sources, or 10 TAC §13.5(h)(1) if MFDL only. Both 10 TAC §11.204(6) or 10 TAC §13.5(d)(1) are mentioned in the table HTF Funding Priorities Question 3a.

Application criteria including readiness to proceed as evidenced by site control, appropriate zoning, architectural plans, and evidence of financing will be considered.

Furthermore, 10 TAC §13.11(c)(3) through (4) states:

"(3) After a Development receives environmental clearance (if applicable), the Department will draft a Contract to be emailed to the Direct Loan awardee. Direct Loan awardees must execute and return a Contract to the Department within 30 calendar days after receipt of the Contract.

(4) Loan closing must occur and construction must begin on or before the date described in the Contract. If construction has not commenced within 12 months of the Contract Effective Date, the award may be terminated."

Execution of a Contract fulfills the Commitment definition in 24 CFR §93.2 in that the Contract is the "legally binding written agreement (that includes the date of the signature of each person signing the agreement) with an eligible recipient for a project that meets the definition of 'commit to a specific local project.'" Additionally, 10 TAC §13.11(c)(13) states: "Termination of the Direct Loan award and repayment of all disbursed funds will be required for any Development that is not completed within four years of the effective date of a Direct Loan Contract." Finally, the Department may impose a two-year ban on applying for MFDL for any applicant that fails to meet commitment and/or expenditure requirements in accordance with 10 TAC §13.11(a) and (b), which states: "Direct Loan awardees must satisfactorily complete the following Post-Award Requirements after the Board approval date. If a Direct Loan award is declined by the Direct Loan awardee and returned after Board approval, or if the Direct Loan awardee or affiliates fail

to timely enter into the Contract, close the loan, begin and complete construction, or leave a portion of the Direct Loan award unexpended, penalties may apply under 10 TAC §11.9(f)(relating to Competitive HTC Selection Criteria), and/or the Department may prohibit the Applicant and all Affiliates from applying for MFDL funds for a period of two years." See attachments for full text of referenced TDHCA 10 TAC rules.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

While the availability of project-based rental assistance will be considered, only applications that demonstrate the ability to meet Underwriting requirements will be funded.

The State of Texas will consider project based rental assistance to the extent that the existence of it allows or the lack of it does not allow an application to meet TDHCA's underwriting requirements. A development that would otherwise be characterized as infeasible may be deemed feasible if the criteria, as described in 10 TAC §11.302(i)(6)(B) are applicable. See link in the attachments for 10 TAC Chapter 11. For Applications layered with 9% credits, leveraging is a scoring item under 10 TAC §11.9(e)(4). See link in the attachments for 10 TAC Chapter 11. If an application is not layered with 9% credits, it must have other sources of funding, such as project based vouchers, in order to be viable over the affordability period.

10 TAC §13.8 from the Multifamily Direct Loan Rule and 10 TAC §§11.301 through .306 of the Uniform Multifamily Rule will comprise TDHCA's underwriting requirements.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

No priority for funding based on the feasibility of the project beyond the required 30-year period will be given except in instances where a first-lien loan ahead of an NHTF loan or grant has a term greater than 30 years that would result in the NHTF loan or grant having a term greater than 30 years. Texas Government Code §2306.185(c) further limits the length of the affordability period that the State can impose, stating: "The department shall require that a recipient of funding maintains the affordability of the multifamily housing development for households of extremely low, very low, low, and moderate incomes for the greater of a 30-year period from the date the recipient takes legal possession of the housing or the remaining term of the existing federal government assistance. In addition, the agreement between the department and the recipient shall require the renewal of rental subsidies if available and if the subsidies are sufficient to maintain the economic viability of the multifamily development." In other words, absent scoring considerations, unless an FHA-insured loan or similar type of federal government-insured loan with a term greater than 30 years is part of the financing, the longest NHTF affordability

period that the State will impose is 30 years. Additionally, for bond layered transactions the NHTF state affordability period will match the length of the affordability period required for the bonds.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Threshold requirements for all multifamily projects are found in 10 TAC Chapter 11 Subchapter B, which include criteria such as Mandatory Development Amenities, Common Amenities, Unit Requirements, Tenant Supportive Services requirements, and Development Accessibility Requirements. 10 TAC Chapter 11 Subchapter B also includes threshold requirements such as Undesirable Site Features and Undesirable Neighborhood Characteristics. Additionally, Applications layered with 9% Tax Credits are scored on proximity to desirable community features, as are Direct Loan Applications if the fund source or set-aside is over-subscribed.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

It is anticipated that Applications for NHTF will require multiple funding sources in order to meet threshold feasibility requirements.

Without other fund sources, this range of subsidy level will not be possible, so other funding sources – whether owner equity if NHTF is the only source of Department funding or, more likely, Housing Tax Credits since NHTF works best as gap financing – are required. Finally, although not federally required, 10 TAC §11.204(7)(E) discusses documentation requirements for HOME Match funds of requested Direct Loan funds. See link in attachments for text of 10 TAC Chapter 11.

Applications layered with 9% Housing Tax Credits will be subject to scoring in 10 TAC §11.9(e)(4) - Leveraging of Private, State, and Federal Resources - which states:

(A) An Application may qualify to receive up to three (3) points if at least 5% of the total Units are restricted to serve households at or below 30% of AMGI (restrictions elected under other point items may count) and the Housing Tax Credit funding request for the proposed Development meet one of the levels described in clauses (i) - (iv) of this subparagraph: (i) the Development leverages CDBG Disaster Recovery, HOPE VI, RAD, or Choice Neighborhoods funding and the Housing Tax Credit Funding Request is less than 9% of the Total Housing Development Cost (3 points). The Application must include a commitment of such

funding; or

(ii) If the Housing Tax Credit funding request is less than seven 9% of the Total Housing Development Cost (3 points); or

(iii) If the Housing Tax Credit funding request is less than eight 10% of the Total Housing Development Cost (2 points); or

(iv) If the Housing Tax Credit funding request is less than nine 11% of the Total Housing Development Cost (1 point).

(B) The calculation of the percentages stated in subparagraph (A) of this paragraph will be based strictly on the figures listed in the Funding Request and Development Cost Schedule. Should staff issue an Administrative Deficiency that requires a change in either form, then the calculation will be performed again and the score adjusted, as necessary. However, points may not increase based on changes to the Application. In order to be eligible for points, no more than 50% of the Developer Fee can be deferred. Where costs or financing change after completion of underwriting or award (whichever occurs later), the points attributed to an application under this scoring item will not be reassessed unless there is clear evidence that the information in the Application was intentionally misleading or incorrect.

4. **Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".**

Yes

5. **Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".**

Yes

6. **Performance Goals and Benchmarks.** The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR §91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. **Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds. Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.**

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

TDHCA adopted the Section 234 Condominium Housing Basic Mortgage Limits (Section 234 Condo Limits) published by HUD, subject to the High Cost Adjustment as allowed for all jurisdictions in Fort Worth HUB, for 2021, 2022, 2023, and 2024 PY awards made through the Multifamily 2021, 2022, 2023, 2024 and 2025 NOFAs. It plans to do the same with 2026 awards. While TDHCA does not make any FHA-insured loans, the Department has adopted the per unit limits for substantial rehab for Direct Loans (HOME, NHTF, TCAP RF, NSP1 PI) for 2026. The attached limits do not vary based on geographic location in Texas since the limits were approved by HUD for use throughout the state. They will be used statewide for ease of use both for applicants and TDHCA staff.

Additional limits may apply if the NHTF funds are used in conjunction with other affordable housing programs. Also, these subsidy limits may be subject to stricter limits in NOFAs.

Funds from the HOME-American Rescue Plan Program will not be included when evaluating subsidy layering.

See the attached justification as to why the State will not establish separate maximum limitations on the total amount of NHTF.

8. **Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.**

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; National Standards for the Physical Inspection of Real Estate; Scope and Cost Review; and Capital Needs Assessments (if applicable).

Rehabilitation Standards are attached.

9. **Resale or Recapture Guidelines.** Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

10. **HTF Affordable Homeownership Limits.** If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

☑ The grantee has determined its own affordable homeownership limits using the methodology described in § 93.305(a)(2) and the limits are attached.

N/A

11. **Grantee Limited Beneficiaries or Preferences.** Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A."

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

The State will limit beneficiaries and/or give preferences to the segments of the extremely low-income population in accordance with AP-25 of the 2026 One-Year Action Plan.

12. **Refinancing of Existing Debt.** Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

TDHCA may use NHTF funds to refinance existing debt secured by multifamily housing that is being rehabilitated with NHTF funds as described in 24 CFR §93.201(b). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 TAC Chapters 11 and 13, for refinanced properties in accordance with its administrative rules. The NOFA may allow for lower per unit rehabilitation costs than those described at 10 TAC §13.7(c), and the Board may waive the rehabilitation minimums at 10 TAC §11.101(b)(3). At a minimum:

- Rehabilitation costs must be the primary eligible activity for developments involving refinancing of existing debt so the NHTF eligible rehabilitation costs – whether funded entirely or partially by TDHCA's NHTF funds – are greater than the total refinancing costs (i.e. payoff amount plus closing and title costs);
- The proportional rehabilitation cost per NHTF unit must be greater than the proportional amount of debt per NHTF unit that is being refinanced; and
- The proposed NHTF rent on a unit at application must be less than the greater of actual rent being collected from tenants at application or the tenant's portion of the rent payment, as restricted by any entity through a project-based contract, operating subsidy, or by a use agreement.

Discussion:

The State is not proposing to use any form of investment in its NHTF Program that is not already listed as eligible for investment in 24 CFR §93.201(b). As described above, TDHCA may use NHTF funds to refinance existing debt secured by multifamily housing that is being rehabilitated as described in 24 CFR §93.201. TDHCA will use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 Texas Administrative Code, Chapters 11 and 13, for refinanced properties in accordance with its administrative rules.

For HOME, the State is not proposing to use any form of investment in its HOME Program that is not already listed as eligible for investment in 24 CFR §92.205(b). As described above, TDHCA may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated as described in 24 CFR §92.206(b). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 Texas Administrative Code, Chapters 1, 10, 11, and 13, for refinanced properties in accordance with its administrative rules. For any HOME funds utilized for homebuyer assistance or for rehabilitation of owner-occupied single family

housing TDHCA utilizes HUDs homeownership limits for the area provided by HUD.

Attachments

General OYAP Attachments:

CDBG Allocation of CDBG program income and deobligated funds

ESG Written Standards

AP-90 NHTF Attachments:

- 2026 Multifamily Rules
    - 10 TAC Chapter 1, Administration (Link)
    - 10 TAC Chapter 11, Qualified Allocation Plan (Link)
    - 10 TAC Chapter 13, Multifamily Direct Loan Rule (Link)
- 2026 Multifamily Direct Loan Certification
- AP-90 Question 3a – Table of Corresponding Requirements in 24 CFR §93.2 and State Rules
- AP-90 Question 3d –Estimated Allocation Amounts and Map of the State Service Regions
- NHTF Rehabilitation Maximum Subsidy Limits
- NHTF Rehabilitation Standards

Public Comment:

- No Public Comment was received on the 2026 State of Texas One-Year Action Plan

2026 One Year Action Plan

CDBG Method of Distribution Attachment

Attachment: Allocation of CDBG program income and deobligated funds

Deobligated Funds: Deobligated funds may be used to fully fund pending applications in any fund category for which only partial funding is available, or to fund additional grants in categories experiencing high demand. At the discretion of the Department, TDA may open an application cycle for the FAST Fund, SUN Fund, or other appropriate fund category in order to effectively utilize deobligated funds available.

Program Income:

Program income is defined as gross income received by a state, a unit of general local government, or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the CDBG Program. This amount will be matched by the State on a dollar-for-dollar basis.

TCF, RED Programs and Revolving Loan Fund ("RLF") Program Income
Funds retained in any existing local RLF must be committed within three years of the original CDBG contract programmatic close date. At least one eligible loan/award from the local RLF must be made every three years. Every award from the RLF must be used to fund the same type of activity from which such income was derived. A local RLF may retain a cash balance not greater than 33% of its total cash and outstanding loan balance. All activities funded with RLF funds must comply with CDBG regulations and rules and guidelines. If a local government does not comply with the RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

To the extent there are eligible applications, program income derived from the Texas Capital Fund real estate and/or infrastructure projects (from prior Program Years) will be used to fund awards under the Rural Economic Development Programs. Other available program income shall be allocated based on the methodology used to allocate Deobligated Funds.

Additional detail for Geographic Allocation:

Funds for projects under the CD Fund are allocated among the 24 State planning regions based on the following: The original CD formula is used to allocate 45% of the annual State CDBG allocation.

1) Original CD formula (45%) factors:

a. Non-Entitlement Population 30%
b. Number of Persons in Poverty 25%
c. Percentage of Poverty Persons 25%
d. Number of Unemployed Persons 10%
e. Percentage of Unemployed Persons 10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible non-entitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information. TDA does not provide priorities for allocation of funds geographically to areas of minority concentration as described in Section 91.320(f).

2) The HUD formula is used to allocate 27.35% of the annual State CDBG allocation.

The formula is the same methodology that HUD uses to allocate CDBG funds among the States for use in non-entitlement areas. The HUD factors, percentages, and methodology are specified in 42 USC. §5306(d). TDA will use available data to calculate the allocations to each region.

Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:
- the population of the non-entitlement counties in that region and the population of the nonentitlement counties of all 24 regions (counted one time - 25% weight);
- the extent of poverty in the non-entitlement counties in that region and the extent of poverty in the non- entitlement counties of all 24 regions (counted two times - 50% weight); and
- the extent of housing overcrowding in the non-entitlement counties in that region and the extent of housing overcrowding in the non-entitlement counties of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

o the age of housing in the non-entitlement counties in that region and the age of housing in the nonentitlement counties in all 24 regions (counted two and one half times - 50% weight);

o the extent of poverty in the non-entitlement counties in that region and the extent of poverty in the non- entitlement counties of all 24 regions (counted one and one half times - 30% weight); and

o the population of the non-entitlement counties in that region and the population of the nonentitlement counties of all 24 regions (counted one time - 20% weight).

Once allocations have been calculated and applications selected within the funding range based on the published application funding amount, any funds remaining not assigned to a fully funded application are considered Marginal Funds and may be allocated among regions with eligible, unfunded applications. The next eligible applicant in each region not fully funded through the regional allocation is considered the Marginal Applicant.

Marginal Funds from all regions are pooled and the regions ordered by the total Marginal Funds contributed to the pool from greatest to least. The Marginal Applicant from each region is ordered and selected for funding based on 1) any region with less than two fully funded applications, and 2) the regional order for the Marginal Pool.

If funding remains after all Marginal Applicants are funded, the remaining funds are considered a Reallocation Pool. The regions are ordered based on the total regional allocation amount, from smallest to largest. The next eligible applicant not fully funded in each region shall be selected for funding based on this ranking until all Reallocation Pool funds are exhausted.

At the Department's discretion, an award less than the requested amount of funding may be offered to the next highest ranked applicant as long as the amount of funds still available exceeds the minimum CD Fund grant amount.

	Summary of CD Fund Regional Allocation Funding Process		
Process	**Funding Available**	**Applications Considered**	**Methodology**
Regional Allocation	All funds assigned to the CD Fund in this One Year Action Plan	All applications submitted to the CD Fund	Formulae 1 and 2
Marginal Pool	Marginal Funds remaining from each region after fully funding applications	One application per region, for which the regional allocation would provide less than full funding	Ensure minimum of two applications per region, regions ordered by total Marginal Funds contributed to the pool
Reallocation Pool	Funds remaining after all Marginal Applicants are fully funded	Remaining unfunded applications by region	Regions ordered by total regional allocation amount; continue rotation until all funds exhausted

Unobligated Funds

For an application that is invited to the full Project Application phase and is subsequently withdrawn with sufficient time for another applicant to complete the Project Application phase prior to the grant award date, the following procedures will apply based on the fund category:

1. The CD Fund – funds from the withdrawal of an application shall be offered to the next highest ranked applicant from that region that was not recommended to receive an award due to depletion of the region's allocation.

2. RED Programs – funds from the withdrawal of a Downtown Revitalization/ Main Street Program shall be offered to the next highest ranked application that was not recommended to receive an award due to depletion the program's allocation. Any unallocated RED funds are then subject to the procedures used to allocate Deobligated Funds.

3. The Colonia Funds – funds from the withdrawal of any Colonia Fund award remain available to potential Colonia Fund applicants during that program year. If unallocated within the Colonia Fund, funds then may be used for other CDBG fund categories to fund eligible projects or activities that assist colonia residents. Remaining unallocated funds are then subject to the procedures used to allocate Deobligated Funds.

4. SUN Funds - funds from the withdrawal of a SUN award shall be returned to the fund category from which the funds were previously transferred, consistent with the procedures used to allocate Deobligated Funds.

Procedures used to allocate Deobligated Funds will apply to:

1) a grant agreement that is executed and subsequently terminated;
2) an award that is announced and subsequently declined or withdrawn from an applicant prior to execution of a grant agreement; or
3) an application that is invited to the full Project Application phase and subsequently withdraws from competition on or after a date determined by the Department to not allow sufficient time for invitation to another applicant prior to the grant award date.

ESG Written Standards

TDHCA requires that its Subrecipients establish and implement written standards for providing ESG assistance. TDHCA reviews the standards to ensure they answer the following questions.

1. **Evaluation {24 CFR §576.400{e)(3)(i))**
   a) Are the definitions of homeless or at-risk of homelessness included in the evaluation?
   b) Are there standard policies and procedures for evaluating individual and household eligibility for ESG?
   c) Are priority populations listed?
   d) Are the priority populations listed the same as the Continuum of Care priority populations?

2. **Targeting - 24 CFR §S76.400{e)(3)(ii),(iv)**
   a) Are there standards for targeting and providing essential services related to street outreach?
   b) Are there standards determining how providers will assess, prioritize, and reassess participant's needs for essential services related to emergency shelter?

3. **Evaluation for Emergency Shelter - 24 CFR §576.400{e)(3)(iii)**
   a) Is there a description of:
      i. Clients that will be admitted?
      ii. Clients that will be diverted?
      iii. Clients that will be referred?
      iv. Clients will be discharged?
   a) Are there safeguards to secure safety (if applicable)?
   b) Are reasonable accommodations for persons with disabilities included?

4. **Coordination - 24 CFR §S76.400{e)(3)(v)**
   a) Are there policies and procedures for coordination among:
      i. Emergency shelter providers?
      ii. Essential service providers?
      iii. Homelessness prevention providers?
      iv. Rapid re-housing assistance providers?
      v. Other homeless assistance providers?
      vi. Mainstream services and housing providers?

5. **Assistance Levels - 24 CFR §576.400{e)(3)(vi)**

a) Is there a description of:
    i. Which clients will receive rapid re-housing or homelessness prevention?
    ii. Whether a percentage or amount of rent will be paid by client?
    iii. Whether a percentage or amount of utilities will be paid by client?
    iv. How long will client receive rental assistance?
    v. How or if rental assistance be adjusted over time?
    vi. What is amount of assistance will be provided?
    vii. How will the duration of assistance be determined?
    viii. What happens after a break in service (i.e., Program participant stops receiving assistance one month)?
    ix. What unit sizes are appropriate for rapid re-housing?
    x. What data sources/formats are used for rent reasonableness?

6. Housing Stability Case Management/Relocation Services - 24 CFR §576.400{e)(3)(ix)

a) Is there a description of:
    i. What types of services offered and not offered?
    ii. What amounts are offered for the services?
    iii. How long will case management/relocation services last?
b) Does case management include monthly meetings to assist with housing stability? (n/a for Domestic Violence providers)
c) Does case management include development for participant to retain permanent housing once ESG assistance ends? (n/a for Domestic Violence providers)
d) Does case management include assistance for program participants' access supportive services for which they may be eligible? (n/a for Domestic Violence providers)

7. Relocation Services: Financial- 24 CFR §576.l0S(a)

a) Do the written standards specify when the following financial assistance is offered or not offered:
    i. Rental application fees
    ii. Security deposits/Last month's rent
    iii. Utility deposits/payments
    iv. Moving costs
    v. Storage fees (3 months maximum)

8. Service Costs {Include if services are offered and which community organizations can act as a referral source, if applicable) - 24 CFR §576.10S(b)(3)-(S)

a) Do the written standards specify when the following services are offered or not offered, and which community resources can be used?
    i. Mediation
    ii. Legal Services
    iii. Credit Repair

9. Denials 24 CFR §576.402

a) Are there policies and procedures for terminating assistance?
b) Does the appeal process include notification of denial?
c) Does the appeal process include the household's process to appeal the decision?
d) Does the appeal process include recordkeeping process for denial requests?

Multifamily Direct Loan Certification

I (We) hereby make application to the Texas Department of Housing and Community Affairs (the "Department") for an award of Multifamily Direct Loan funds, which may be composed of HOME Investment Partnerships Program ("HOME"), HOME American Rescue Plan ("HOME-ARP"), Emergency Rental Funds ("ERA"), Tax Credit Assistance Program Repayment Funds ("TCAP RF"), and/or national Housing Trust Fund ("NHTF"). The undersigned hereby acknowledges that an award by the Department does not warrant that the Development is deemed qualified to receive such award. I (We) agree that the Department or any of its directors, officers, employees, and agents will not be held responsible or liable for any representations made to the undersigned or its investors relating to the Multifamily Direct Loan; therefore, I (We) assume the risk of all damages, losses, costs, and expenses related thereto and agree to indemnify and save harmless the Department and any of its officers, employees, and agents against any and all claims, suits, losses, damages, costs, and expenses of any kind and of any nature that the Department may hereinafter suffer, incur, or pay arising out of its decision concerning this application for Multifamily Direct Loan funds or the use of information concerning the Multifamily Direct Loan.

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the state Rules, as published in 10 TAC Chapters 1, 2, 10, 11, and 13, as well as Chapter 12 as applicable. I (We) hereby acknowledge that this Application is subject to disclosure under Tex. Gov't Code Chapter 552, the Texas Public Information Act, unless a valid exception exists.

I (We) hereby assert that the information contained in this Application as required or deemed necessary by the materials governing the Multifamily Direct Loan program are true and correct and that I (We) have undergone sufficient investigation to affirm the validity of the statements made and the Department may rely on any such statements.

Further, I (We) hereby assert that I (We) have read and understand all the information contained in the application. By signing this document, I (We) affirm that all statements made in this government document are true and correct under penalty of Tex. Penal Code Chapter 37 titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas.

I (We) understand and agree that if false information is provided in this Application which has the effect of increasing the Applicant's competitive advantage, the Department will disqualify the Applicant and may hold the Applicant ineligible to apply for Multifamily Direct Loan funds or until any issue of restitution is resolved. If false information is discovered after the award of Multifamily Direct Loan funds, the Department may terminate the Applicant's written agreement and recapture all Multifamily Direct Loan funds expended.

I (We) shall not, in the provision of services, or in any other manner discriminate against any person on the basis of age, race, color, religion, sex, national origin, familial status, or disability. Verification of any of the information contained in this application may be obtained from any source named herein.

I (We) have written below the name of the individual authorized to execute the Multifamily Direct Loan agreement and any and all future Multifamily Direct Loan commitments and contracts related to this application. This individual is named in the Application as able to exercise Control over the Application and proposed Development. If this individual is replaced by the organization, I (We) must inform the Department within 30 days of the person authorized to execute agreements, commitment and/or contracts on behalf of the Applicant.

I (We) certify that no person or entity that would benefit from the award of Multifamily Direct Loan funds has committed to providing a source of match.

I (We) certify that I (We) will meet, Texas Minimum Construction Standards, 2010 ADA Standards for Accessible Design, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973, as further detailed in 10 TAC Chapter 1, Subchapter B. I (We) certify that the Development will meet all local building codes or standards that may apply as well as the Uniform Physical Conditions Standards in 24 CFR §5.705

I (We) certify that if refinancing is a component of the proposed development the Applicant must confirm that Multifamily Direct Loan funds will not be used to replace loans, grants or other financing provided or insured by any other Federal program, or in violation of the provisions of 10 TAC Chapter 13.

I (We) certify that if federal, governmental, or any other assistance is used in the financing of this development I (We) will notify the Texas Department of Housing and Community Affairs.

I (We) certify that I (We) do not and will not knowingly employ an undocumented worker, where "undocumented worker" means an individual who, at the time of employment, is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in that manner in the United States.

If, after receiving a public subsidy, I (We), am convicted of a violation under 8 U.S.C Section 1324a (f), I (We) shall repay the amount of the public subsidy with interest, at the rate and according to the other terms provided by an agreement under Tex. Gov't Code Section 2264.053, not later than the 120th day after the date TDHCA notifies Applicant of the violation.

If applying for HOME, HOME-ARP, or TCAP-RF funds, on behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of the federal HOME Final Rule, as

published in 24 CFR Part 92, and other related administrative rules and regulations and court rulings issued by the Federal government or State of Texas with respect to the HOME Investment Partnerships Program and all Developments eligible to receive these funds will comply with such rules during the application process and, in the event of award of these funds, for the duration of the proposed Development. HOME-ARP Applicants also certify familiarity with CPD Notice 21-10.

If applying for NHTF funds, on behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of the interim Housing Trust Fund rule, as published in 24 CFR Part 93, and other related administrative rules and regulations and court rulings issued by the Federal government or State of Texas with respect to the NHTF and all Developments eligible to receive NHTF funds will comply with such rules during the application process and, in the event of award of NHTF funds, for the duration of the proposed Development.

If applying for ERA funds, on behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of Section 3201(a) of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (March 11, 2021), U.S. Department of the Treasury Emergency Rental Assistance Frequently Asked Questions, and other related administrative rules, regulations, and guidance (and related court rulings) issued by the Federal government or the State of Texas with respect to the ERA; and all Developments eligible to receive ERA funds with comply with such rules during the application process and, in the event of award of ERA funds, for the duration of the proposed Development.

Threshold Certification

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the provisions and requirements of the applicable Multifamily Direct Loan Notice of Funding Availability (NOFA) approved by the Department's Governing Board for which I (We) am applying.

I (We) understand that housing units subsidized by Multifamily Direct Loan funds must be affordable to low, very low or extremely low-income persons. I (We) understand that mixed income rental developments may only receive funds for units that meet the Multifamily Direct Loan affordability standards. I (We) understand that all Applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

I (We) understand that, all contractors, consulting firms, Borrowers, Development Owners and Contract Administrators must sign and submit the appropriate documentation with each draw to attest that each request for payment of Multifamily Direct Loan funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions in the

Texas Grant Management Standards, 2 CFR Part 200, 24 CFR Part 92, or 24 CFR Part 93, as applicable.

I (We) certify that I (We) am eligible to apply for funds or any other assistance from the Department. I (We) certify that all audits are current at the time of application. I (We) certify that any Audit Certification Forms have been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance pursuant to 10 TAC §1.403.

I (We) certify that, the Development will meet the broadband infrastructure requirements of 81 FR 92626, and that these costs are included in the Application.

Applications for Developments Previously Awarded Department Funds

This Development proposed in this Application has _____ /has not _____ previously received Department funds. (check one)

If the Development proposed in this Application has previously received Department funds and construction has already started or been completed, and acquisition and rehabilitation is not being proposed, a letter from the Applicant that seeks to explain why this Application should be found eligible is provided behind this tab, except if applying in the COVID-Impacted Set-Aside or HOME-ARP. I (we) understand that such funding from federal sources may not be eligible, and depending on the fund sources available in the applicable NOFA, the proposed Development may not be eligible for assistance.

All applicants applying under a Multifamily Direct Loan Notice of Funding Availability (NOFA) must read and initial after each of the following sections regarding federal cross cutting requirements in the boxes below.

HUD Section 3

I (We) hereby agree that the work to be performed in connection with any award of HOME or NHTF funds is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing. These regulations were updated in 2021.

I (We) agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. I (We) agree to put the Department's Section 3 clause in all applicable construction contracts. For more information about HUD Section 3, please reference the TDHCA website dedicated to Section 3 at: http://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm

(initial)

Environmental

I (We) understand that the environmental effects of each activity carried out with an award of HOME or HOME-ARP funds must be assessed in accordance with the applicable provisions of National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. §4321 et seq.) and the related activities listed in HUD's implementing regulations at 24 CFR Parts 50, 51, 55, and 58 (NEPA regulations). Each such activity must have an environmental review completed and support documentation prepared complying with the NEPA and NEPA regulations. **No loan may close or funds be committed to an activity before the completion of the environmental review process, including the requirements of 24 CFR Part 58, and the Department has provided written clearance.**

The Department as the Responsible Entity must ensure that environmental effects of the property are assessed in accordance with the provisions of the National Environmental Policy Act of 1969 and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.

I (We) certify that all parties involved in any aspect of the development process began the project with no intention of using Federal assistance.

I (We) certify that as of the date of the Multifamily Direct Loan application all project work, other than as allowed in 24 CFR Part 58, has ceased.

I (We) understand that the environmental effects of each activity carried out with an award of NHTF funds must be assessed in accordance with the provisions of CPD Notice 16-14.

I (We) certify that I (we) have read and understand the requirements in 24 CFR §58.22 or CPD Notice 16-14, and I (we) understand that **acquisition of the site, even with non-HUD funds, prior to completion of the environmental review process will jeopardize any federal funding.**

I (We) certify that we will not engage in any choice limiting actions until the site has achieved Environmental Clearance as required in CPD Notice 16-14 or 24 CFR Part 58, as applicable.

Choice-limiting activities include but are not limited to these examples:

- Acquisition of land, except through the use of an option agreement, regardless of funding source;
- Closing on loans including loans for interim financing;
- Signing a construction contract.

(initial)

Relocation and Anti-Displacement

The property proposed for this Application is _____ /is not _____ occupied. (check one)

If occupied, the occupant(s) are owners _____/ tenants (residential) _____/ tenants (commercial inclusive of businesses, nonprofit organizations, and farms) ____ (check all that apply).

The property will have a transfer of federal assistance from an existing multifamily development _____ yes/ _____ no.

Displacement of Existing Tenants

I (We) certify that that the work to be performed in connection with any award of federal funds is subject to Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA"), as amended, and implementing regulations at 49 CFR Part 24. HOME and HOME ARP also subject to the relocation requirements of 24 CFR Part 42. Consistent with the goals and objectives of activities assisted under the Act and HUD Handbook 1378, if the Development is eligible for federal funds the Applicant must prepare and submit the following to TDHCA with the Multifamily Uniform Application, in accordance with the TDHCA Relocation Handbook https://www.tdhca.texas.gov/sites/default/files/program-services/docs/ura/docs/TDHCA-RelocationHandbook_0.pdf:

1) A detailed explanation of the reasons for displacement relocation;
2) A detailed plan of the relocation, including evidence of comparable replacement housing or commercial space;
3) Copies of the General Information Notices (signed by the tenant or sent Certified Mail, return recipient requested) sent to all residential and commercial tenants on the Rent Roll listed with the Multifamily Direct Loan Application, and
4) Estimated costs and funding sources available to complete the permanent relocation.

(initial)

Demolition and Conversion

I (We) certify that when the work is to be performed in connection with any award of federal funds that are subject to 24 CFR Part 42 (CDBG, HOME, and as revised for HOME ARP), then Development Owner will replace all occupied and vacant occupiable low-income housing that is demolished or converted to a use other than low-income housing as a direct result of the project. All replacement housing will be provided within three (3) years after the commencement of the demolition or conversion. Before receiving a commitment of federal funds for a project that will directly result in demolition or conversion, the project owner will make the information public in accordance with 24 CFR Part 42 and submit the information to TDHCA along with the following information in writing at application:

1) The location map, address, and number of commercial or dwelling units by bedroom size of lower income housing that will be demolished or converted to use other than as lower income housing as a direct result of the project;
2) A time schedule for the commencement and completion of the demolition and conversion;
3) To the extent known, the location, map, address, and number of dwelling units by bedroom size of the replacement housing or commercial space that has been or will be provided;
4) The amount and source of funding and a time schedule for the provision of the replacement housing;
5) The basis for concluding that the replacement housing will remain lower income housing beyond the date of initial occupancy;
6) Information demonstrating that any proposed replacement of housing units with similar dwelling units (e.g. a 2-bedroom unit with two 1-bedroom units) or any proposed replacement of efficiency or SRO units with units of a different size is appropriate and consistent with the housing needs of the community; and

7) The name and title of the person or persons responsible for tracking the replacement of lower income housing and the name and title of the person responsible for providing relocation payments and other relocation assistance to any lower-income person displaced by the demolition of any housing or the conversion of lower-income housing to another use.

(initial)

Lead Based Paint

I (We) certify that documentation of compliance with the Texas Environmental Lead Reduction Rules in 25 TAC Chapter 295, Subchapter I and 24 CFR Part 35 (Lead Safe Housing Rule), as applicable, will be maintained in project files. I (We) understand that for Developments subject to 24 CFR Part 35, standard forms are available in the Federal Register, as indicated by the sources noted below.

1) Applicability 24 CFR §35.115 – A copy of a statement indicating that the property is covered by or exempt from Lead Safe Housing Rule.
   a) If the property is exempt, the file should include the reason for the exemption and no further documentation is required.
   b) if the property is covered by the Rule, the file should include the appropriate documentation to indicate basic compliance, as listed below:
      i) Summary Paint Testing Report or Presumption Notice 24 CFR §35.930(a) – A copy of any report to indicate the presence of lead-based paint (LBP) for projects receiving up to $5,000 per unit in rehabilitation assistance. If no testing was performed, then LBP is presumed to be on all disturbed surfaces;
      ii) Notice of Evaluation 24 CFR §35.125(a) – A copy of a notice demonstrating that an evaluation summary was provided to residents following a lead-based-paint inspection, risk assessment or paint testing;
      iii) Clearance Report 24 CFR §35.930(b)(3)– A report indicating a "clearance examination" was performed of the work site upon completion; and
      iv) Notice of Hazard Reduction Completion 24 CFR §35.125(b) – Upon completion, a copy of a notice to show that a LBP remediation summary was provided to residents.

(initial)

Labor Standards

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the applicable provisions and requirements of the Davis-Bacon Act (40 U.S.C. §§3141-3144 and 3146-3148).

I (We) understand that a Development assisted by the Department under this Application containing more than twelve (12) HOME or HOME ARP-assisted Units, must use the appropriate rate as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. §§3141-3144 and 3146-3148).

I (We) understand that contracts involving such employment shall be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§3701-3708) as supplemented by the Department of Labor regulations ("Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction" at 29 CFR Part 5), Copeland (Anti-Kickback) Act (40 U.S.C. Sec. §3145 et seq.) and 24 CFR Part 70 (with regards to volunteers).

I (We) understand that construction contractors and subcontractors must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to labor standards and HUD Handbook Federal Labor Standards Compliance in Housing and Community Development Programs, as applicable.

I (We) agree to put the Department's Davis-Bacon clause in all applicable contracts.

(initial)

Build America, Buy America Act

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the applicable provisions and requirements of the Infrastructure Investment and Jobs Act, Pub. L. 117-58, 2 CFR 184, CPD-2025-01, and all other application rule and regulation.

I (We) understand that a Development assisted by the Department under this Application will meet any and all requirements for multifamily development laid out in said regulation for Build America, Buy America set forth under rule and regulation of the Buy America Preference, under 49 U.S.C. § 50101.

I (We) understand that construction contractors and subcontractors must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to Build America, Buy America in Housing and Community Development Programs, as applicable.

(initial)

Application number: _____

Requested Multifamily Direct Loan Funding Source: _____

By:

_____
Authorized Representative

_____
Title

_____
Date

THE STATE OF _____ §
§
COUNTY OF _____§

Before me, a notary public, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____day of _____, _____

(Seal)

_____
Notary Public Signature

Question 3a: *Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR §93.2).*

The State of Texas will distribute FY 2025 Housing Trust Fund ("HTF") Program funds by selecting applications submitted by eligible recipients as defined in §93.2 (definition of recipient) through the Application Submission Requirements, Ineligibility Criteria, Board Decisions, and Waiver of Rules for Applications provisions found in Chapter 11 of the Texas Administrative Code (TAC), Subchapter C (10 TAC §§11.201 through 11.207). The State of Texas will not limit recipients to a specific category such as nonprofits. Please see the table below for the requirements in §93.2 and the corresponding requirements found in state rules at 10 TAC Chapter 11 and 10 TAC Chapter 13.

Recipient requirements in §93.2	State Rules
(1) Make acceptable assurances to the grantee that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities (2) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs;	10 TAC §11.204 establishes the required documentation for application submission, including a required certification that the applicant understands and will comply with all applicable requirements. Please see the full text of the rule for further information.
(3) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity; (4) Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to: (i) Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or	10 TAC §13.5(g) establishes minimum experience requirements that are required to be eligible for funding. Please see the full text of the rule for further information.

(ii) Design, construct, or rehabilitate, and market affordable housing for homeownership. (iii) Provide forms of assistance, such as down payments, closing costs, or interest rate buy downs for purchasers.	

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Renters	Overcrowded Renters	Vacant Units For Rent
MSA Counties with Urban Places	1	196,669	73,111	44,346	4,182	9,338
	2	97,121	36,104	18,507	1,564	2,999
	3	2,089,260	776,677	586,769	81,709	98,895
	4	188,494	70,072	29,710	3,457	7,918
	5	136,853	50,875	21,866	3,088	4,498
	6	2,253,840	837,859	517,621	98,933	103,473
	7	522,317	194,170	195,264	24,168	18,961
	8	341,345	126,894	82,548	7,709	10,213
	9	787,536	292,764	173,783	24,679	32,387
	10	190,444	70,797	36,442	4,513	9,316
	11	827,908	307,772	76,123	23,683	12,328
	12	140,060	52,067	28,459	4,948	4,546
	13	371,903	138,254	53,445	8,570	7,451
	Subtotal	8,143,750	3,027,416	1,864,883	291,203	322,323
Non-MSA Counties and Counties with Only Rural Places	1	110,366	41,028	9,924	1,979	2,801
	2	86,435	32,132	8,787	908	1,548
	3	85,781	31,889	11,911	1,648	1,910
	4	212,005	78,812	21,693	2,364	3,652
	5	143,705	53,422	17,411	2,885	2,777
	6	72,294	26,875	11,812	1,343	2,472
	7	34,002	12,640	4,846	570	588
	8	93,051	34,591	9,851	1,522	1,923
	9	68,362	25,413	8,414	1,540	1,508
	10	90,401	33,606	10,984	1,780	1,384
	11	107,174	39,842	7,363	2,074	1,110
	12	60,869	22,628	5,603	1,022	1,339
	13	10,012	3,722	946	141	178
	Subtotal	1,174,457	436,601	129,545	19,776	23,190
	Total	9,318,207	3,464,017	1,994,428	310,979	345,513

Texas Average HH Size: 2.69

Allocation amount is an estimate as Final NHTF Allocations have not yet been released

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variable	% of Total Availability Variable	Weighted	Initial Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	121,639	2.1%	$ 268,814	9,338	2.7%	$ (114,863)	$ 153,950.96	1.81%
	2	56,175	1.0%	$ 124,144	2,999	0.9%	$ (36,889)	$ 87,254.25	1.03%
	3	1,445,155	25.0%	$ 3,193,684	98,895	28.6%	$ (1,216,463)	$ 1,977,221.48	23.26%
	4	103,239	1.8%	$ 228,151	7,918	2.3%	$ (97,396)	$ 130,755.04	1.54%
	5	75,829	1.3%	$ 167,576	4,498	1.3%	$ (55,328)	$ 112,247.97	1.32%
	6	1,454,413	25.2%	$ 3,214,144	103,473	29.9%	$ (1,272,775)	$ 1,941,369.40	22.84%
	7	413,602	7.2%	$ 914,029	18,961	5.5%	$ (233,231)	$ 680,798.75	8.01%
	8	217,151	3.8%	$ 479,888	10,213	3.0%	$ (125,626)	$ 354,262.19	4.17%
	9	491,226	8.5%	$ 1,085,574	32,387	9.4%	$ (398,378)	$ 687,195.78	8.08%
	10	111,752	1.9%	$ 246,964	9,316	2.7%	$ (114,592)	$ 132,371.76	1.56%
	11	407,578	7.1%	$ 900,718	12,328	3.6%	$ (151,641)	$ 749,077.04	8.81%
	12	85,474	1.5%	$ 188,891	4,546	1.3%	$ (55,918)	$ 132,972.71	1.56%
	13	200,269	3.5%	$ 442,579	7,451	2.2%	$ (91,651)	$ 350,928.02	4.13%
	Subtotal	5,183,502	89.8%	$ 11,455,156	322,323	93.3%	$ (3,964,750)	$ 7,490,405.36	88.12%
Non-MSA Counties and Counties with Only Rural Places	1	52,931	0.9%	$ 116,974	2,801	0.8%	$ (34,454)	$ 82,520.30	0.97%
	2	41,827	0.7%	$ 92,435	1,548	0.4%	$ (19,041)	$ 73,393.25	0.86%
	3	45,448	0.8%	$ 100,436	1,910	0.6%	$ (23,494)	$ 76,942.32	0.91%
	4	102,869	1.8%	$ 227,333	3,652	1.1%	$ (44,922)	$ 182,411.84	2.15%
	5	73,718	1.3%	$ 162,911	2,777	0.8%	$ (34,159)	$ 128,752.53	1.51%
	6	40,030	0.7%	$ 88,464	2,472	0.7%	$ (30,407)	$ 58,056.58	0.68%
	7	18,056	0.3%	$ 39,903	588	0.2%	$ (7,233)	$ 32,670.03	0.38%
	8	45,964	0.8%	$ 101,578	1,923	0.6%	$ (23,654)	$ 77,924.07	0.92%
	9	35,367	0.6%	$ 78,159	1,508	0.4%	$ (18,549)	$ 59,610.06	0.70%
	10	46,370	0.8%	$ 102,475	1,384	0.4%	$ (17,024)	$ 85,451.00	1.01%
	11	49,279	0.9%	$ 108,902	1,110	0.3%	$ (13,654)	$ 95,248.52	1.12%
	12	29,253	0.5%	$ 64,647	1,339	0.4%	$ (16,470)	$ 48,176.26	0.57%
	13	4,809	0.1%	$ 10,627	178	0.1%	$ (2,189)	$ 8,437.89	0.10%
	Subtotal	585,922	10.2%	$ 1,294,844	23,190	6.7%	$ (285,250)	$ 1,009,594.64	11.88%
	Total	5,769,424	100.0%	$ 12,750,000	345,513	100%	$ (4,250,000)	$ 8,500,000.00	100.00%

Total Sample Allocation: $8,500,000
Weight of Need Variables: 150%
Weight of Availability Variables: -50%

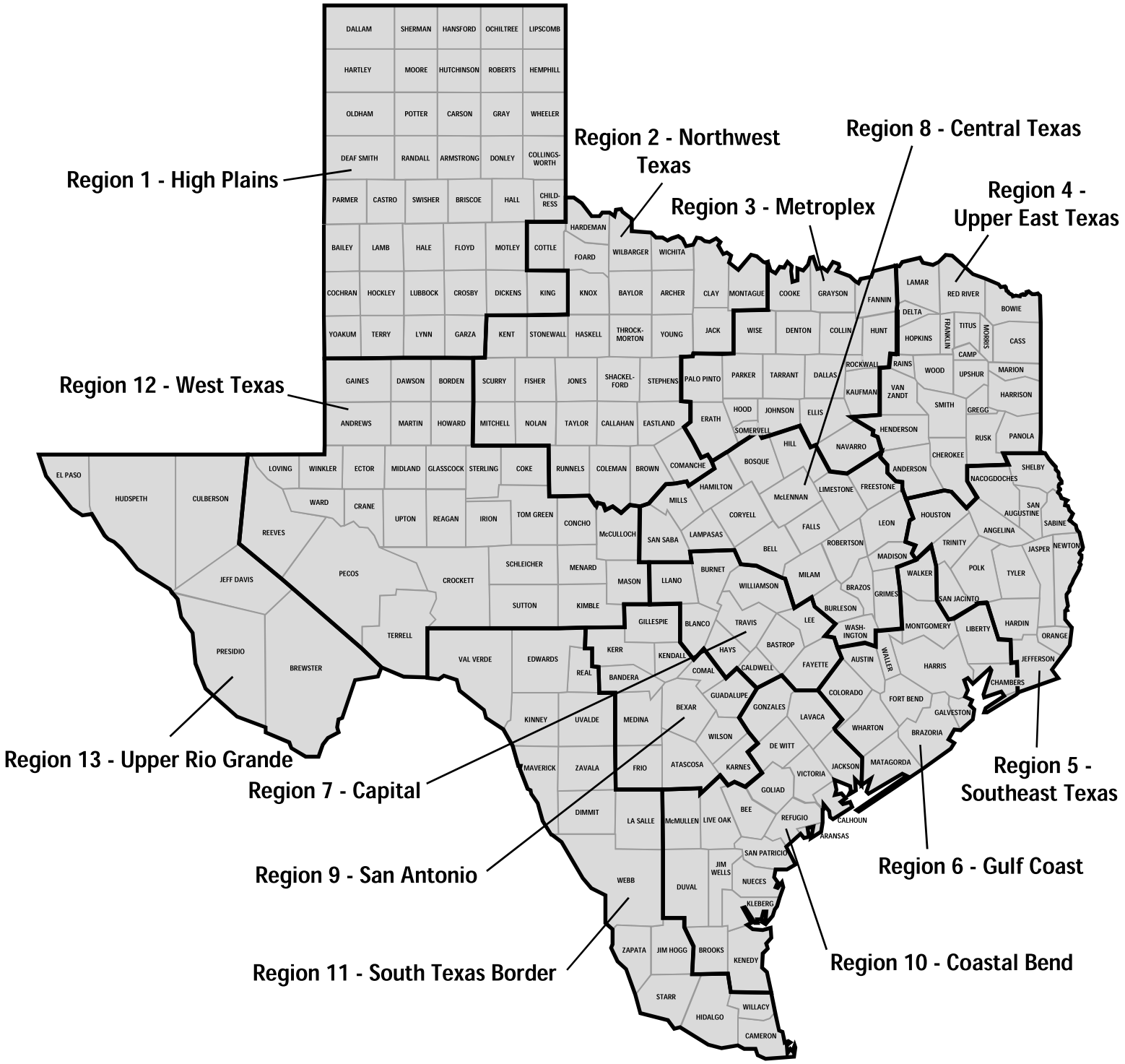
Allocation amount is an estimate as Final NHTF Allocations have not yet been released

Table 3 - Regional Amounts

Region	Regional Allocation	% of Total Award
1	$ 236,471.26	2.78%
2	$ 160,647.50	1.89%
3	$ 2,054,163.80	24.17%
4	$ 313,166.88	3.68%
5	$ 241,000.51	2.84%
6	$ 1,999,425.98	23.52%
7	$ 713,468.78	8.39%
8	$ 432,186.26	5.08%
9	$ 746,805.84	8.79%
10	$ 217,822.76	2.56%
11	$ 844,325.56	9.93%
12	$ 181,148.97	2.13%
13	$ 359,365.90	4.23%
Subtotal	$ 8,500,000.00	100.00%

Allocation amount is an estimate as Final NHTF Allocations have not yet been released

13 State Service Regions of Texas



attendance limited to space available. Individuals who plan to attend as well as those who need special assistance, such as sign language interpretation or other reasonable accommodations, must notify the Contact Person listed below in advance of the meeting. The open session will be videocast and can be accessed from the NIH Videocasting and Podcasting website (*http://videocast.nih.gov/*).

A portion of the meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4), and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Council of Councils.

Dates: May 14–15, 2026.

Open: May 14, 2026, 09:00 a.m. to 01:00 p.m.

Agenda: Welcome and Opening Remarks; Reminders and Procedures; DPCPSI Reports and Other Business of the Committee.

Place: National Institutes of Health, Building 35A, 35A Convent Drive, Rooms 620/630/640, Bethesda, MD 20892.

Closed: May 14, 2026, 01:00 p.m. to 02:00 p.m.

Agenda: Review of Grant Applications.

Place: National Institutes of Health, Building 35A, 35A Convent Drive, Rooms 620/630/640, Bethesda, MD 20892.

Open: May 14, 2026, 02:00 p.m. to 03:45 p.m.

Agenda: NIH Updates and Other Business of the Committee.

Place: National Institutes of Health, Building 35A, 35A Convent Drive, Rooms 620/630/640, Bethesda, MD 20892.

Open: May 15, 2026, 09:00 a.m. to 11:50 a.m.

Agenda: Welcome and Recap of Day 1; Program Updates and Other Business of the Committee.

Place: National Institutes of Health, Building 35A, 35A Convent Drive, Rooms 620/630/640, Bethesda, MD 20892.

Contact Person: Robin I. Kawazoe, Deputy Director, Division of Program Coordination, Planning, and Strategic Initiatives, National Institutes of Health, Building 1, Room 260, 1 Center Drive, Bethesda, MD 20892, 301–402–9852, *kawazoer@mail.nih.gov*.

Any interested person may file written comments with the committee by forwarding the statement to the Contact Person listed on this notice. The statement should include the name, address, telephone number and when applicable, the business or professional affiliation of the interested person.

Information is also available on the Council of Council's home page at *http://dpcpsi.nih.gov/council/* where an agenda will be posted before the meeting date.

(Catalogue of Federal Domestic Assistance Program Nos. 93.14, Intramural Research Training Award; 93.22, Clinical Research Loan Repayment Program for Individuals from Disadvantaged Backgrounds; 93.232, Loan Repayment Program for Research Generally; 93.39, Academic Research Enhancement Award; 93.936, NIH Acquired Immunodeficiency Syndrome Research Loan Repayment Program; 93.187, Undergraduate Scholarship Program for Individuals from Disadvantaged Backgrounds, National Institutes of Health, HHS)

Dated: April 8, 2026.

Bruce A. George,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–06982 Filed 4–9–26; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–6144–N–07]

RIN 2506–AC50

HOME Investment Partnerships Program—Maximum Per-Unit Subsidy Limit Methodology and Amount; Notice for Comment

AGENCY: Office of the Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development (HUD).

ACTION: Notice for comment.

SUMMARY: This notice for comment establishes HUD's methodology for determining maximum per-unit subsidy limits for the HOME Investment Partnerships Program (HOME) and seeks public comment on the methodology described within this notice for comment. This notice for comment also establishes the maximum per-unit subsidy limits consistent with this methodology.

DATES: Public comments are due on May 11, 2026. The maximum per-unit subsidy limits described in this notice for comment are in effect and applicable to projects for which HOME funds are committed on or after May 11, 2026.

ADDRESSES: Interested persons are invited to submit comments regarding this notice for comment. To receive consideration as public comments, comments must be submitted through one of the two methods specified in this section. All submissions must refer to the above docket number and title.

1. Electronic Submission of Comments. Interested persons may submit comments electronically through the Federal eRulemaking Portal at *www.regulations.gov*. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make comments immediately available to the public. Comments submitted electronically through *www.regulations.gov* can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on *www.regulations.gov* to submit comments electronically.

2. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, U.S. Department of Housing and Urban Development, 2415 Eisenhower Ave., Alexandria, VA 22314.

Public Inspection of Public Comments. HUD will make all properly submitted comments and communications available for public inspection and copying between 8:00 a.m. and 5:00 p.m. weekdays at the address listed in this section. Due to security measures at the HUD Headquarters building, you must schedule an appointment in advance to review the public comments by calling the Regulations Division at 202–708–3055 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.* Copies of all comments submitted are available for inspection and downloading at *www.regulations.gov*.

FOR FURTHER INFORMATION CONTACT: Henrietta Owusu, Deputy Director, Office of Affordable Housing Programs, Office of Community Planning and Development, U.S. Department of Housing and Urban Development, 451 7th Street SW, Room 7160, Washington, DC 20410; telephone number (202) 708–2684 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.*

SUPPLEMENTARY INFORMATION:

I. Background

On January 6, 2025, HUD published the HOME Investment Partnerships Program: Program Updates and Streamlining final rule (HOME Final Rule) in the **Federal Register**, available at 90 FR 746. Consistent with the requirements of section 212(e) of the Cranston-Gonzalez National Affordable Housing Act (NAHA),[1] the HOME Final Rule states that HUD will publish its methodology for determining maximum per-unit dollar limits through a publication in the **Federal Register** with the opportunity for comment.[2] The HOME Final Rule, at 24 CFR 92.250(a), also requires HUD to determine the total amount of HOME funds that a participating jurisdiction may invest on a per-unit basis in affordable housing in accordance with NAHA and publish the maximum per-unit dollar limits for the area in which the housing is located annually.

II. Methodology for Determining Maximum Per-Unit Subsidy Limits for the HOME Program

Through this notice for comment, HUD is identifying and implementing a methodology for the annual determination of the maximum per-unit subsidy limit.

On May 29, 2024, HUD published the HOME Investment Partnerships Program: Program Updates and Streamlining proposed rule (HOME Proposed Rule) in the **Federal Register**, available at 89 FR 46618. In the HOME Proposed Rule, HUD proposed to establish the maximum per-unit subsidy limit as 270 percent of the basic mortgage limitations for section 234 of the National Housing Act (12 U.S.C. 1715y) for condominium housing. In the HOME Final Rule, HUD responded to public comments on this proposal, which were generally supportive. For a summary of the comments and HUD's response, see the HOME Final Rule at 90 FR 802.

Following the publication of the HOME Final Rule, HUD reconsidered the public comments and assessed the impact of implementing the maximum per-unit subsidy limit as 270 percent of the basic mortgage limitations for section 234 of the National Housing Act for condominium housing. This would have constituted an increase from 240 percent of the basic mortgage limitations for section 234 of the National Housing Act for condominium housing that has been the basis for the maximum per-unit subsidy limits since the publication of Notice CPD–15–003: Interim Policy on Maximum Per-Unit Subsidy Limits for the HOME Program in 2015. Based on this review, HUD determined that permitting increased spending on HOME projects with higher per-unit costs would result in fewer affordable housing units. Accordingly, through this notice for comment, HUD is establishing the maximum per-unit subsidy limit for the HOME program as 240 percent of the basic mortgage limitations for section 234 of the National Housing Act for condominium housing. HUD believes that maintaining its existing policy is consistent with the statute and will not negatively impact the production of affordable housing.

HUD is requesting comments from industry stakeholders and other interested persons on the practicability and appropriateness of this maximum per-unit subsidy limit methodology. Public comment in response to this notice for comment provides HUD with the opportunity to perform a higher level of review of current development and construction costs, evaluate ongoing changes in costs due to changes in building codes and industry practices, determine whether different eligible activities (*i.e.,* homeownership versus rental) should have different methodologies, and consider and respond to comments in the implementation of a revised maximum per-unit subsidy limit methodology. HUD will consider the comments it receives in response to this notice for comment when it considers making changes to the maximum per unit subsidy limit methodology or amount in the future.

III. Maximum Per-Unit Subsidy Limits for the HOME Program

Consistent with the HOME Final Rule codified at 24 CFR 92.250 and this notice for comment, HUD is establishing the maximum per-unit subsidy limit for the HOME program as 240 percent of the basic mortgage limitations for section 234 of the National Housing Act's condominium housing limit for elevator-type projects.[3] The maximum per-unit subsidy limits are as follows:

Bedrooms	2025 Section 234 Elevator Statutory Limit	2025 HOME Maximum Per Unit Subsidy Limit
0	$78,191	$187,658
1	89,634	215,122
2	108,998	261,595
3	141,008	338,419
4	154,782	371,477

HUD intends to issue updated maximum per-unit subsidy limits using this methodology annually. HUD may revise this methodology through the issuance of a future publication for comment in the **Federal Register**.

IV. Environmental Impact

This notice involves a statutorily required establishment of maximum per-unit subsidy limits that does not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this notice for comment is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Ronald J. Kurtz,

Assistant Secretary for Community Planning and Development.

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[1] Section 212(e) of NAHA (42 U.S.C. 12742(e)) requires HUD to establish limits on the amount of HOME funds that may be invested on a per-unit basis.

[2] *See* 24 CFR 92.250(a)

[3] HUD's most recent publication of the Annual Indexing of Basic Statutory Mortgage limits for Multifamily Housing Programs, including elevator-type projects, was announced in the notice entitled ''Annual Indexing of Basic Statutory Mortgage Limits for Multifamily Housing Programs'' (89 FR 10089, Feb. 13, 2024).

2026 Program Year
TDHCA | Multifamily Finance Division
Multifamily Direct Loan Program

2026 National Housing Trust Fund (NHTF)

Multifamily Minimum Rehabilitation Standards

IMPORTANT NOTICE REGARDING THESE STANDARDS

TDHCA encourages the reproduction and distribution of this document to all relevant parties participating in Rehabilitation; including but not limited to, staff, general contractors, and subcontractors. If not distributed, at a minimum, all parties with the ability to exercise control over the Development must be informed and so acknowledge compliance with all applicable construction requirements, building codes, necessary materials, accessibility standards, installation methods, etc., regardless of whether expressly stated herein. As such, these Standards must be included in all construction and maintenance documents by reference. Moreover, specific sections may be expressly required in, or the Standards in their entirety, may be required to be attached to particular documents, as determined by the Department.

Moreover, it is important to remember these Standards serve as a starting point for eligible NHTF-assisted Multifamily Rehabilitation activities. Additional project requirements, rules, and regulations WILL APPLY and may be more detailed in Program Documents. IT IS THE RESPONSIBILITY OF THE DEVELOPMENT OWNER/BORROWER TO ENSURE COMPLIANCE WITH ANY AND ALL APPLICABLE PROGRAM REQUIREMENTS, RULES, AND REGULATIONS THAT MAY BE REQUIRED IN ADDITION TO THE MINIMUM CONDITIONS PROVIDED IN THESE STANDARDS.

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NHTF MINIMUM REHABILITATION STANDARDS
MULTIFAMILY DIRECT LOAN PROGRAM

2026 Program Year
(*ending* Aug. 31, 2027)

Introduction

These National Housing Trust Fund (NHTF) Minimum Rehabilitation Standards (hereinafter referred to as "Standards") are intended to provide the minimum acceptable standards for affordable multifamily rental housing developments Rehabilitated in whole or part using Multifamily Direct Loan Program (MFDL Program) NHTF funds in the State of Texas.

These Standards are designed to ensure clarity, efficiency, and feasibility in the successful completion of eligible rehabilitation projects. Accordingly, these Standards only provide the necessary descriptions of the minimum elements of rehabilitation, as required by the U.S. Department of Housing and Urban Affairs (HUD) and 24 CFR §93.301(b). Accordingly, these Standards only address those minimum standards for: (1) Health and Safety; (2) Major Systems; (3) Lead-Based Paint; (4) Accessibility; (5) Disaster Mitigation; (6) National Standards for the Physical Inspection of Real Estate (NSPIRE); and (7) Property Condition or Capital Needs Assessment (SCR/CNA).

Recommendations made in applicable Mandatory Assessments regarding health and safety or life expectancy of major systems must be implemented. Additionally, estimates (based on age and condition) of the remaining useful life of major system(s) are required to be conducted upon project completion of each major system, in accordance with 24 CFR §93.301(b)(1)(ix). If the remaining useful life of one or more major system is determined to be less than the applicable period of affordability, a replacement reserve shall provide adequate monthly payments to effectively repair or replace the systems as needed. 24 CFR §93.301(b)(1)(ix).

Unless otherwise required, these Standards do not supersede or preempt State and local codes, ordinances, and requirements for developing and maintaining the Development. All applicable codes, ordinances, and zoning requirements must also be adhered. In the absence of State or local building codes, ordinances, or requirements for Rehabilitation, the International Existing Building Code (IEBC) or International Building Code (IBC) (as applicable) of the International Code Council (ICC), in the version adopted by the Multifamily Direct Loan Rule, 10 TAC Chapter 13, shall apply in addition to these minimum Standards.

Definitions

The following words and terms, when used in these Standards, shall have the meaning as provided herein, unless the context clearly indicates otherwise. Any capitalized terms or phrases not specifically mentioned in this section shall have the meaning as defined in Title 10, Part 1, Chapter 1 of the Texas Administrative Code (**Administration**), Title 10, Part 1, Chapter 2 of the Texas Administrative Code (**Enforcement**), Title 10, Part 1, Chapter 10 of the Texas Administrative Code (the **Uniform Multifamily Rules**), Title 10, Part 1, Chapter 11 of the Texas Administrative Code (the **Qualified Allocation Plan (QAP)**), Title 10, Part 1, Chapter 13 of the Texas Administrative Code (the **Multifamily Direct Loan Rule**)(collectively referred to as the **State Multifamily Rules**); or as otherwise defined in Tex. Gov't Code, Chapter 2306 (the **Governing Statute**), §141, 142, and 145 of the Internal Revenue Code (the **Code**), or 24 CFR Part 91, Part 92, Part 93, and 2 CFR Part 200.

1. **Accessible Route--**a continuous, unobstructed path connecting all accessible elements and spaces in a facility or building that complies with the space and reach requirements of the applicable accessibility standard(s).
2. **Plumbing Fixtures--**all relevant plumbing components, which include toilets, urinals, bidets, faucets, lavatories, sinks, showers, bathtubs, and floor drains. Plumbing appliances include washing machines, dishwashers, domestic water heaters, garbage disposals, and water softeners.
3. **Plumbing System**--all relevant plumbing components, which include but are not limited to: piping, fittings, devices, faucets, containers and receptacles that are used to supply, distribute, receive or transport potable water and wastewater.
4. **Substandard Conditions**--any condition that threatens the health and/or safety of the occupants. Substandard Conditions include any condition which threatens, defeats, or will lead to the lack of functional viability of a single feature of a structure. Hazardous conditions are a type of Substandard Conditions.

Minimum Standards for Major Systems
(24 CFR §93.301(b) and 24 CFR §93.301(b)(1)(ix))

Major Systems

These Standards provide the minimum rehabilitation requirements for Major Systems herein. In accordance with 24 CFR §93.301(b), the Major Systems with minimum standards provided herein are:

- foundation;
- structural support, roofing;
- cladding & weatherproofing;
- plumbing;
- electrical; and
- heating, ventilation, and air conditioning (HVAC).

General Requirements, Standard Conditions, and Substandard Conditions

The Minimum Standard Conditions and Substandard Conditions for each Major System are sufficiently detailed in method and material to provide the MINIMUM threshold for Rehabilitation activities that NHTF-assisted Multifamily Developments MUST MEET OR EXCEED.

It is important to remember any threshold requirements provided herein do not supersede or preempt State and local codes, ordinances, and requirements for building and maintenance with which NHTF-assisted housing must comply. Rather, compliance must be accomplished in addition to meeting or surpassing these Standards. In the absence of such State or local building codes, ordinances, or other requirements, the applicable version(s) of the International Existing Building Code (IEBC) or International Building Code (IBC) of the International Code Council (ICC), as adopted in 10 TAC Chapter 13, shall apply in addition to these Standards.

Determining the Scope of Work

This section shall guide the determination as to the minimum scope of work required. In conjunction with the mandatory property assessments required in these Standards, a determination must consider the requirements of the ICC Code Set, in the version adopted by 10 TAC Chapter 13 and as applied to these Standards. Accordingly, the determination will consider the ICC Principles of Safety, Capacity, and Convenience.

Each repair should be detailed as required through the use of plans, drawings, specifications (conforming to the MasterFormat) and work write-ups. At a minimum, each repair should be detailed in a work write up that accurately specifies the location, required demolition (if applicable), and the methods and materials for the project -- all with enough detail to determine the desired outcome or finished product. Work write ups may reference plans and specifications as needed but must be detailed enough to complete repairs.

1.0 Basic Site Work

a. Minimum Standard Conditions. The subject lot or defined site shall be free of debris, garbage or other accumulations of site stored items which create possibilities of infestations. The site should be generally level as allowed by natural topography, well drained, and accessible. Additional drainage features should be added if need is evidenced by existing erosion, standing water or evidence of water damage. In addition to any applicable requirements herein, any and all deficiencies noted in the Uniform Property Conditions Standards or the 2012 ICC Property Maintenance Code must also be addressed.

b. Substandard Conditions. Substandard conditions for Basic Site Work include but are not be limited to those conditions listed in **(1) – (14)**, for which adequate repair or replacement is required, as applicable and further detailed herein:

(1) Accumulated debris, waste, or garbage either in enclosed areas such as storage buildings or on the property;

(2) Deteriorated outbuildings, sheds, wells, privies, or other structures which are no longer in use or are made unusable by their condition;

(3) Holes, ditches, exposed water meter boxes or other condition which creates a tripping hazard, excluding drainage ditches which are part of a designed drainage system;

(4) Rodents, insects, or other infestations;

(5) Standing water or depressions which hold water during wet weather;

(6) Leaking water supply or leaking sewage system;

(7) Obsolete sanitary piping systems such as Orangeberg, clay or other non-standard pipe;

(8) Scaling, calcified or otherwise compromised water supply lines;

(9) Exposed pipes, railings or other installations creating tripping hazards;

(10) Damaged, missing or deteriorated walkways, steps and decks which create tripping hazards or are otherwise unsafe;

(11) Stairways or steps above 30” from the finished grade without a functioning guard rail;

(12) Except on an Accessible Route any change in level in a walkway shall not be greater than ¾”;

(13) On any Accessible Route any change in level shall not be greater than ½”. Any change in level between ¼” and ½” must be beveled 45 degrees; and

(14) Any walkway or driveway that exceeds 5% damage in the form of cracking, spalling, holes, heaving or other damage.

c. Other Conditions/Requirements.

(1) Debris and Brush Removal. The premises shall be free from accumulations of rubbish and garbage that present health and safety hazards. The premises shall be free from trees and shrubs that are damaging the dwelling or present a hazard. Tree limbs in danger of falling on roof areas shall be removed. No vegetation should touch existing buildings, utility service lines, fences, or extend over walkways or parking areas.

(2) Drainage. Surface drainage shall be diverted to a storm sewer or other approved point of collection that does not create a hazard. Lots need to be graded to drain surface water away from the foundation at a minimum slope of 6” within the first 10’. Where lot lines or other physical barriers prohibit this, drains, swales, and/or rain gardens shall be constructed to ensure drainage away from the structure. Use of alternative drainage methods must be approved by TDHCA. Rain gutters shall be installed if none exist. Gutters shall slope 1” for every 20 linear feet with downspouts installed at a minimum every 40’. Downspouts must empty into a splashblock or be diverted at least five feet from the building. Special care must be taken to not discharge water onto adjacent properties.

(3) Driveways, Sidewalks, and Patios. Paved surfaces shall be free from hazards which can cause tripping and falling. Paved surfaces adjacent to the foundation shall not slope towards the structure so that water can collect at the foundation. If tripping hazards and drainage problems exist, the paved surface shall be removed and rebuilt.

(A) Driveways. Following existing driveway demolition, all organic matter shall be removed. Subsoil shall be compacted uniformly and evenly. Forms shall be constructed to provide a minimum slope of 1/8" per foot away from the house and at a depth to provide 4" of concrete. Install either number 4 rebar on 12" centers or 6" x 6" number 10 welded reinforcing wire. Expansion joints shall be installed at all radius points, sidewalk intersections and house slab tie-ins. Concrete mix shall provide a minimum of 3,500 psi at 28 days. If reinforcing steel is not used, control joints shall be sawed in every 10' and be broom finished. Asphalt or gravel driveways may be installed if concrete is prohibitively expensive due to the length of a driveway, or if they are customary for the neighborhood.

(B) Sidewalks and Patios. Following existing sidewalk demolition, all organic matter shall be removed. Subsoil shall be compacted uniformly and evenly. Forms shall be constructed to provide a minimum slope of 1/8" per foot away from any building, at a depth to provide 3 ½" of concrete, and at least 3' wide. Accessible Route cross slope shall not exceed 2%. Expansion joints shall be installed at all radius points, sidewalk intersections and slab tie-ins. Control joints shall be sawed in every 5' and be room finished. If sidewalks and patios are installed and are connected to an entry door an accessible entry will be required.

(4) Ramps. On Accessible Routes, ramps shall meet the requirements of the 2010 ADA and the applicable Accessibility requirements provided in these Standards.

(5) Vermin and Insects. The premises shall be free from infestations of vermin and wood-boring insects. Inspections shall be performed by state licensed extermination contractors if evidence of infestation exists. Conditions which increase or cause infestation shall be removed (e.g. accumulation of rubbish garbage, unsanitary conditions, presence of consistent moisture, untreated wood in contact with soil, etc.). One or more of the following termite treatments shall be included in the Rehabilitation if infestation is observed; chemical termiticide treatment, termite baiting system installed and maintained according to the manufacturer's label, use of pressure-preservative treated wood, use of naturally durable termite-resistant wood, and/or termite shields.

(6) Landscaping for Additions. When an addition is built, underground utilities run, grade changes made, or the soil is otherwise disturbed, proper compaction and a fine finish grading shall be done and seed, sod or native plants shall be installed matching as closely as possible the existing surrounding yard.

2.0 Foundations

a. General Requirements and Standard Conditions. Foundation work shall be completed in its entirety prior to beginning work on other areas of the housing unit(s). Leveling shall be done in such a manner as to provide an acceptable degree of tolerance. When leveling takes place, doors, windows and other openings shall be reasonably plumb, level and easy to operate. Interior wall coverings shall be repaired and Plumbing Systems shall be inspected to insure the system functions as intended. Foundation leveling shall include grading of the soil to provide a slope away from the home of at least 6" for the first 10'. If the lot does not allow for this grade, a French drain shall be installed to drain water away from the house, or swales shall be designed and built to control rain water runoff. Refer to Section 6.3 (relating to Minimum Standards for Sanitary Drainage).

Foundation walls shall be a minimum of 6" above grade, or 4" above grade if masonry veneer is existing or will be installed. Underpinning shall be required when foundation leveling is a part of Rehabilitation. Any room additions shall comply with the 2015 IRC or later.

In regards to safety, the ICC contains provisions considered necessary for safe installation; however, they are merely minimum requirements. Providing a safe foundation, leveling, repair, or installation and minimizing hazards can be done by following the principles of foundation construction and stabilization, fully complying with any limitations placed on the use of products and materials and permitting only qualified persons to participate.

With foundations, capacity refers to its ability to carry live and dead loads with respect to the soil's plasticity. Unsafe conditions often occur because existing foundations were not properly planned or designed for the soil conditions at the site low to the ground making it difficult to access Plumbing Systems. Convenience also refers to similar concerns, whereby crawlspaces are often too low to the ground, making it difficult to access Plumbing Systems. While raising the housing may not be feasible, every practical effort must be made to increase the crawlspace clearance to a minimum of 12" above grade when leveling housing.

b. Substandard Conditions. At a minimum, repair or replacement is required if any of the conditions in (1) – (7) exist:

(1) Evidence of wood destroy insect damage;
(2) Water and/or fire damage or dry rot to wooden piers, beams, joists, and subfloor;
(3) Inadequate support of beams, sills, or joists;
(4) Lack of drainage away from the home;
(5) Cracked, damaged, buckled skirting;
(6) Untreated wood in contact with the soil; or
(7) Any other condition which meets the definition of a hazardous or substandard condition.

c. Other Requirements/Conditions.

(1) Slab on Grade. All concrete floors shall be without serious deterioration or conditions that present a falling or tripping hazard. With existing concrete floors, cracks longer than six inches in concrete slabs, 3/4 inch along walkways or steps, or any missing or uneven sections shall be repaired. Slab on grade foundations that are failing, as demonstrated by an inspection by a structural engineer, shall not be rehabilitated.

(2) Pier and Beam. Piers shall have allowable spans between piers or posts. Piers shall support beams which in turn support floor joists. Joists must not be more than 24" on center and, if not continuous, overlap beams shall be at least 12". If major leveling is required, a structural engineer shall inspect the foundation to determine the number of piers that need to be added, repaired, or replaced.

Newly installed footings shall be a minimum of 12" below undisturbed ground surface and the surface shall be level. Termite shields shall be installed on newly installed posts, regardless of pier material.

Skirting shall extend four inches below and at least 18" above grade or up to the exterior cladding and be lapped and fastened under the cladding material. Access to the crawlspace

shall be 18” high by 24” wide (if in the floor) or 16” high by 24” wide (if on the perimeter wall), and is not allowed to be installed under a door. Venting of the crawlspace shall be one square foot per 350 square feet of crawl space area and one vent opening within three feet of each corner. Crawlspace floor shall be covered with six mil polyethylene. Skirting is not permitted in flood zones.

3.0 Structural Support and Roofing

3.1 Roofing Systems

a. Description. All relevant roofing components, which include but are not limited to, trusses, rafters, ridge beams, collar ties, ceiling joists, top plates of walls, and sheathing. Moreover, Truss Designs for Replacement Roofs complying with wood roof framing, includes: slope, span, and spacing; location of all joints, required bearing widths; design loads; joint connector type and description; lumber size, species, and grade; connection requirements; bracing locations; and roof tie-downs and uplift resistance details for high wind areas, or as otherwise provided in Section R802 of the 2015 IRC.

b. General Requirements and Standard Conditions. The Roof System and the roof covering shall safely support the loads imposed. Framing and decking shall be structurally sound, properly fastened, and form a sound base for attaching the roof covering. The Roof System shall be configured to provide a positive drainage plane.

c. Substandard Conditions. At a minimum, any Roof System that is incapable of safely supporting the load or fails to safely provide adequate drainage must be repaired or replaced. Deteriorated, missing or loose framing or sheathing must also be corrected. Generally, repair or replacement is required for any applicable condition listed in (1) – (10):

(1) Multiple layers of roof covering materials (more than two);

(2) Water damage caused by leaks through the roofing system;

(3) Missing, worn, or upturned shingles;

(4) Damaged, missing, or improperly installed roof jacks, flashings, drip edges on both rakes and eaves;

(5) Exposed nails or other fasteners;

(6) Structural damage to trusses;

(7) Extensive patchwork and repairs;

(8) Missing, damaged, loose, leaking, blocked, improperly sloped gutters and downspouts;

(9) Wear and tear leading to a failed system within five years from the initial inspection; or

(10) Any other Hazardous or Substandard condition.

3.2 Structures

a. General Requirements and Standard Conditions. Roof structures incapable of safely supporting the load or providing adequate slope for drainage shall be repaired or replaced. Sagging roofs shall be replaced or stabilized. Stabilization of sagging roofs that will not be replaced shall be designed by a structural engineer.

b. Other Requirements/Conditions.

(1) Truss Design for Replacement Roofs. Truss designs for replacement roofs shall comply with wood roof framing in Section R802 of the 2015 IRC which includes; slope, span, and spacing; location of all joints, required bearing widths; design loads; joint connector type and description; lumber size, species, and grade; connection requirements; bracing locations; and roof tie-downs and uplift resistance details for high wind areas.

(2) Roof Framing for Replacement Roofs. Purlin support braces shall be installed every 4' O.C. Continuous purlins shall be installed between support braces. Purlins shall be a minimum of 2" x 4" studs. Ceiling joists shall comply with Span Tables R802.4(1) and R802.4(2).

(3) Sheathing Replacement. 5/8" CDX plywood shall be installed with clips spaced O.C. between rafters for rafter spacing of 24".

(4) Ventilation. Unconditioned attics shall be cross ventilated. A one to one ratio shall be installed; for every one foot of soffit vent area there shall be one foot of ridge, gable, or turtle vent area. Soffit vents shall have baffles installed providing at least one inch of airspace to prevent wind washing and/or attic insulation blocking soffit vents. All vents shall have corrosion-resistant wire cloth screening or similar material.

(5) Radiant Barrier. A radiant barrier should be installed in all accessible attic areas.

Powered attic vents, whether connected to the structure's electrical system or powered by photovoltaic, are not allowed.

3.3 Roof Covering

a. General Requirements and Standard Materials. Asphalt shingles shall be fastened to solidly sheathed decks. Asphalt shingles shall be used only on roof slopes of 2:12 or greater slope. Slopes, if applicable, less than 2:12 require appropriate membrane designed for such surfaces. Metal roof panels must either be naturally corrosion resistant or provided corrosion resistance per the manufacturer's requirements. Metal roofs shall only be installed on slopes of 3:12 (for lapped, nonsoldered-seam), ½:12 (for lapped, nonsoldered-seam panels with applied lap sealant), or ¼:12 (for standing-seam roof systems). Otherwise, roof weatherproofing, reinforcement, and surfacing shall be completed in accordance with applicable provisions of the IBC or IEBC.

(1) Flashings. Flashings shall be installed in a manner that prevents moisture from entering walls or the roof through penetrations, at eaves and rakes, at wall/roof intersections, wherever there is a change in roof slope or direction and around roof openings. Wall/roof intersections extending to eaves shall be provided with kick-out flashing. All wall/roof intersections shall have step flashing with at least 1" space between the roof covering and the adjacent wall cladding. Metal flashings shall be a No. 26 galvanized sheet metal and corrosion resistant. A cricket or saddle shall be installed on the ridge side of any chimney or penetration greater than 30" wide.

(2) Valley Flashings. Closed valleys (covered with asphalt shingles) shall be lined with one ply of smooth roof roofing or self-adhering polymer modified bitumen underlayment prior to asphalt shingle installation.

4.0 Minimum Standards for Walls, Ceilings, & Flooring

4.1 Walls and Ceilings

a. General Requirements and Standard Conditions. On exterior walls, all defects or deterioration that would allow the elements to enter wall cavities shall be corrected through Rehabilitation. Replacement of sections of walls and ceilings shall match adjoining materials as closely as possible (e.g. thickness of the existing material). When replacement of entire wall or ceiling coverings or sections of them is replaced, priming and painting of the entire wall or ceiling shall be completed.

b. Substandard Conditions. Repair or replacement is required if any condition listed in (1) – (7) exists:

(1) Water damage or dry rot of siding, trim, or interior wall coverings;
(2) Exposed nails or popped seams;
(3) Peeling or chipped paint, holes, cracks, or gaps in interior wall coverings or exterior cladding;
(4) Broken, fire damaged or missing exterior cladding;
(5) Sagging or missing ceiling sections;
(6) Wood destroying insect damage in exterior cladding; or
(7) Any other condition characterized Hazardous or Substandard.

c. Other Requirements/Conditions.

(1) Walls.

(A) Exterior Walls. If removing the exterior cladding, deteriorated exterior wall sheathing, studs, and bottom and top plates shall be replaced. Deteriorated or missing insulation shall be replaced and wall cavities shall be insulated to a minimum R-13.

Masonry repair or replacement shall match existing masonry as closely as possible, installed plumb, true, and in line with existing courses. If weep holes are filled or nonexistent, they shall be provided at least every 3’ at the slab and at least 1 above each window.

Siding repair or replacement shall match existing siding as closely as possible and provide for a positive drainage plain. All joints and seams shall fall on center of wall framing. Overlap and water sealing shall be completed in accordance with the manufacturer’s installation instructions.

(B) Interior Walls. A structural engineer shall inspect interior bearing walls that are proposed to be moved. Non-bearing walls do not require a structural engineer. Moved or newly installed walls shall be constructed with 2x4 studs with the bottom plate securely fastened to the floor and the top plate securely fastened to ceiling joists.

All new gypsum board shall be installed according the manufacturer’s installation instructions and shall be installed a minimum of ½” above the finished floor, taped, floated, and feathered prior to painting. New wall coverings shall not show noticeable blemishes or dents and tape shall not show

after painting. All interior walls shall be painted with a No Volatile Organic Compound (VOC) paint.

(C) Bathroom Walls. Bathroom walls that are to be replaced shall be replaced with appropriate backer board. If tile will be installed in the shower/tub area, concrete board, or equivalent, shall be installed. Green board shall be installed in the rest of the bathroom. Bathroom wall coverings shall be installed a minimum of ½" above the finished floor, taped, floated, and feathered prior to painting. New wall coverings shall not show noticeable blemishes or dents and tape shall not show after painting. All bathroom walls shall be painted with a semi- or high-gloss paint No Volatile Organic Compound (VOC) paint.

(2) Ceilings. For ceiling structure, see the Roofing Chapter. Replacement of ceiling coverings shall be with 5/8" Type X gypsum board. Fastening shall be in accordance with the manufacturer's installation instructions. All new gypsum board shall be taped, floated, feathered, primed, and painted with at least 2 coats of No Volatile Organic Compound (VOC) paint. When ceilings are replaced, all ceiling fixtures removed and reinstalled for replacement shall be air sealed.

(3) Painting and Finishes. All areas not to be painted shall either be removed and reinstalled or completely covered to prevent overspray or splatter. Receptacle and switch plates shall be removed and reinstalled.

(A) Interior Walls: All walls that were repaired or replaced shall be painted with at least two coats of No Volatile Organic Compound (VOC) paint. Bathroom walls shall have a semi- or high-gloss sheen.

(B) Exterior Walls: Replaced or repaired exterior cladding, with the exception of brick veneer, shall be painted with at least two coats of exterior grade paint. Existing exterior walls not replaced or repaired but still painted must comply with all applicable requirements in (i) – (iv):

(i) The ground shall be protected with a drop cloth. For pre-1978 housing determined or assumed to have lead-based paint, all scraped paint shall be disposed of in accordance with applicable HUD and EPA guidelines, and as provided in these Standards;

(ii) Peeling and chipped paint shall be scraped loose;

(iii) The entire area to be painted shall be power washed prior to painting; and

(iv) All areas not to be painted (e.g. windows, doors and their trim, exterior lighting fixtures) shall be covered to prevent overspray.

(C) Trim and Baseboards. All installed trim around doors, windows, and floors shall be painted with at least one coat of No Volatile Organic Compound (VOC) paint on both sides (except for baseboard trim).

4.1 Minimum Standards for Flooring

a. General Requirements and Standard Conditions. All flooring, including transitions between rooms, must be effective, relatively level, free of tripping hazards, and adhere to or exceed all applicable Accessibility standards. Floor covering and subflooring(s) must function as intended, as demonstrated through sufficient inspection. Related deficiencies must be corrected during Rehabilitation, as provided in these Standards.

b. Substandard Conditions. Deteriorated, inadequate, and weakened floor framing and subfloors can be the result of poor initial construction, foundation settling or failure, careless remodeling, water, or wood boring insects. A thorough inspection shall be conducted to identify all subfloor and flooring deficiencies.

(1) Repair or Replacement. The conditions in (A) – (D) require corrective measures be completed:

(A) Damaged, rotten, loose, weak or otherwise deteriorated subfloor;

(B) Torn, missing, broken, or otherwise damaged floor covering that creates a tripping hazard;

(C) Missing baseboards, shoe molding, or transition strips; or

(D) Any other condition that meets the definition of Hazardous or Substandard.

In doing so, repairs to severely sloped or uneven floors must satisfy all corrective measures or replacement will be required. New floor coverings shall be installed because the existing floor covering is ineffective, there are obvious trip hazards, because the subfloor was replaced, or because other work requires it, such as increasing the square footage of a room.

Replacement flooring may be required if necessary for Accessibility purposes; other concurrent work; or significant subflooring repairs/replacement occur. If required, any and all applicable Foundation work must be completed first. Thereafter, flooring replacement shall be conducted in accordance with the manufacturer's installation requirements.

c. Other Requirements/Conditions.

(1) Subfloor.

(A) Concrete Slab. If the concrete slab foundation is functioning as intended and is relatively level, no additional subfloor preparation is required. If it is functioning as intended, but not relatively level or has settlement cracks, self-leveling flooring compound shall be installed prior to installation of the floor covering.

(B) Bathrooms, Kitchens, and High Traffic Areas. When replacing subflooring in bathrooms, kitchens, and high traffic areas (e.g. hallways, breezeways) in housing with pier and beam foundations, the newly installed subfloor shall be 19/32" high performance paneling or 3/4" CDX plywood installed as the subfloor with floor joists not more than 24" on center.. All subfloor shall be installed with screws and include subfloor caulking adhesive.

(C) Other Habitable Rooms. Other habitable rooms requiring subfloor replacement shall have 3/4" CDX plywood installed as the subfloor with floor joists not more than 24" on center. All subfloor shall be installed with screws and include subfloor caulking adhesive.

(2) Floor Coverings.

(A) Kitchens and Bathrooms. Replacement floor coverings in kitchens, bathrooms, laundry rooms, and utility rooms shall be water resistant. Transitions between rooms shall match the new floor covering or match as closely as possible existing floor covering that is left in place. Sheet vinyl and VCT shall not be used in rooms with Plumbing Fixtures in pier and beam housing. Replacement floor coverings shall be selected for durability, safety, and ease of maintenance.

(B) Other Habitable Rooms. Replacement flooring in other habitable rooms may include VCT, however laminate planks or ceramic tile is preferred (if ceramic tile is installed on a

pier and beam foundation, the floor system may need to be structurally reinforced to support the extra load). Transitions between rooms shall match the new floor covering or match as closely as possible existing floor covering that is left in place. Sheet vinyl shall not be installed. Replacement floor coverings shall be selected for durability, safety, and ease of maintenance.

(C) Vinyl Composition Tile (VCT). VCT shall be 12" x 12" x 1/8" and stored inside a conditioned space for a minimum of 48 hours prior to installation to allow materials to condition to the inside environment. VCT shall be fitted tightly, with no gaps showing at walls, doors, or trim. Full cover shall be achieved. Base boards or shoe molding shall be installed.

(D) Laminate Planks. Laminate flooring shall be stored inside a conditioned space for a minimum of 48 hours prior to installation to allow materials to condition to the inside environment, and installed per the manufacturer's instructions. Door trim may need to be cut to fit planks seamlessly between rooms. Laminate planks shall be fitted tightly, with no gaps showing at walls, doors, or trim. Full cover shall be achieved, but it shall not fit tightly against walls so that it is allowed to "float". Base boards or shoe molding shall be installed.

(E) Carpeting. Carpeting is generally discouraged; removal of existing carpeting should be conducted where practicable. Otherwise, carpeting must of good quality, in sanitary condition, and preferably low pile. Carpet installation must be completed per the manufacturer's instructions and over appropriate pad(s). Carpet installation is not permitted in kitchens or bathrooms. Replacement floor covering(s) shall be selected for durability, safety, and ease of maintenance.

5.0 Other Cladding and Weatherproofing (*e.g.* Windows, Doors, Siding, Gutters)

5.1 Minimum Standards for Doors and Windows

a. General Requirements and Standard Conditions. Applicable Foundation work must be completed prior to repairing or replacing doors and windows. Each habitable room that contains a window shall have at least one window that is in operable condition and capable of being held in the open condition without assistance or device. Habitable bedrooms must have a minimum of one window that meets egress requirements. Bathrooms, bedrooms and utility rooms shall have a door that is easily operable and fitted with functioning hardware that tightly latches the door.

All windows repaired or replaced as part of the scope of work must operate safely, effectively, and conveniently regardless of user's age or ability. Each window must have an operable screen. Repaired or replaced windows must meet or exceed the requirements of an Energy-Star Rating. Additionally, blinds or window coverings must be provided for all windows.

b. Substandard Conditions. At a minimum, the conditions in (1) – (11) must be repaired or replaced:

(1) Broken, missing or cracked window panes;
(2) Rotten or deteriorated sills, frames or trim;
(3) Missing seal or sealant or dried, cracked or missing putty or caulking around window panes;
(4) Windows painted shut, inoperable or difficult to open and close;
(5) Security bars that do not open from the inside without any special knowledge or tools;

(6) Windows and exterior doors that do not lock;
(7) Broken, damaged, or deteriorated doors;
(8) Doors that do not shut and latch or lock smoothly with the strike plate;
(9) Exterior doors that are not listed as exterior doors;
(10) Rotted, deteriorated or damaged thresholds, jambs, frames, or trim; and
(11) Any other condition that can reasonably be characterized as Hazardous or Substandard.

5.2 Minimum Standards for Doors

a. General Requirements and Standard Conditions.
All doors shall be in good operating order, easy to open, close and latch. All replacement doors must be installed true and plumb with trim installed on both sides. Hardware style (e.g. knob, lever handle, passage), finish (e.g. chrome, brushed nickel, satin), and any glazing shall be identified in the scope of work. All doors that come into contact with interior walls when opened shall have base board mounted, rubber tipped door stops installed.
(1) Interior Doors. Interior door replacements must be installed true and plumb, with trim installed on both sides. Bathroom doors shall be able to be locked.
(2) Exterior Doors. Exterior doors include, but are not limited to, doors connecting the conditioned space with an attached garage. Replacement exterior doors must be at least Energy Star qualified, or its equivalent, double bore exterior doors. Doors connecting the conditioned space to an attached garage shall also be fire rated. All exterior doors shall be keyed alike with a sufficient number of key copies provided to the residents.

b. Other Requirements/Conditions.
(1) Accessibility and Universal Design. Accessible doors may be required depending on the Unit or Household Type(s). Universal design principles state that housing should be built to accommodate any person regardless of age or physical ability. Consultation(s) should be made to determine whether the conditions in (A) – (C) are necessary:
(A) Heavily used Interior doors widened to accommodate a 36” door with a threshold no higher than 1/8”. If not feasible due to structural constraints, clear swing hinges can be installed;
(B) Automatic door openers can be installed; and
(C) Lever handles will be installed on all doors.

5.3 Minimum Standards for Windows

a. General Requirements and Standard Conditions. All windows shall be in good operating order, easy to open, close, latch, and lock. Windows that cannot be repaired must be adequately replaced. Flashing materials shall provide a positive drainage plane.
b. Performance Chart. Replacement windows shall meet or exceed Energy-Star or equivalent Ratings. The Performance Chart included herein provides the minimum performance ratings required for all replaced and, if practical, repaired windows.

Performance: **Performance Measure:**	**CZ2**	**CZ3**	**CZ4**
U-Factor	0.65	0.50	0.35

SHGC	0.35	0.35	Not Required

5.4 Minimum Standards for Gutters and Downspouts

a. General Requirements and Standard Conditions. All gutters and downspouts must be installed or replaced (repair alone is insufficient). Gutters shall have a slope no less than 1:20 and all seams made weather tight, if applicable. Downspouts shall be installed at a minimum every 40' and shall discharge water at least five feet from the foundation. Drainage five feet away from the foundation may be accomplished through the installation of a French drain, swales, or other means of directing water away from the foundation. Water shall not be discharged onto an adjoining property.

6.0 Plumbing, Potable Water, and Sanitary Sewer Systems

6.1 Minimum Standards for Plumbing Systems

a. General Requirements and Standard Conditions. The Plumbing System must effectively provide both a safe and adequate supply of potable water, and a safe and sanitary method of distributing wastewater. Effective Plumbing Systems adhere to the mandatory plumbing principles in (1)-(7):

(1) Sewer gases shall not be allowed to enter any housing Unit;

(2) Sewer leaks must be identified, repaired or replaced, and improper disposal methods discontinued;

(3) Water leaks must also be identified and repaired or replaced;

(4) Water must be free from hazardous contaminants and safe for drinking, bathing and other uses.

(5) An adequate supply of water must be available for all water needs, which includes having adequate pressure at each fixture.

(6) Supply, drain, waste, and vent pipes shall not interfere with structural integrity. Notching and drilling of structural members shall comply with the requirements of the 2009 IRC, Figure R602.6(1) and (2).

(7) Plumbing work shall be performed by state licensed individuals, and plumbing inspections performed by experienced and qualified individuals knowledgeable in the field of plumbing.

b. Substandard Conditions. Existence of any condition listed in (1)-(11) shall require, at a minimum, adequate repair or replacement. If replaced, newly installed Plumbing Systems, piping, and fittings must be properly installed, connected, free flowing; and must be free of leakage and corrosion of water or sewer gases.

(1) Lack of any required condition, as provided in (A) – (F):

(A) Continuous sanitary water supply;
(B) Continuously functioning sanitary waste water disposal system;
(C) Functioning shut-off valves at toilets, sinks and lavatories;
(D) Access to waste lines such as clean-outs;
(E) A minimum of one functioning toilet, bathroom sink, or tub/shower;
(F) Functioning kitchen sink; or

(2) Septic system or Plumbing Fixtures not performing as intended;
(3) Leaks in any supply or waste lines;
(4) Deteriorated, corroded, or leaky supply or drain pipes;
(5) Supply or drain piping consisting of a mixture of different types of piping or fittings, or is run in an inefficient manner;
(6) Missing, blocked, or improperly installed required conditions listed in (A)-(D):
(A) Vent pipes;
(B) Gas shut off valve on natural gas Domestic Water Heater (DWH);
(C) Temperature and pressure-relief valve (TPRV) on DWH;
(D) Shut off valves at the water meter, each toilet, each sink, DWH, or tub/shower locations; or
(7) Natural gas domestic water heaters (DWH) located in bathrooms, bedrooms, closets or utility rooms where a clothes dryer is present;
(8) Natural gas DWH combustion air taken from conditioned space;
(9) Inadequate natural gas DHW vent (e.g. not double walled or skirted at roof penetrations);
(10) Rusted or corroded DHW pipes or storage tanks; and
(11) Any other condition reasonably characterized Hazardous or Substandard.

6.2 Minimum Standards for Potable Water

a. **General Requirements and Standard Conditions.** Water service lines shall be properly connected to a public or approved private system functioning as intended. All newly installed supply lines must be flushed and fittings tested. Privately owned wells and systems must also be tested for water quality. Testing must occur prior to commencing Rehabilitation; and must be conducted by a local health department or other qualified, unaffiliated source. Appropriate corrective measures are required for privately supplied water determined not suitable for use.

b. **Other Requirements/Conditions.**
(1) Water Supply. All dwellings shall have adequate, safe, and potable water supplied through a safe Plumbing System to all fixtures.
(2) Water Quality. Supply systems shall provide for the delivery of potable water through a safe system of piping, free from leaks and other defects and not subject to the hazards of backflow. If supplied water is not free of bacteria, chemicals, excessive minerals, relatively free of odor, taste, color and turbidity, corrective measures to improve water quality (e.g. water softening, water filtering) should be installed.
(3) Exterior Pipe Protection. All newly installed exterior water lines shall be buried at a minimum depth of 6” below the final grade, or be protected from freezing in accordance with local climate.
(4) Water Pressure. The average static pressure at the building entrance shall be between 40-80 psi. If pressure exceeds 80 psi, an approved pressure reducing device shall be installed. If pressure is less than 40 psi, a thorough evaluation shall be conducted to determine the reason(s) for low pressure and appropriate corrective measures shall be completed.
(6) Pipes. New supply water piping shall be type “L” copper tubing with wrought copper solder joint fittings, PEX, or CPVC. All fittings shall be compatible with pipe material. Joints between dissimilar metals shall be made with dielectric fittings to prevent joint

deterioration due to electrolysis. All piping shall be adequately supported to prevent sagging or breakage.

(7) Valves. The main water line shall have an accessible service shut-off valve for each building or Unit, as applicable. All hot and cold water supply lines feeding all Plumbing Fixtures shall be equipped with functional and accessible shut-off valves. Access panels for tub/shower enclosures must be provided for access to valves and maintenance, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access. All valves shall be tested and must not leak.

6.3 Minimum Standards for Sanitary Drainage

a. General Requirements and Standard Conditions. The sanitary drainage system consists of the pipes designed to provide adequate circulation of air, exhaust of sewer gasses, prevent loss of water seals in traps and provide for wastewater flowing out of the home and into an approved sewage disposal system. All fixtures shall be connected to an approved sewage disposal system and free of leaks. New sewage disposal systems shall comply with EPA and Texas Commission on Environmental Quality (TCEQ) requirements.

b. Substandard Conditions.

(1) Unapproved Private Systems. Unapproved systems include pit privies, cesspools, ponds, lakes, streams and rivers. If any of these systems are in use, they must be abandoned and the housing Unit must be connected to an approved sewer disposal system.

(2) On-Site Sewage Facilities (OSSF). Prior to conducting Rehabilitation, all OSSF systems shall be inspected by a licensed OSSF inspector. If not performing as intended, an existing OSSF system must be repaired, replaced, or abandoned as provided in (A)-(B):

(A) Repair or Replacement. If repair is suitable, the tank shall be drained and all components tested and repaired or replaced. Special attention must be given to the drainage field; tree cutting and site clearing of the field may be required and replacement made. The drainage field must be designed for the existing soil conditions and the water table at the site and installed by a licensed installer.

(B) Abandonment. If a public system is available to connect to, and the existing OSSF system has reached the end of its Useful Life, abandonment is required. The existing tank shall be pumped, collapsed, and filled. A licensed plumber shall connect the housing to a public system and include a clean out close to the home.

c. Other Requirements/Conditions.

(1) Traps. Bell traps, “S” traps, and drum traps are prohibited. If any of these exist, they shall be replaced with a “P” trap. All fixtures shall be trapped and conform to the requirements in (A)-(F):

(A) All waste lines shall be trapped by a water seal trap as near to the fixture as possible but in no case more than 24” from the fixture;

(B) All traps shall be set level with respect to their water seals and sink traps shall be protected from contact and damage if sinks are made accessible for individuals using wheelchairs or other mobility device(s);

(C) Trap size shall not be less than the following inside diameters: 1 ¼" for lavatories; 1 ½" for tubs, showers, kitchen sinks and dishwashers; 2" for clothes washers and; and 3" for floor drains in utility rooms;

(D) No trap shall be larger than the drainage pipe coming from a fixture;

(E) Access panels shall be provided to enclosed traps and concealed connections, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access; and

(F) Wall and ceiling openings for plumbing shall be air sealed with caulk (gap less than ¼") or expanding foam (gaps more than ¼").

(2) Vents. Plumbing Systems shall be designed to prevent sewer gases from entering the housing Unit(s), allow waste to adequately drain into an approved sewer system, and shall be vented to the exterior so that water released from fixtures may draw in air to allow for smooth and even drainage. All vents must also meet or exceed the requirements in (A) – (E):

(A) All Plumbing Systems shall have at least one main vent stack, running from the main drain through the roof, terminating to the exterior. If only one main vent exists, it shall be no less than 3" inside diameter from top to bottom;

(B) Plumbing vent systems shall only be used for the purpose of venting the system;

(C) Existing vents shall be at a minimum 6" above the high side of the roof penetration. Newly installed vents shall be a minimum 12" above the high side. Through the roof vent penetrations shall be flashed and sealed to provide a positive drainage plain;

(D) All vent stacks terminating in an attic shall be extended or replaced. No vent stacks shall terminate near any window or door or under soffits; and

(E) Air admittance valves are allowed as long as they are American Society of Sanitary Engineering (ASSE) 1051-2009 approved and installed in accordance with the manufacturer's installation instructions.

6.4 Minimum Standards for Plumbing Fixtures

a. General Requirements for Standard Conditions. All Plumbing Fixtures shall be free of leaks or defects which interfere with their ability to perform as intended. Existing fixtures in good and safe working order are generally not required to be repaired or replaced.

b. Other Requirements/Conditions. Any and all replacement Plumbing Fixtures and appliances must be installed per the manufacturer's installation instructions, including water sealing, and must be completed in accordance with all applicable requirements provided in (1)-(7):

(1) All replacement fixtures shall meet or exceed the requirements of WaterSense qualified or equivalent products. Kitchen faucets requiring replacement shall provide 2.2 gallons per minute (GPM) and a 15-year drip free warranty. The scope of work must identify the height toilet(s), whether it is round or elongated, and whether a new faucet is single lever or not.

(2) All replacement plumbing appliances must meet or exceed the requirements of Energy Star, or equivalent, qualified products.

(3) All replacement shower fixtures shall use anti-scald control devices. Access panels shall be provided to these valves, if possible with wall and plumbing configuration prior

to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access.

(4) All fixtures shall be supported and securely attached in a manner consistent with normal installation methods and installed level.

(5) All faucets shall have the hot water line on the left side of the faucet. Existing supply lines that are reversed shall be changed.

(6) If existing garbage disposals are not performing as intended or are not hardwired to the electrical system, they shall be removed, repaired or replaced. New garbage disposals shall be hard wired and switched in an accessible location as close as possible to the kitchen sink.

(7) All repaired or replacement fixtures and appliances shall be tested for leaks and proper operation.

6.5 Minimum Standards for Domestic Water Heaters (DWH)

a. General Requirements and Standard Conditions. All DWHs, with the exception of tankless water heaters, shall have, at a minimum, a 30 gallon storage capacity that can supply a continuous flow of hot water that is at least 102 degrees F, with gas or electric shut-off valves as well as cold water supply shut-off valves, all installed and functioning as intended. Larger capacity DWHs may be installed if necessary to serve larger households. Replacement DWHs shall meet or exceed the requirements of Energy Star qualified, or equivalent, products.

(1) Temperature and Pressure Release Valve (TPRV). Each unit shall be equipped with a TPRV must capable of releasing pressure at 150 psi or 210 degrees Fahrenheit. Water release shall extend to the exterior of the housing, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access.

(2) DWH Enclosure. Each DSW shall be enclosed in a sealed closet designed for this purpose, with gas DSWs having combustion air drawn from outside the conditioned space. Gas DWHs inside conditioned spaces must be in separate closets that is not in the same room as a clothes dryer or any type of exhaust vent. All DWHs installed in a garage must be installed at a minimum 18” AFF with primary drainage draining to the exterior. DWHs in other locations shall be supported by a minimum three foot concrete base, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to install a concrete base.

(3) Energy Factors (EF) Table. Replacement DHWs shall meet or exceed the Energy Factors (EF) requirements identified by size and type in the Energy Factors (EF) Table:

2026 Program Year Energy Factors (EF) Table		
Energy Factors (EF):	**Gas DWH EF**	**Electric DWH EF**
Replacement DSWs must meet or exceed the EF		

identified for each size in this table. **Storage Size (Gal):**		
30	0.63	0.94
40	0.61	0.93
50	0.59	0.92
60	0.57	0.91
70	0.55	0.90
80	0.53	0.89

7.0 Electrical Systems

7.1 Minimum Standards for General Electrical Service

a. General Requirements and Standard Conditions. Electrical systems must provide a safe and adequate supply of electrical current that meets the needs of the residents. Accordingly, Electrical Systems must meet or exceed the safety and efficiency requirements provided in (1)-(6), which require that the system is:

(1) Properly grounded and free of hazards with all components properly secured and covered to prevent contact or electric shock;

(2) In good condition, with all electrical components up to date, lacking deterioration, and free of shorts;

(3) Sufficiently providing adequate, consistent, and appropriate current and voltage levels at each outlet, fixture, and piece of equipment, as per its intended use;

(4) Equipped with conductors, fixtures, boxes, and equipment that are properly sized and rated for their intended use;

(5) Adequate for its current use considering resident behavior and lifestyles;

(6) Equipped with an adequate quantity of appropriately located lighting, receptacles, and switches; and

(7) Maintained, repaired, or otherwise replaced primarily in accordance with the ICC Principles of Safety, Capacity, and Convenience.

b. Substandard Conditions. At a minimum, repair or replacement is required if any of the conditions in (1)-(17) exist:

(1) Inadequate capacity (e.g. excessive use of power strips and/or multiple outlet adaptors);

(2) Two-wire systems (lacking grounding);

(3) Wiring or components missing, broken, disconnected, loose, burnt or melted, unsupported, corroded, cracked, or split;

(4) Panel boxes that show evidence of water intrusion or infestation;

(5) Frayed or burnt wiring or wire insulation;

(6) Circuits, switches, receptacles, or wiring is not compatible with the amperage or other characteristics of the electricity in use;

(7) Flexible cords are used as permanent wiring (unless Non-Metallic (NM) cable(s) otherwise installed in accordance with local building codes);

(8) Exposed wiring on interior walls or the exterior that are not protected in conduit or raceways (unless Non-Metallic (NM) cable(s) otherwise installed in accordance with local building codes);

(9) Receptacles in bathrooms and kitchens within 6’ of a water source and exterior receptacles that are not ground fault circuit interrupter (GFCI) protected;

(10) Reverse polarity;
(11) Unlabeled circuits;
(12) Missing cover plates;
(13) Components not securely attached to the structure;
(14) Inadequate lighting in rooms and outside of entry doors; or
(15) Any other condition reasonably characterized as meeting the definition of a Hazardous or Substandard Condition.

c. Other Requirements/Conditions. Additions, alterations, renovations, and repairs to electrical systems and equipment must be conducted in accordance with the applicable requirements of new electrical systems and equipment by appropriately licensed electricians. Rehabilitation of existing systems and equipment is generally not simultaneously required to comply with the overlapping, otherwise applicable provisions of the IEBC. Nevertheless, any and all additions, alterations, and repairs MUST NOT cause existing electrical systems or equipment to become unsafe, hazardous, or overloaded. IBC 2015, Appendix K (Administrative Provision).

7.2 Minimum Standards for Existing Wiring and Fixtures

a. General Requirements and Standard Conditions. Existing electrical service and components must be safe, efficient, and in good working condition for its intended use. Moreover, the capacity of the system must meet the demand of the residents. Replacement is not mandatory for existing service and components that meet or exceed these Standard Conditions, unless otherwise required by code or local ordinance. Voluntary replacement may be permitted to more efficiently and cost-effectively meet the needs of the community and the current or intended demands of the residents.

b. Substandard Conditions. Overloaded circuits are not permitted and must be addressed by separating the load and adding an adequate number of circuits necessary to safely and efficiently carry the load.

c. Other Requirements/Conditions.

(1) Secure Fastening of Fixtures and Equipment. All components shall be securely fastened to framing members by mechanical means. No fixture or socket shall hang by unsupported wiring. All existing receptacles, switches, and junction boxes shall contain a proper cover plate. In no case shall the structural integrity of the building be compromised.

2. New Wiring. New wiring shall be installed in a neat and workmanlike manner with all wiring run inside of walls. If wall or ceiling cavities are not accessible, wiring shall be run in properly sized and rated raceway or wire mold, secured along the walls with proper fasteners, flush to the surface and straight.

3. Aluminum Wiring: All aluminum wiring in housing to be rehabilitated shall be replaced with a 3-wire system and in accordance with these Standards. Properly sized service aluminum entry wiring is generally not required to be replaced.

4. Knob and Tube Wiring. Knob and tube wiring shall be replaced with a 3-wire system and in accordance with these Standards.

7.3 Minimum Standards for Sizing of Service and All Electrical Homes

a. General Requirements and Standard Conditions. The service entrance cable shall have the same rating (amperage) as the meter base and service equipment. Replacement of a service entrance shall require calculation of the usage or load within the building to assist in determining the appropriate size. The service entrance must be properly sized for its intended post-Rehabilitation capacity. Room-by-room specifications noting electrical outlets and fixtures shall be included in the scope of work. Nameplate ratings of all appliances must be reviewed for actual VA ratings.

b. Other Requirements/Conditions:

Main Service Panel. Panels shall be in proper working condition with no evidence of overheating, arcing, corrosion, or failure. The panel shall bear the UL label and shall be marked as suitable for service equipment. Any panels (or installed breakers) identified as substandard by the U.S. Consumer Product Safety Commission shall be replaced. Panels with evidence of malfunction or deterioration shall be replaced.

7.4 Minimum Standards for Material and Equipment Installation

General Requirements and Standard Conditions. All materials, components, and equipment shall be listed or labeled by a qualified electrical products testing laboratory (e.g. "UL" or "CSA"). Listed materials, components, and equipment must be installed per the intended use, with location determined in accordance with the manufacturer's installation instructions.

7.5 Minimum Standards for Grounding

General Requirements and Standard Conditions. All electrical systems shall consist of a single phase 3-wire grounded neutral service entrance and shall provide system grounding and equipment grounding protection.

The service panel shall be connected to the grounding electrode system and an eight foot (8') galvanized or copper clad steel ground rod. All electrical panels shall meet or exceed the bonding requirements of the National Electrical Code (NEC).

If present, metal water pipes shall be bonded to the grounding electrode systems as a means to ground the Plumbing System and prevent pipes and fixtures from becoming energized and hazardous.

All wiring and equipment shall be grounded in accordance with the grounding requirements of the NEC.

7.6 Minimum Standards for Overcurrent Protection

a. General Requirements and Standard Conditions. The number of circuits installed shall not exceed the rating on the panel. The selection of a panel shall provide room for future expansion. All circuits shall be clearly, accurately, and permanently labeled with tags

provided. All unused openings shall be properly plugged, capped or sealed with listed materials.

b. Substandard Conditions. Tandem breakers shall only be used in panels designed for them. The use of tandem breakers in order to exceed the 16 circuits permitted on an 100 amp panel shall not be permitted. Any service equipment containing fuse over-current protection shall be replaced with properly rated circuit breaker type over-current protection devices.

c. Other Requirements/Conditions. Panel board over-current devices shall be properly sized and located at the exterior in a subpanel if the main service panel is in the interior. All existing circuits shall be load tested for tripping.

7.7 Minimum Standards for Service Panel and Sub-Panel Connections

a. General Requirements and Standard Conditions. All existing or new service panels shall be securely fastened to the dwelling. All panel boxes shall be listed and enclosed in 16 gauge sheet steel cabinets with doors and catches. Conductors entering the service shall have proper connectors and shall be securely and neatly attached at terminals. All circuits shall be marked and identified inside the panel box and any sub-panels.

b. Substandard Conditions. Wires shall not have any obvious nicks in the insulation and shall be properly bonded. Service panels shall not be located in bathrooms or closets. When replacement is necessary, the design and location of the service panel shall be considered in conjunction with the relevant needs and desires of the residents.

c. Other Requirements/Conditions.

(1) Panel Boxes. If replacement is required, new panel boxes and subpanels must be installed at 48” AFF (as measured from the main shut off switch or to the highest breaker in the box). Relevant local code requirements will apply with regard to this measurement should this Section 7.7(c) conflict with the local code.

(2) Weather head(s). Weather heads shall be at least 12’ above the finished grade.

(3) Sub-panels. Sub-panels, add-on boxes, or disconnects to existing services for additional circuits shall be allowed only if the existing service equipment is listed and designed for such extension and the installation is in compliance with the NEC. Sub-panels are allowed if the existing service panel has adequate capacity but no available expansion slots.

(4) Service Disconnect. The main disconnect shall be accessible and clearly marked as a service disconnect.

7.8 Minimum Standards for Branch Circuits

a. General Requirements and Standard Conditions. Protection against physical damage of exposed electrical equipment shall be provided throughout Rehabilitation.

b. Other Requirements/Conditions.

(1) Dedicated Circuits. No less than one dedicated 20 amp circuit shall be present for each bathroom and no less than two 20 amp small appliance branch circuits serving the kitchen. A dedicated circuit shall not serve other receptacles. All 240 volt appliances or

equipment shall be on separate circuits. The number of small appliances used by the occupants shall be taken into consideration when planning the circuit loads and placement of receptacles to avoid overloading a circuit and to eliminate the use of extension cords or multiplex outlets. Additional circuits may be necessary and are allowed. Dedicated circuits are required for at least those appliances listed in subparagraphs (A) – (L) of this paragraph, if applicable and as sized in accordance with the manufacturer's instructions:

(A) Refrigerators;
(B) Separate freezers;
(C) Electric range or cook top;
(D) Electric oven;
(E) Clothes dryer;
(F) Electric water heater;
(G) Electric furnace/air handler;
(H) Microwave oven;
(I) Air conditioner;
(J) Sump pumps and water wells;
(K) Septic system aerators; and
(L) Any other major electric appliance.

(2) Circuit Load Distribution. All circuit wiring shall be properly sized to serve the load.

(3) Two-wire Systems. All 2-wire, ungrounded wiring shall be replaced with 3-wire, grounded wiring.

(4) Unused Switches, Receptacles, Fixtures, Conductors and Openings. Unused switches, receptacles, fixtures, and conductors that are obtainable or otherwise within reach shall be removed. All unused openings in outlets, devices, junction boxes, conduit bodies and fittings, raceways, cabinets, and equipment cases or housings shall be effectively closed with knockout seals to prevent vermin, insects, and building materials from coming into contact with wiring.

(5) Wire Splices. All splices shall be placed in accessible and listed junction boxes that are properly covered.

(6) AFCI Protected Circuits. All newly installed branch circuits that supply 15 and 20 amp receptacles installed in family rooms, dining rooms, living rooms, parlors, libraries, dens, sun rooms, recreational rooms, closets, hallways and similar rooms or areas shall be protected by a combination type arc-fault circuit interrupter installed to provide protection of the branch circuit.

7.9 Minimum Standards for Receptacles

a. General Requirements and Standard Conditions. All replacement receptacles must be tamper resistant, and shall be listed/labeled and installed per manufacturer's instructions. Boxes must be specifically designed for its intended purpose, properly sized (rated for the size of the circuit), and mechanically fastened with attached cover plates installed. Receptacles located in damp or we areas must be weatherproof and the wiring shall be run in boxes, conduit(s) and fittings that are listed for wet locations.

(1) Receptacle Locations

(A) All Rooms. All habitable spaces must have receptacles. In each family room, dining room, living room, parlor, library, den, sun room, bedroom, recreation room,

or similar room or area, receptacles shall be installed so that at a minimum each wall has at least one receptacle. Receptacles shall be spaced so that at no point along the perimeter of the floor is more than 6' from a receptacle. Other rooms that are not regularly used by residents/occupants are permitted to have only a minimum of one receptacle per room. Receptacles should not be located lower than 15" above the finished floor.

(B) Bathrooms. All bathrooms must have at least one dedicated 20 amp receptacle outlet that is GFCI protected and located at least 3' from the outside edge of the sink. The receptacle shall be located not lower than 30" and not higher than 48" above the finished floor. Receptacles shall not be located within or directly over a bathtub or shower stall, and shall be at least 12" from the outer edge of the bathtub or shower opening.

(C) Kitchens. The kitchen shall have GFCI protected duplex receptacles on at least two separate 20 amp appliance circuits at the kitchen counter top spaced not more than 48" from each other. A separate dedicated, non-GFCI protected receptacle shall be required for each refrigerator and electric range or cook top, located directly behind it.

(D) Other Exterior(s). Exterior receptacles shall be GFCI protected and enclosed in a listed or labeled weatherproof box. One shall be required at the front of the house and one at the back.

(2) GFCI Protection. Receptacles located in bathrooms, kitchens, in a garage, at the exterior, and anywhere else located within 6' of a sink, shall be GFCI protected. Single use, dedicated receptacles for use by equipment and appliances such as washing machines and sump pumps shall not be GFCI protected, and shall be single, rather than duplex, receptacles when replaced.

7.10 Minimum Standards for Lighting

General Requirements and Standard Conditions. Every habitable room and all living spaces (e.g., bathroom, toilet room, laundry room, furnace or utility room, and hallways) shall be provided adequate natural or artificial lighting, as applicable, and in accordance with paragraphs (1) – (3) of this section:

(1) Natural lighting. Natural lighting must be provided by exterior glazed openings that generally open directly onto a public way, yard, or court. The net glazed area generally must span a minimum eight (8) foot area of the floor in the room or adjoining space served.

(2) Artificial lighting. Artificial lighting must provide at least an average illumination of 10 footcandles (107 lux) over an area of the room served at a height of 30 inches above the floor.

(3) Safety lighting. All stairways (e.g. interior within dwelling unit and exterior serving dwelling unit(s)) must be illuminated by at least one artificial light fixture controlled by a remote wall switch located at the top and bottom of the stairway.

7.10 Minimum Standards for Fixtures and Switches

a. **General Requirements and Standard Conditions.** All replacement fixtures shall be listed or labeled, Energy Star qualified or equivalent, and must be installed in accordance with the

manufacturer's installation instructions. If existing fixtures are in a good and safe condition, securely fastened to framing members, replacement is not required.

b. Substandard Conditions. No fixture or receptacle shall hang from a base by unsupported wiring.

c. Other Requirements/Conditions.

(1) Fixture and Switch Locations. At a minimum, a permanently installed lighting fixture controlled by a wall switch is required in each room of the structure. Switches shall not be located in tub/shower areas or behind the swing of a door. All new wall switches must be located in a convenient and Accessible location.

(2) Closet Fixtures. All light fixtures installed in closets shall be surface mounted or recessed can lights. Recessed can lights shall be Insulation Contact Air Tight (ICAT) rated or its equivalent. Closet fixtures shall be a minimum 6" away from any storage, clothing, or other items, and have a protective cover over the bulb.

(3) Lamps (Light Bulbs). All replacement lamps must meet or surpass the industry standards for Energy Star qualified or equivalent Compact Florescent Lamps (CFLs) or Light Emitting Diodes (LEDs). Refer to Section 4.12 (*regarding* Minimum Standards for Lighting) for additional details.

7.11 Minimum Standards for Smoke and Carbon Monoxide Detectors

a. General Requirements for Smoke Detectors. Each dwelling shall have listed or labeled smoke detectors installed in each bedroom and in the hallway immediately adjacent to bedrooms. Smoke detectors shall draw their primary power from the electrical system, with battery backup, and without interruption except for over current protection. Smoke detectors shall be interconnected so that all detectors sound the alarm when any one senses smoke

b. General Requirements for Carbon Monoxide Detectors. In dwellings with attached garages and/or fuel-fired appliances, carbon monoxide detectors shall be installed. CO detectors shall be listed as complying with UL 2075 and installed outside the immediate vicinity of bedrooms. CO detectors shall be permanently installed and hard wired to the electrical system with battery backup.

8.0 Heating, Ventilation, and Air Conditioning (HVAC)

8.1 Minimum Standards for HVAC Systems

a. General Requirements and Standard Conditions. In conjunction with other systems, the HVAC system of a housing unit must effectively maintain a comfortable living environment for the residents/occupants. At a minimum, paragraphs (1) – (3) of this Section 8.1(a) require all HVAC systems:

(1) Provide a reliable source of heated or cooled air, as applicable, and at a comfortable temperature for all habitable rooms;

(2) Control ventilation and indoor air quality; and

(3) Be free of contaminants that negatively affect indoor air quality.

b. Substandard Conditions. Repair or replacement is required if any Hazardous condition applies, which include but are not limited to, those listed in paragraphs (1) - (14) of this Section:

(1) Lack of a steady and dependable source of heating and cooling to all living areas;

(2) Gas-fired air handler inside the conditioned space which draws; combustion air from the interior;
(3) Combustion gases not venting to the exterior;
(4) Leaking, damaged, rusted or cracked heat exchanger;
(5) Leaking, corroded or damaged gas supply pipe;
(6) Missing gas shut-off at each appliance;
(7) Lack of a functioning pilot or electric start;
(8) Inadequate duct system that does not supply necessary conditioned air to all living areas;
(9) Leaking ducts or returns;
(10) Mismatched or poorly repaired equipment;
(11) Deficiencies are too numerous to justify repair expenses;
(12) Unvented gas-fired wall heaters in enclosed rooms. If existing, the wall unit shall be removed and the gas line capped;
(13) Gas-fired kitchen stoves and/or ovens without ventilation to the exterior;
(14) Lack of a functioning carbon-monoxide detector in homes with gas-fired appliances or equipment.

c. Other Requirements/Conditions.

(1) Sizing and Selecting a New System. Replacement heating and cooling equipment shall be sized in accordance with the current version of the Air Conditioning Contractors of America (ACCA) 16 Manual J or other approved methodology. Equipment selection shall comply with the current version of ACCA Manual S or other approved methodology. Data for heating and cooling loads shall be calculated in accordance with required post-rehabilitation conditions.

(2) Installation. Installation of new systems shall comply with the manufacturer's installation instructions, as appropriate for the fuel source. All replacement equipment shall have a permanent electrical receptacle, switch, light fixture near the equipment, and installed in an accessible manner so that future inspecting, maintaining, and repairing the system can be completed.

(3) Programmable Thermostat. A programmable thermostat shall be installed when a new heating and cooling system is installed. Upon installation, the temperature settings shall be done by the contractor, the occupants shall be educated on using the thermostat and the instructions and warranty shall be provided to the occupants. The location of the thermostat shall be in a central location and not within 3' of doors, windows, appliances, or televisions and installed not higher than 48" AFF, measured from the center of the thermostat.

(4) Specific Requirements for Cooling Equipment.

(A) Climate Zones.

(i) Cooling equipment in Climate Zones 2 and 3 shall be 14.5 Seasonal Energy Efficiency Ratio (SEER)/12 Energy Efficiency Ratio (EER) Energy Star qualified, or its equivalent; or alternatively, shall be a heat pump.

(ii) Cooling equipment in Climate Zone 4 shall be 13 SEER, or its equivalent; or alternatively, shall be a heat pump.

Refer to Section 8.1(c)(3) of these Standards for details regarding Heating Equipment.

(B) Indoor Air Handler. If the indoor air handler is being replaced, the outdoor coil shall also be replaced and it shall be matched to the indoor air handler, unless the outdoor coil is in good working condition and is compatible and properly sized to the new indoor air handler.

(5) Specific Requirements for Heating Equipment.

(A) Climate Zones.

(i) Heating equipment in Climate Zones 2 and 3 shall be greater than or equal to 80% AFUE gas furnace (or its equivalent); greater than or equal to 8.2 HSPF/14.5 SEER/12 EER air-source heat pump, Energy Star qualified with electric backup (or its equivalent); or alternatively, shall be a ground-source heat pump, Energy Star qualified (or its equivalent).

(ii) Heating equipment in Climate Zone 4 shall be greater than or equal to 90% AFUE gas furnace (or its equivalent); greater than or equal to 8.5 HSPF/14.5 SEER/12 EER air-source heat pump, Energy Star qualified with electric backup (or its equivalent); or alternately, shall be a ground-source heat pump, Energy Star qualified (or its equivalent).

8.2 Minimum Standards for the Distribution System.

a. General Requirements and Standard Conditions. The distribution system (e.g. ductwork) must provide an adequate supply of conditioned air to each habitable room, as well as an adequate amount of return air from each habitable room. Existing distribution systems must be inspected to determine whether the system is operating efficiently, properly balanced, and adequately supplying conditioned air -- as this is required for all habitable rooms.

b. Other Requirements/Conditions.

(1) Duct Cleaning. If the distribution system is dirty, but is otherwise operating effectively, duct cleaning is required. This requires complete duct sealing by mechanical means and with duct mastic (so as to adequately eliminate the source of dirt and debris entering the system). Duct cleaning must include all dryer vents.

(2) Replacement and Relocation. Replacement shall ensure all newly installed distribution systems are sized per the current version of the ACCA Manual D (or other Agency-approved methodology). Every effort should be made to relocate the replacement distribution system to the conditioned space through the installation of dropped soffits. If this is not possible, locating the distribution system in the attic shall require mechanical fastening, sealed with duct mastic, and insulated to R-8. Distribution systems shall not be located at the exterior of the home exposing the system to the elements

(3) Installation. Connections and routing of new ductwork shall be completed without kinks or sharp bends and without excessive coiled or looped flexible ductwork. All connections shall be mechanically fastened, sealed with mastic, and properly supported. Runs shall be insulated to R-8 if installed in unconditioned space.

(4) Room Pressurization. Room pressure balancing systems are recommended. Unbalanced distribution systems require transfer grills or jumper ducts to be installed to provide balance with rooms when doors are closed (with respect to the rest of the housing unit). Undercutting doors is prohibited.

8.3 Minimum Standards for Ventilation and Indoor Air Quality

a. General Requirements and Standard Conditions. At a minimum, sufficient ventilation must be provided so as to ensure adequate, continuous, non-contaminated air circulation throughout the Development.

b. Additional Requirements/Conditions.

(1) Exhaust fans. Exhaust fans shall comply with or exceed the applicable requirements in 2012 IRC, Chapter 15, and must be at least Energy Star qualified (or its equivalent). All bathroom, toilet rooms, and kitchen fans shall exhaust to the exterior (either through the

roof or a gable wall), be mechanically fastened, sealed with duct mastic, insulated to R-6, and have a mechanical damper. Flashing shall be installed to provide a positive drainage plain. Flex duct terminating at a gable vent is prohibited.

(A) Bathroom and Toilet Room Exhaust Fans. All bathrooms and toilet rooms must be ventilated by exhaust fans (vented to the outside) unless an operable window is present. If a continuous fan is installed, it shall be greater than or equal to 20 cfm. Intermittent fans shall be greater than or equal to 50 cfm. Neither shall exceed 1.5 sones. Bathroom exhaust fans shall be installed on a dedicated GFCI protected circuit. Light kit, night light, and/or a heating element may be included with exhaust fans. Combustion appliances venting to the exterior shall not be located in bathrooms.

(B) Kitchen Exhaust Fans. Kitchens require mechanical exhaust fan(s) (e.g. kitchen range hoods) be installed unless adequately ventilated by an existing and operational exhaust fan (vented to the outside). If a continuous fan is installed, it shall be greater than or equal to 5 cfm. Intermittent fans shall be greater than or equal to 100 cfm.

(C) Garage Exhaust Fans. If a garage is attached to a Unit (e.g. sharing a common wall), then a UL listed exhaust fan shall be installed in the garage and connected to the operation of the garage door. The exhaust fan must at least turn on when the door is opened and off after 20 minutes.

(2) Supply Air. If supply air is installed and connected to the return plenum, subparagraphs (A) - (D) of this paragraph shall apply, which requires:

(A) Supply air inlets must not be located within 10 linear feet from known contamination sources such as stacks, vents, exhaust hood, or vehicle exhaust;

(B) Rodent and insect screens must be installed;

(C) Ventilation must come directly from the outdoors and not from adjacent dwelling units, garages, crawlspaces, or attics; and

(D) The duct must be mechanically fastened, sealed with duct mastic, insulated to R-6, and shall have a mechanical damper.

Mandatory Development and Unit Standards

Health and Safety

NHTF-assisted housing must be free of all health and safety defects, must meet minimum standards of habitability and functionality, and all inspected items with an observed deficiency must be corrected. Additionally, NHTF-assisted housing is subject to the requirements in 24 CFR §93.301(b)(1)(i) regarding identifying life-threatening deficiencies, which must be addressed immediately if the housing is occupied at the time of rehabilitation.

Lead-Based Paint

NHTF-assisted housing is subject to the regulations at 24 CFR Part 35, subparts A, B, J, K, and R regarding lead-based paint poisoning prevention in residential structures. Applicants, developers, and builders of any project requiring the rehabilitation of structures built prior to 1978 must read, fully understand, and comply with 24 CFR Part 35, subparts A, B, J, K, and R. Inspection and testing for lead-based paint must be completed prior to determination of the scope of rehabilitation, a copy of the inspection and testing report must be provided as part of the work write-up.

Accessibility & Visitability

NHTF-assisted housing must meet the accessibility requirements of 24 CFR Part 8 (implementing Section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act (implemented at 28 CFR Parts 35 and 36), as applicable. “Covered multifamily dwellings”, as defined at 24 CFR §100.201, must also meet applicable design and construction requirements at 24 CFR §100.205 (implementing Fair Housing Act). Other required accessibility and visitability features are further described in 10 TAC Chapter 1, Subchapter B, and 10 TAC §11.101(b)(8).

Disaster Mitigation

Where relevant, NHTF-assisted housing must be improved to mitigate the impact of potential disasters, in accordance with applicable State and local codes, ordinances, and requirements, in addition to the Uniform Physical Condition Standards or other requirements established by HUD.

Broadband Infrastructure

HTF-assisted housing must provide for the installation of broadband infrastructure to be completed in accordance with 24 CFR §93.301(b)(2)(vi) and at no charge to the residents. 10 TAC §11.101(b)(4)(A).

Environmental Requirements

HTF-assisted housing must meet the minimum environmental requirements in 24 CFR §93.301(f)(2).

Development and Unit Amenities

Housing improvements beyond those described in these Standards must include all applicable amenities and energy and water efficiency features in accordance with 10 §TAC 11.101(b)(4), (5), and (6), as amended.

Inspections, Construction Documents, & Compliance (24 CFR §93.301(b)(2)-(3))

Inspections

All NHTF-assisted rehabilitation projects must comply with TDHCA written inspection procedures. TDHCA will conduct initial, mid-progress, and final inspections during construction to identify any deficiencies that must be addressed and ensure that all work is in accordance with approved standards, as applicable. *See*, 24 CFR §93.301(b)(3). TDHCA is responsible for initial and ongoing on-site inspections for rental housing during the affordability period. *See*, 24 CFR §§93.301(b)(3) and 93.301(e); *see also*, 10 TAC §13.11(Post-Award Requirements).

Work Write-Ups

Each repair should be detailed as required through the use of plans, drawings, specifications (conforming to the MasterFormat work write-ups). At a minimum each repair should be detailed in a work write up that specifies the location, required demolition, and methods and materials with enough detail to determine the desired outcome or finished product. Work-write ups can reference plans and specifications as needed but must be detailed enough to complete repairs. Moreover, work write-ups must comply with State and local codes, ordinances, requirements, and TDHCA standards.

Cost Estimates

Written Cost Estimates are required for all NHTF-assisted rehabilitation projects. Cost estimates must be reasonably prepared and submitted to the Department for approval in accordance with Title 10, Part 1, Chapter 10 of the Texas Administrative Code and these Standards. *See*, 24 CFR 93.301(b)(2) and (3); *see also,* 10 TAC §13.11(Post-Award Requirements)(regarding documents that must be submitted to the Department for review and approval prior to loan closing).

NHTF Annual Auditing, Recordkeeping, and Certifications

NHTF-assisted housing must comply with the auditing, recordkeeping, and cost certification requirements of 24 CFR §93.406 and 24 CFR §93.406.

Scope of Work and Post-Rehabilitation Standards

National Standards for the Physical Inspection of Real Estate (NSPIRE)

All Developments funded by the Department must be decent, safe, sanitary, in good repair, and suitable for occupancy throughout the entire Affordability Period. 10 TAC §10.621; To ensure that all residents live in safe, habitable dwellings, the items and components located inside the building, outside the building, and within the units are functionally adequate, operable, and free of health and safety hazards.24 CFR §5.703.

At a minimum, NHTF-assisted housing must comply with HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE)], as found in 24 CFR §5.705 and further provided for in 24 CFR §5.703. Developments must also comply with all local health, safety, and building codes; ordinances; and zoning requirements. Developments in jurisdictions without applicable State or local building codes must adhere to the International Existing Building Code (IEBC), and where the International Building Code (IBC)) of the International Code Council in addition to the UCPS. Refer to **Appendix A: National Standards for the Physical Inspection of Real Estate (NSPIRE)** for additional details.

AND

Scope and Cost Review (SCR)

This report is required for NHTF-assisted Rehabilitation Developments. The SCR Report must be prepared in accordance with 10 TAC §11.306 (relating to Scope and Cost Review Guidelines) and submitted as required under 10 TAC §11.205(3)(relating to Scope and Cost Review (SCR)). Importantly, the report must be accompanied by the Department's SCR Supplement in the form of an excel workbook as published on the Department's website. Refer to **Appendix B: Scope and Cost Review (SCR)** for additional details.

AND

Capital Needs Assessment (CNA)

All NHTF-assisted Rehabilitation Developments must also submit a capital needs assessment (CNA) estimating the useful life of each major system. 10 TAC §11.205(3). The CNA shall determine the work to be performed and identify the long-term physical needs of the project. 24 CFR §93.301(b)(1)(ii). Moreover, the assessment must include a comparison between the local building code and no earlier than the 2015 version of the IEBC of the International Code Council. 10 TAC §11.205(3). If the remaining useful life of one or more major system is less than the applicable period of affordability, a replacement reserve must be established with adequate monthly payments made to repair or replace the systems as needed. See, 24 CFR §93.301(b)(1)(ii); *see also*, 10 TAC §10.404 (Reserve Accounts).

In addition to the minimum CNA requirements, the Report must be accompanied by the Department's SCR Supplement in the form of an excel workbook as published on the Department's website. 10 TAC §11.205(3)(relating to Scope and Cost Review(SCR)). Refer to **Appendix C: Capital Needs Assessment (CNA)** for additional details.

APPENDIX TO
2026 NHTF MINIMUM REHABILITATION STANDARDS

APPENDIX A: National Standards for the Physical Inspection of Real Estate (NSPIRE)

Introduction

All Developments funded by the Department must be decent, safe, sanitary, in good repair, and suitable for occupancy throughout the entire Affordability Period. 10 TAC §10.621; To ensure that all residents live in safe, habitable dwellings, the items and components located inside the building, outside the building, and within the units are functionally adequate, operable, and free of health and safety hazards. 24 CFR §5.703. This requires that, at a minimum, NHTF-assisted housing comply with HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE) provided in 24 CFR Part 5, Subpart G.

Importantly, the NSPIRE is a minimum threshold requirement for NHTF-assisted housing. Developments are still responsible for complying with applicable local health, safety, and building codes; ordinances; and zoning requirements. Even Developments in jurisdictions without applicable State or local building codes must still comply with the 2012 International Existing Building Code (IEBC) in addition to the NSPIRE.

NSPIRE Compliance Inspections

The Department's Compliance Division or its Affiliate(s) is responsible for conducting NSPIRE inspections of NHTF-assisted multifamily developments. *See* §200.853. Inspection frequency will be determined using the scoring and ranking methodology of HUD's Real Estate Assessment Center (REAC). *See* §200.857(a) – (b). Unless otherwise determined by the Department, NSPIRE Inspections will be conducted once every three years during the Affordability Period.

During an Inspection, observable deficiencies for inspectable items will be identified for all major areas of NHTF-assisted rehabilitated housing, including the **(1) Inside; (2) Outside; (3) Units; and (4) Health and Safety Considerations**. Correcting deficiencies is an important part of the Applicant/Borrower's ongoing responsibility to maintain the physical state of the Development so that it is decent, safe, sanitary, and in good repair. This responsibility must be maintained throughout the entire Affordability Period.

Depending on the type of Deficiency identified, the responsibility to address and remedy Deficiencies may either be (1) immediate or (2) completed with the project's scope of work.

1. **Severe and Life Threatening Deficiencies (LTD)** are identified in the Exigent Health and Safety Report(s) and require immediate attention or remedy. **For projects involving the acquisition or rehabilitation of occupied housing, Severe and Life Threatening Deficiencies MUST be immediately addressed AND remedied**. Severe and Life Threatening Deficiencies include, but not are limited to, the following (categorized by Severe and Life-Threatening deficiencies):
    - **Life-Threatening:** Call-for-aid system is blocked, or pull cord is higher than 6 inches off the floor
    - Call-for-aid system does not function properly
    - Carbon monoxide alarm is missing, not installed, or not installed in a proper location
    - Carbon monoxide alarm is obstructed
    - Carbon monoxide alarm does not produce an audio or visual alarm when tested
    - Chimney exhibits signs of structural failure

- Chimney is incomplete or damaged such that it may not safely contain fire and convey smoke to the exterior
- Electric dryer exhaust ventilation system has restricted airflow
- Gas dryer exhaust ventilation system has restricted airflow
- Electric dryer transition duct is detached or missing
- Gas dryer transition duct is detached or missing
- Electric dryer exhaust ventilation system has restricted airflow
- Dryer transition duct is constructed of unsuitable material
- Entry door is missing
- Fire labeled door is missing
- Obstructed means of egress
- Sleeping room is located on the 3rd floor or below and has an obstructed rescue opening
- Outlet or switch is damaged
- Exposed electrical conductor
- Water is currently in contact with an electrical conductor
- The overcurrent protection device is damaged
- Exit sign is damaged, missing, obstructed, or not adequately illuminated
- Fire escape component is damaged or missing
- Fire extinguisher pressure gauge reads over or under-charged
- Fire extinguisher service tag is missing, illegible, or expired

Severe:

- Fire extinguisher is damaged or missing
- Flammable or combustible item is on or within 3 feet of an appliance that provides heat or a fuel-burning water heater OR Improperly stored chemicals
- Guardrail is missing or not installed
- Guardrail is not functionally adequate
- Unvented space heater that burns gas, oil, or kerosene is present
- Combustion chamber cover or gas shutoff valve is missing from a fuel burning heating appliance
- Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing
- The inspection date is on or between October 1 and March 31 and the permanently installed heating source is not working or the permanently installed heating source is working and the interior temperature is below 64 degrees Fahrenheit
- Unvented space heater that burns gas, oil, or kerosene is present
- Combustion chamber cover or gas shutoff valve is missing from a fuel burning heating appliance
- Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing
- Natural gas, propane, or oil leak
- Presence of mold-like substance at extremely high levels is observed visually
- Smoke alarm is not installed where required
- Smoke alarm does not produce an audio or visual alarm when tested
- Smoke alarm is obstructed

- Sprinkler head assembly is encased or obstructed by an item or object that is within 18 inches of the sprinkler head
- Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance
- Sprinkler assembly has evidence of corrosion
- Sprinkler assembly has evidence of foreign material that is detrimental to performance
- Structural system exhibits signs of serious failure
- Only 1 toilet was installed, and it is missing
- Chimney or flue piping is blocked, misaligned, or missing
- Gas shutoff valve is damaged, missing, or not installed
- Only 1 bathtub or shower is present and it is inoperable or does not drain
- Ceiling component(s) is not functionally adequate
- Cooking range, cooktop, or oven does not ignite or produce heat
- A microwave is the primary cooking appliance and it is damaged
- Entry door is missing
- Entry door will not close
- Entry door cannot be secured
- Fire labeled door does not open
- Fire labeled door does not close and latch or the self-closing hardware is damaged or missing such that the door does not self-close and latch
- Fire labeled door assembly has a hole of any size or is damaged such that its integrity may be compromised
- Fire labeled door seal or gasket is damaged or missing
- An object is present that may prevent the fire labeled door from closing and latching or self-closing and latching
- Fire labeled door cannot be secured
- Three prong outlet not properly wired or grounded
- Outlet does not have visible damaged and testing indicates it is not energized
- Testing indicates a three-pronged outlet is not properly wired or grounded
- GFCI outlet or GFCI breaker is not visibly damaged and the test or reset button is inoperable
- AFCI outlet or AFCI breaker is not visibly damaged and the test or reset button is inoperable
- An unprotected outlet is present within six feet of a water source
- The overcurrent protection device is contaminated
- Heating system or device safety shield is damaged or missing
- The inspection date is on or between October 1 and March 31 and the permanently installed heating source is working and the interior temperature is 64 to 67.9 degrees Fahrenheit
- Heating system or device safety shield is damaged or missing
- Extensive rat infestation
- Extensive cockroach infestation
- Extensive bedbug infestation
- Extensive mouse infestation
- Extensive rat infestation
- Blocked sewage system

- Leak in sewage system
- Auxiliary lighting is damaged, missing, or fails to illuminate when tested
- Presence of mold-like substance at high levels is observed visually

2. **Moderate and Low Deficiencies** generally include all other observable deficiencies. Any and all Moderate and Low Deficiencies must be completed with a project's scope of work and thus corrected prior to project completion. Moderate and Low Deficiencies include but are not limited to those listed as "Mod" or "Low Deficiencies" in ***Attachment A – TDHCA National Standards for the Physical Inspection of Real Estate (NSPIRE Checklist)***.

Required Documentation

All NHTF-assisted multifamily housing must complete and timely submit the ***TDHCA National Standards for the Physical Inspection of Real Estate (NSPIRE Checklist))*** to the Department for review and approval.

APPENDIX B: Scope and Cost Review (SCR)
(10 TAC §11.205(3); 10 TAC §11.306)

Introduction

All NHTF-assisted Developments (excluding Reconstruction) must submit a Scope and Cost Review (SCR) Report. The SCR must meet the minimum requirements provided in 10 TAC §11.306 (relating to Scope and Cost Review Guidelines) and 10 TAC §11.205(3)(relating to Required Third Party Reports: Scope and Cost Review). Pursuant to 10 TAC §11.306(a), the objective of the SCR is to provide a self-contained report that comprehensively details and evaluates the current conditions of the Development, and identifies a scope of work for the proposed repairs, replacements, and improvements to an existing multifamily property.

Scope and Cost Review Guidelines

The SCR author must evaluate the sufficiency of the Applicant's scope of work and provide an independent review of the Applicant's proposed costs. It is the Applicant's responsibility to ensure the scope of work and cost estimates (including the Development Cost Schedule) submitted in the Application are provided to the author, as these must also be included in the SCR Report. Importantly, the report should be in sufficient detail for the Underwriter to fully understand all current conditions, scope of work and cost estimates. The report must also include the following statement, "any person signing this Report acknowledges that the Department may publish the full report on the Department's website, release the report in response to a request for public information and make other use of the report as authorized by law." 10 TAC §11.306(a).

Under 10 TAC §11.306(b), the SCR must include analysis in conformity with the American Society for Testing and Materials (ASTM) "Standard Guide for Property Condition Assessments. Baseline Property Condition Assessment Process (ASTM Standard Designation: E 2018)," unless the exceptions in 10 TAC §11.306(f) or (g) apply. Moreover, 10 TAC §11.306(c) requires good quality color photographs of the subject Real Estate (front, rear, and side elevations, on-site amenities, interior of the structure) be included. Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables must also be included.

Discussion and analysis must be provided for 10 TAC §11.306(d)(1) – (8). This includes, but is not limited to, discussion and analysis of:

(1) Descriptions of Current Conditions;
(2) Descriptions of Scope of Work;
(3) Useful Life Estimates;
(4) Code Compliance;
(5) Program Rules;
(6) Accessibility Requirements;
(7) Reconciliation of Scope of Work and Costs; and
(8) Cost Estimates.

Any costs not identified and discussed in sufficient detail in the SCR as part of 10 TAC §11.306(d)(6), (d)(8)(A), and (d)(8)(B) will not be included in the underwritten Total Development Cost in the Report.

Third Party, Unrelated, and Nonaffiliated Author(s)

The SCR shall be conducted by a Third Party at the expense of the Applicant, and addressed to Texas Department of Housing and Community Affairs as the client. Copies of reports provided to the Department which were commissioned by other financial institutions should address the Texas Department of Housing and Community Affairs as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to the Texas Department of Housing and Community Affairs. 10 TAC §11.306(h).

The SCR report must also include a statement that the individual and/or company preparing the SCR report will not materially benefit from the Development in any other way than receiving a fee for performing the SCR. Because of the Department's heavy reliance on the independent cost information, the provider must not be a Related Party to or an Affiliate of any other Development Team member. The SCR report must contain a statement indicating the report preparer has read and understood the requirements of 10 TAC §11.306 (esp., §11.306(i)).

Health and Safety Recommendations

Any recommendations made in the SCR regarding health and safety, life expectancy of major systems (structural support; roofing; cladding and waterproofing; plumbing; electrical; and heating, ventilation, and air conditioning) must be implemented. 10 TAC §13.9(1); 24 CFR §93.301(b)(1)(ix) (requiring an estimate (based on age and condition) of the remaining useful life of these systems be conducted upon project completion of each major system). If the remaining useful life of one or more major system is less than the applicable period of affordability, a replacement reserve must provide adequate monthly payments, so as to repair or replace the systems as needed. 24 CFR §93.301(b)(1)(ix).

For properties originally constructed prior to 1978, the SCR and rehabilitation scope of work must be provided to the party conducting the lead-based paint and/or asbestos testing. 10 TAC §13.9(2). The rehabilitation must implement the mitigation recommendations of the testing report. 10 TAC §13.9(2).

Required Documentation

Attachment B – TDHCA Scope and Cost Review (SCR Supplement)

The SCR must include the Department's Scope and Cost Review Supplement (SCR Supplement) in the excel form published on the Departments website (and attached for reference purposes). The purpose of the SCR Supplement is to consolidate and show reconciliation of the scope of work and costs of the immediate physical needs identified by the SCR author with the Applicant's scope of work and costs provided in the Application. The consolidated scope of work and costs shown on the SCR Supplement will be used by the Underwriter in the analysis, as it details the projected repairs and replacements through at least thirty (30) years.

APPENDIX C: Capital Needs Assessment (CNA)
(24 CFR §93.301(b)(1)(ii))

Introduction

All NHTF-assisted Rehabilitation Developments must also submit a capital needs assessment that estimates the useful life of each major system. The CNA will determine the work to be performed and identify the long-term physical needs of the project. 24 CFR §93.301(b)(1)(ii). If the remaining useful life of one or more major system is less than the applicable period of affordability, a replacement reserve must be established with adequate monthly payments made to repair or replace the systems as needed. 24 CFR §93.301(b)(1)(ii).

Importantly, the CNA must adhere to all applicable requirements of 10 TAC §11.205(3)(relating to Required Third Party Reports), including being accompanied by the Department's SCR Supplement in the excel form published on the TDHCA website (and attached to these Standards for reference purposes).

Capital Needs Assessment Guidelines

The CNA must be completed by an independent, Third Party engineer or architect approved by the Department. The performing engineer or architect must:

- conduct an interview with the appropriate onsite Development personnel (e.g. property management, maintenance personnel) to assess prior, ongoing or chronic repairs, maintenance issues, and deficiencies;

- complete an onsite visit and physical inspection of both the interior and exterior units and structures on the property;

- analyze and provide recommendations regarding the presence of environmental hazards and potential efficiency or other mitigation considerations, in accordance with these standards;

- analyze and provide recommendations as to the reasonability of the proposed budget as it relates to the work to be performed, including but not limited to an analysis of the: (1) Development Site; (2) Structural Systems; (3) Interior Systems; and (4) Mechanical, Plumbing, Electrical, HVAC, and Safety (e.g. fire protection, elevator requirements, safety lighting) Systems and related requirements; and

- depending on the aforementioned determinations, the assessment must assess and provide recommendations regarding the proposed budget as it relates to the conclusions of the assessment. Moreover, any and all components of major systems reaching the end of their useful life or otherwise bearing critical conditions, must be identified. If the remaining useful life of any major system is less than 50% of the expected useful life, immediate rehabilitation (replacement or repair, as appropriate) is required. If the remaining useful life of any component of the major systems is less than the term of the affordability period, replacement reserves with adequate payments being made as required to finance future repair(s) or replacement(s) is required.

Required Documentation

Attachment B – TDHCA Scope and Cost Review (SCR Supplement)(as detailed in APPENDIX B).

ATTACHMENTS TO
2026 NHTF MINIMUM REHABILITATION STANDARDS

ATTACHMENT A: National Standards for the Physical Inspection of Real Estate (NSPIRE Checklist) (available as posted on the TDHCA website at https://www.tdhca.texas.gov/physical-inspections and as may be amended from time to time.

ATTACHMENT B: Scope and Cost Review Cost Schedule (SCR Supplement)(available as posted on the TDHCA website at https://www.tdhca.texas.gov/real-estate-analysis and as may be amended from time to time.

Texas Department of Housing and Community Affairs

Citizen Participation on the State of Texas Consolidated Plan: 2026 One-Year Action Plan

July 2026

Public Notification was achieved for the 2026 State of Texas One-Year Action Plan through posting the Draft Plan on the TDHCA Public Comment section of the TDHCA website and in the Texas Register: https://www.tdhca.texas.gov/tdhca-public-comment-center

https://www.sos.state.tx.us/open/index.shtml

For the 2026 Action Plan the State put the Plan out for a 31-day public comment period from April 17, 2026 through May 17, 2026. In addition, to the 31-day comment period a public hearing was held on May 6, 2026 at 2:00 pm. There were no attendees to the Public Hearing on May 6, 2026 and no comment was received on the plan during the public comment period or at the public hearing.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1516 **Agenda Date:** 7/9/2026 **Agenda #:** 9.

Presentation, discussion, and possible action on an Agreed Final Order concerning Resources Inspiring Success and Empowering, relating to FY 2025 Texas Youth and Young Adult Homeless Program General Revenue Contract Number 32247000003

RECOMMENDED ACTION

WHEREAS, Resources Inspiring Success and Empowering (RISE) signed Texas Youth and Young Adult Homeless Program General Revenue Contract Number 32247000003 in 2025, to act as a subrecipient administrator for the Texas Youth and Young Adult Homeless Program (YYAHP) in Fort Bend County;

WHEREAS, the Department performed a compliance monitoring review and issued a notification of noncompliance on February 10, 2026, identifying three findings of noncompliance relating to failure to correctly support reported draw requests, failure to meet procurement requirements, and failure to ensure complete client file documentation;

WHEREAS, after reviewing corrective documentation submitted by RISE, TDHCA identified disallowed costs of $45,826.93;

WHEREAS, RISE has been referred for administrative penalties for failure to repay disallowed costs associated with the compliance monitoring review, but it has not been referred for debarment since it requested a repayment plan;

WHEREAS, Renika J. Atkins, founder and executive director for RISE, attended an informal conference with the Enforcement Committee (Committee) on June 11, 2026;

WHEREAS, the Committee recommended full repayment of disallowed costs over a six-month period, and it recommended assessment of the maximum potential administrative penalty, but with daily penalty accrual to stop as of the board meeting on July 9, 2026, and with the possibility for full forgiveness of the penalty if the disallowed costs are fully repaid as required; and

WHEREAS, staff has based its administrative penalty recommendation on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors identified to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case.

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order assessing an administrative penalty of $3,300.00, for noncompliance relating to Texas Youth and Young Adult Homeless Program General Revenue Contract Number 32247000003, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

PROGRAM INFORMATION: RISE is a subrecipient administrator for the Texas Youth and Young Adult Homeless Program (YYAHP), designed to aid Fort Bend County youth and young adults aged 24 or younger, who are at risk of being homeless. The program was funded via Senate Bill 30 of the 88th Texas Legislature, and the TDHCA contract with RISE expired on June 14, 2026, subject to the close-out process.

VIOLATIONS SUBJECT TO ADMINISTRATIVE PENALTIES: The Department conducted a subrecipient compliance monitoring review and issued a notification of noncompliance on February 10, 2026, setting a corrective action deadline of March 10, 2026. RISE submitted corrective action on March 11, 2026, but it did not adequately address all noncompliance. Associated costs in the aggregate amount of $45,826.93 were deemed disallowable for the following findings of noncompliance, and the TDHCA Compliance Division referred RISE for an administrative penalty on May 4, 2026, for failure to repay those disallowed costs. No payments for disallowed costs have been submitted to date, but RISE requested a repayment plan, and therefore was not referred for debarment for refusal to repay disallowed costs. Referred noncompliance includes:

1. Failure to correctly support reported draw requests for reimbursement, affecting 13 expenses;

2. Failure to ensure procurement requirements are met, affecting the hiring of two independently contracted employees; and

3. Failure to ensure complete client file documentation, affecting 9 out of 12 reviewed client files.

FACTORS CONSIDERED TO DETERMINE RECOMMENDED ADMINISTRATIVE PENALTY AMOUNT: Renika J. Atkins, founder and executive director for RISE, participated in an informal conference with the Committee on June 11, 2026. The Committee analyzed the required statutory factors for determining an appropriate administrative penalty as follows, pursuant to Tex. Gov't Code 2306.042(b) and Figure 3 of 10 TAC §2.302(k):

1. **The seriousness, extent, and gravity of the violations, and whether a hazard is posed to the health, safety, and economic welfare of the public:** There was no impact to health or safety, but some risk to the economic welfare of the public since 9 of the 12 reviewed files were incomplete. RISE has files, but the files are missing important components, and are therefore unacceptable to TDHCA. There is no evidence of any misrepresentations, but a clear lack of capacity and knowledge to manage a grant like this.

2. **History of previous violations:** None.

3. **Efforts made to correct the violations:** RISE submitted timely corrections, but it was insufficient to correct the noncompliance. The procurement noncompliance is uncorrectable since the independent contractors were not properly hired. Most of the tenant file and draw request noncompliance was correctable, but insufficient documentation was collected.

4. **Any other matters that justice may require:** Ms. Atkins is eager and was well-prepared for the conference, but she lacks experience in nonprofit governance, accounting and procurement procedures. She was not fully prepared for this funding. TDHCA staff had offered meetings during the contract term to provide technical assistance, but RISE did not partake. During the informal conference, Ms. Atkins explained that the problems identified by TDHCA were primarily due to the nonprofit's fast growth and lack of knowledge. Prior to receiving the TDHCA grant, RISE was able to assist 12 applicants at a time, and it grew quickly with both the TDHCA grant and a simultaneous grant from HUD, without expanding its administrative capacity to ensure proper documentation to the standard required by a government agency. Files were not maintained in a centralized location, and were instead maintained in emails and multiple separate computers, and RISE had hired new staff quickly, primarily utilizing LinkedIn. There do not appear to be problems with misrepresentations. Current staffing includes four employees, of which three are independent contractors, plus Ms. Atkins.

   RISE staff adjusted as they went, and the monitoring review identified its weaknesses and a steep learning curve. Ms. Atkins recognized the problems and is adjusting. She presented her plans for improvement of the nonprofit's governance, including implementing general accounting principles, procurement procedures, Casebook case management software, and centralized record-keeping. She has also improved supervision, and implemented team reviews of case files to ensure complete documentation during each step of the process. She has also hired a consultant. The consultant is not an expert in TDHCA programs, but rather a generalist in nonprofit governance and organization, assisting RISE to identify and implement the improvements noted above.

5. **Amount necessary to deter future violations:** Ms. Atkins requested a six-month payment plan for the disallowed costs because RISE is a small nonprofit and cannot afford to repay the full amount immediately. Most of the RISE ongoing funding is via donations and community fundraising. The Committee thought that the proposed six-month repayment term was reasonable given the small size of this nonprofit. The noncompliance appears to be the result of inexperience and fast growth, and the nonprofit has a good plan in place to improve operations.

   In light of the above factors, the Committee recommends the maximum administrative penalty of $3,300.00 as of the Board meeting date for failure to repay disallowed costs associated with the compliance monitoring review, but it recommends halting the daily penalty accrual as of the Board Meeting date, and forgiving the administrative penalty if disallowed costs are fully repaid per the terms of the Agreed Final Order.

RECOMMENDATION: After consideration of all appropriate factors, the Enforcement Committee and Executive Director recommend the maximum administrative penalty of $3,300.00 as of the Board meeting date, with daily penalty accrual halted as of that date, and with forgiveness of the administrative penalty if disallowed costs are repaid in full per the terms of the Agreed Final Order.

Attachments:
1. Proposed Agreed Final Order

ENFORCEMENT ACTION AGAINST RESOURCES INSPIRING SUCCESS AND EMPOWERING	§ § § § § §	BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 9th day of July, 2026, the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or Department) considered the matter of whether enforcement action should be taken against Resources Inspiring Success and Empowering, a Texas nonprofit corporation (RISE or Respondent).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act ("APA"), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov't Code §2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov't Code §2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT (FOF)

Jurisdiction:

1. On April 11, 2025, Respondent executed FY 2025 Texas Youth and Young Adult Homeless Program General Revenue Contract Number 32247000003 (Contract), committing to be a subrecipient administrator for the Texas Youth and Young Adult Homeless Program (YYAHP) in Fort Bend County.

2. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations:

1. The Department conducted a compliance monitoring review and issued a notification of noncompliance on February 10, 2026, setting a corrective action deadline of March 10, 2026. Respondent submitted corrective action on March 11, 2026, but it did not adequately address all noncompliance. Associated costs in the aggregate amount of $45,826.93 were deemed disallowable for the following findings of noncompliance, and the TDHCA Compliance Division referred Respondent for an administrative penalty on May 4, 2026, for failure to repay those disallowed costs. No payments for disallowed costs have been submitted to date.
    a. Failure to correctly support reported draw requests for reimbursement, affecting 13 expenses;
    b. Failure to ensure procurement requirements are met, affecting the hiring of two independently contracted employees; and
    c. Failure to ensure complete client file documentation, affecting 9 out of 12 reviewed client files.

2. Respondent violated 10 TAC §2.401(a)(2) by failing to repay disallowed costs in the aggregate amount of $45,826.93, associated with a subrecipient compliance monitoring review conducted on February 10, 2026. Disallowed costs were due on May 2, 2026, and Respondent has requested a repayment plan.

3. All findings listed above are considered unresolved at the time of this Order.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC Chapter 2.

2. TDHCA is authorized pursuant to Section 7.05 of Acts 2023, 88th Leg., R.S, ch. 458, General and Special Laws of Texas, to administer $1,000,000.00 appropriated from the general revenue funds for providing youth and young adult homeless housing and services through a contract for services in Fort Bend County, Texas.

3. Pursuant to the Contract, Respondent is required to administer YAAHP funds in accordance with state requirements, including but not limited to Title 10, Part 1, Chapter 1, Chapter 2, and Subchapter A of Chapter 7, of the Texas Administrative Code (collectively, State Rules), the Youth and Young Adult Homeless Program Notice of Funding Availability (NOFA), and representations made as part of the Previous Participation and Executive Award Process, as defined in the State Rules.

4. Pursuant to 10 TAC §7.11, TDHCA is required to monitor for noncompliance.

5. Respondent violated 10 TAC §2.401(a)(2) by failing to repay disallowed costs in the aggregate amount of $45,826.93.

6. Because Respondent is an administrator for YAAHP, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and Tex. Gov't Code Subchapter F.

7. Because Respondent is an administrator for YAAHP, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code Subchapter F.

8. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Department to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.

9. An administrative penalty of $3,300.00 as of the date of this Order, is an appropriate penalty in accordance with 10 TAC Chapter 2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Governing Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent shall pay and is hereby directed to pay disallowed costs in the aggregate amount of $45,826.93 within six months.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay the disallowed costs by checks payable to the Texas Department of Housing and Community Affairs according to the following schedule, with timely payments to be confirmed by postmark:

Payment Number	Payment Due Date	Amount of Payment
1	August 15, 2026	$7,637.83
2	September 15, 2026	$7,637.82
3	October 15, 2026	$7,637.82
4	November 15, 2026	$7,637.82
5	December 15, 2026	$7,637.82
6	January 15, 2027	$7,637.82

IT IS FURTHER ORDERED that Respondent is assessed an administrative penalty in the amount of $3,300.00, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, submitting all disallowed cost payments as required, the

satisfactory performance under this Order will be accepted in lieu of the assessed administrative penalty, and the full administrative penalty in the amount of $3,300.00 will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, then the full administrative penalty in the amount of $3,300.00 shall be immediately due and payable to the Department. Such payment shall be made by check payable to the Texas Department of Housing and Community Affairs within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order.

IT IS FURTHER ORDERED that all payments that come due under this Agreed Final Order must be submitted to the following address:

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

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

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on July 9, 2026.

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

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

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 9th day of July, 2026, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

_____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 9th day of July, 2026, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

_____
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF _____§

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

1. "My name is Renika J. Atkins, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of executive director for Respondent. I am the authorized representative of Respondent, which is subject to a contract monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. The Taxpayer ID for Respondent is _____.
4. The mailing address for Respondent is _____.
5. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Governing Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

THE CHOSEN ONES OUTREACH MINISTRIES OF GALVESTON, INCORPORATED, a Texas nonprofit corporation

By: _____

Name: Renika J. Atkins

Title: Executive Director

Given under my hand and seal of office this _____ day of _____, 2026.

_____
Signature of Notary Public

_____
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____
My Commission Expires:_____

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1511 **Agenda Date:** 7/9/2026 **Agenda #:** 10.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12 Negotiated Rulemaking; action for new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12 Negotiated Rulemaking and Petitions for Rulemaking, and an order directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, this rule has historically represented a policy of the Department relating to negotiated rulemaking, that has an unnecessary degree of specificity and is in need of streamlining;

WHEREAS, Tex. Gov't Code §2001.021, relating to Petition for Adoption of Rules, requires that the Department, by rule, provide the form for a petition in which an interested person may request the adoption of a rule, and the Department's rule does not currently provide for this;

WHEREAS, staff is therefore recommending the rule language relating to negotiated rulemaking be condensed, the rule relating to petitioning for adoption of rules be added, and the rule be retitled more appropriately;

WHEREAS, such revisions are being proposed through the repeal of the current rule and a simultaneous new rule to be proposed in its place; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment from July 24, 2026, through August 24, 2026, and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the

proposed actions herein in the form presented to this meeting, to be published in the *Texas Register* for public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12 Negotiated Rulemaking currently lays out the Department's policy on negotiated rulemaking. In the Department's current effort to streamline its rules, staff has reviewed this rule and is recommending that portions of this rule are not necessary and can be condensed. It should be noted that in the last 20 years, negotiated rulemaking has not been pursued at the Department.

At the same time, Tex. Gov't Code §2001.021, relating to Petition for Adoption of Rules, does require that the Department, by rule, provide the form for a petition in which an interested person may request the adoption of a rule. Currently, the Department's rule does not include this.

Tex. Gov't Code §2001.021 provides:

(a) An interested person by petition to a state agency may request the adoption of a rule.

(b) A state agency by rule shall prescribe the form for a petition under this section and the procedure for its submission, consideration, and disposition. If a state agency requires signatures for a petition under this section, at least 51 percent of the total number of signatures required must be of residents of this state.

(c) Not later than the 60th day after the date of submission of a petition under this section, a state agency shall:

(1) deny the petition in writing, stating its reasons for the denial; or

(2) initiate a rulemaking proceeding under this subchapter.

(d) For the purposes of this section, an interested person must be:

(1) a resident of this state;

(2) a business entity located in this state;

(3) a governmental subdivision located in this state; or

(4) a public or private organization located in this state that is not a state agency.

The rule following provides the procedure for the submission, consideration, and disposition of such a petition. The rule does require signatures for such petition as well as evidence that will

enable the Department to confirm that a signatory is a resident of the state as required by the statute.

Staff is recommending the rule language relating to negotiated rulemaking be condensed, the rule relating to petitioning for adoption of rules be added, and the rule be retitled more appropriately.

The rule action will be published in the *Texas Register* and released for public comment from July 24, 2026 to August 24, 2026. This rule action will be returned to the Board for final adoption.

Behind the preamble a draft of the rule is provided in blackline and shows the proposed additions and deletions to the rule.

Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC §1.12 Negotiated Rulemaking

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC §1.12 Negotiated Rulemaking. The purpose of the proposed repeal is to eliminate the current rule while replacing it with a more current version of the rule.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program but relates to means by which the public may seek rulemaking from the Department.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The repeal does not require additional future legislative appropriations.

4. The repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The repeal will not expand or contract the applicability of an existing regulation.

7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect

on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed and new sections would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT. The Department requests comments on the proposed repeal. The public comment period will be held July 24, 2026, through August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The proposed repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed action affects no other code, article, or statute.

§1.12 Negotiated Rulemaking

Attachment 2: Preamble, including required analysis, for proposed new 10 TAC §1.12 Negotiated Rulemaking and Petitions for Rulemaking

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC §1.12 Negotiated Rulemaking. The purpose of the proposed rule is to remove unnecessary rule language, add language to ensure compliance with Tex. Gov't Code 2001.021, and retitle the rule.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the new section would be in effect:

1. The new section does not create or eliminate a government program but relates to means by which the public may seek rulemaking from the Department.

2. The new section does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The new section does not require additional future legislative appropriations.

4. The new section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The new section does not create a new regulation, except that it is replacing a section being repealed simultaneously to provide for revisions.

6. The new section will not expand or contract an existing regulation.

7. The new section will not increase or decrease the number of individuals subject to the rule's applicability.

8. The new section will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the new section and determined that the action will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The new section does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the new section as to its possible effect on local economies and has determined that for the first five years the new section would be in effect there would be no economic

effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section would be a more streamlined rule that is compliant with Tex. Gov't Code 2001.021. There will not be economic costs to individuals required to comply with the new section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new section is in effect, enforcing or administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed section and also requests information related to the cost, benefit, or effect of the proposed section, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026, through August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The proposed new section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new section affects no other code, article, or statute.

10 TAC §1.12 Negotiated Rulemaking and Petitions for Rulemaking

(a) Purpose. In accordance with Tex. Gov't Code §2306.082, the Department encourages the use of negotiated rulemaking procedures for the adoption of Department rules. In accordance with Tex. Gov't Code §2001.021, an interested person(s) may request the adoption of a rule by petition to a state agency.

(b) Negotiated Rulemaking.

(1) Tex. Gov't Code Chapter 2008 describes the procedures for negotiated rulemaking including appointment of a convener; publishing notice of proposed negotiated rulemaking and requesting comments on the proposal; appointing a negotiated rulemaking committee; appointing an impartial third party facilitator; and proposing the resulting draft rule for public comment.

~~(b) Request for Negotiated Rulemaking Process.~~

(~~1~~2) Any person or organization that would like for the Department to use negotiated rulemaking for the adoption of a Department rule may submit such a request to the Department's Board Secretary. The proposal must identify: the rule proposed for negotiated rulemaking, potential participants for the negotiated rulemaking committee, possible third party facilitators, and a suggested timeline for the process. The Department may also on its own propose to use negotiated rulemaking.

~~(2) In determining whether a proposed negotiated rulemaking is appropriate in a particular situation, the Department and interested parties may consider any relevant factors, including:~~

~~(A) The number of identifiable interests that would be significantly affected by the proposed rule;~~

~~(B) The probability that those interests would be adequately represented in a negotiated rulemaking;~~

~~(C) The probable willingness and authority of the representatives of affected interests to negotiate in good faith;~~

~~(D) The probability that a negotiated rulemaking committee would reach a unanimous or a suitable general consensus on the proposed rule;~~

~~(E) The probability that negotiated rulemaking will not unreasonably delay notice and eventual adoption of the proposed rule;~~

~~(F) The adequacy of agency and public resources to participate in negotiated rulemaking; and~~

~~(G) The probability that the negotiated rulemaking committee will provide a balanced representation among all interested and affected parties. (Tex. Gov't Code §2008.052(d)).~~

(3) The Department generally will respond to the request within seven calendar days. If the negotiated rulemaking is not pursued, the Department will provide the party making the request with an explanation for the basis of the decision.

(4~~c~~) If the Department decides to proceed with a negotiated rulemaking, it shall follow the process outlined in Tex. Gov't Code Chapter 2008 and costs associated with the negotiated rulemaking process will be handled as specified in Tex. Gov't Code §2008.003.

(c) Petitions for Rulemaking.

(1) Submission.

(A) An interested person(s) may petition the Department to request the adoption of a new rule, the repeal of a rule, or an amendment of an existing rule. For the purposes of this section, an interested person must be:

(i) a resident of this state;

(ii) a business entity located in this state;

(iii) a governmental subdivision located in this state; or

(iv) a public or private organization located in this state that is not a state agency.

(B) Such submission must be made in writing to the Executive Director and must include at a minimum the rule citation for which the petition is being submitted, the nature of the requested policy change prompting the submission, specific proposed rule language changes, sufficient contact information for at least one of the petitioners, and an attestation that the petitioner is a Texas resident.

(2) Consideration. The Department will consider the nature of the petition, whether the rule that is the subject of the petition has been recently made available for public comment during a rulemaking, and whether the interested person(s) participated in the public comment process.

(3) Disposition. Not later than the 60th day after the date of submission of a petition under this section, the Department will: deny the petition in writing, stating its reasons for the denial; or initiate a rulemaking proceeding under this subchapter.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1523 **Agenda Date:** 7/9/2026 **Agenda #:** 11.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities; an order proposing the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule §20.3, Definitions; and an order proposing new 10 TAC Chapter 20 Single Family Programs Umbrella Rule, §20.3 Definitions and §20.16, Minimum Energy Efficiency Standards and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, Tex. Gov't Code, § 2306.187 requires that the Department develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities in Single Family Programs;

WHEREAS, 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities sets the baseline for energy efficiency standards for all single family construction activities, which includes the Department's HOME Investments Partnership Program (HOME), Texas Housing Trust Fund (Texas HTF), Neighborhood Stabilization Program (NSP), Office of Colonia Initiatives (OCI) Programs, and other single family Programs as developed by the Department;

WHEREAS, 10 TAC Chapter 20 Single Family Programs Umbrella Rule sets forth the common elements of the Department's Single Family Programs;

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommend potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggested opportunities for improvement; and, as requested by TREO, such report was made available for stakeholder feedback in May 2026;

WHEREAS, it was suggested in the Report, at the initiation of the Department, that Chapter 20 could be amended to include what is currently in Chapter 21 regarding Energy Efficiency

Requirements, while Chapter 21 can be repealed, and therefore the rules are also being acted upon in response to that Report;

WHEREAS, the Department is proposing to repeal all current sections of 10 TAC Chapter 21, to effectively eliminate the rule;

WHEREAS the Department is proposing to repeal 10 TAC Chapter 20 Single Family Programs Umbrella Rule §20.3, Definitions, and replace it with an updated §20.3 which includes defined terms from the proposed repealed 10 TAC Chapter 21, and add to Chapter 20 a new §20.16, incorporating the Minimum Energy Efficiency Standards into the Single Family Umbrella Rule per the recommendations from TREO; and

WHEREAS, upon Board approval, the proposed new rule will be submitted to the *Texas Register* to be published for public comment, which will be accepted from July 24, 2026, to August 24, 2026;

NOW, therefore, it is hereby

RESOLVED, that the proposed repeals of 10 TAC Chapter 20, Single Family Umbrella Rule, §20.3 Definitions, and 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, and proposed new 10 TAC Chapter 20, §20.3, Definitions, and §20.16 Minimum Energy Efficiency Standards, are approved for publication in the *Texas Register* for public comment; and

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the repeal of 10 TAC Chapter 20, Single Family Umbrella Rule, §20.3 Definitions, and 10 TAC Chapter 21, Minimum Energy Efficiency Requirements, and the proposed new 10 TAC Chapter 20, §20.3, Definitions and §20.16 Minimum Energy Efficiency Standards in the form presented to this meeting to be published in the *Texas Register* for public comment and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The Energy Efficiency rules at 10 TAC Chapter 21, set baseline energy efficiency standards for housing funded through the Department, while the Single Family Programs Umbrella Rule at 10 TAC Chapter 20 provides the administrative framework for all Single Family Program Activities.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency

rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026, to May 14, 2026.

The report included a recommendation, initiated by the Department that the Department repeal 10 TAC 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities due to its redundancy and high word count. TREO further recommended adding necessary sections of the repealed 10 TAC Chapter 21 into 10 TAC 20, Single Family Programs Umbrella Rule.

Staff recommends these changes to the rule so that program policy and direction would come from one concise rule and eliminate confusion for staff, consultants and administrators. Specific changes to the Single Family Programs Umbrella rule are included in the attachments. A black line version with all changes will be available on the Department's website during the public comment period.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities; an order proposing the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule §20.3, Definitions; and an order proposing new 10 TAC Chapter 20 Single Family Programs Umbrella Rule, §20.3 Definitions and §20.16, Minimum Energy Efficiency Standards and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, Tex. Gov't Code, § 2306.187 requires that the Department develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities in Single Family Programs;

WHEREAS, 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities sets the baseline for energy efficiency standards for all single family construction activities, which includes the Department's HOME Investments Partnership Program (HOME), Texas Housing Trust Fund (Texas HTF), Neighborhood Stabilization Program (NSP), Office of Colonia Initiatives (OCI) Programs, and other single family Programs as developed by the Department;

WHEREAS, 10 TAC Chapter 20 Single Family Programs Umbrella Rule sets forth the common elements of the Department's Single Family Programs;

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommend potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggested opportunities for improvement; and, as requested by TREO, such report was made available for stakeholder feedback in May 2026;

WHEREAS, it was suggested in the Report, at the initiation of the Department, that Chapter 20 could be amended to include what is currently in Chapter 21 regarding Energy Efficiency Requirements, while Chapter 21 can be repealed, and therefore the rules are also being acted upon in response to that Report;

WHEREAS, the Department is proposing to repeal all current sections of 10 TAC Chapter 21, to effectively eliminate the rule;

WHEREAS the Department is proposing to repeal 10 TAC Chapter 20 Single Family Programs Umbrella Rule §20.3, Definitions, and replace it with an updated §20.3 which includes defined terms from the proposed repealed 10 TAC Chapter 21, and add to Chapter 20 a new §20.16,

incorporating the Minimum Energy Efficiency Standards into the Single Family Umbrella Rule per the recommendations from TREO; and

WHEREAS, upon Board approval, the proposed new rule will be submitted to the *Texas Register* to be published for public comment, which will be accepted from July 24, 2026, to August 24, 2026;

NOW, therefore, it is hereby

RESOLVED, that the proposed repeals of 10 TAC Chapter 20, Single Family Umbrella Rule, §20.3 Definitions, and 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, and proposed new 10 TAC Chapter 20, §20.3, Definitions, and §20.16 Minimum Energy Efficiency Standards, are approved for publication in the *Texas Register* for public comment; and

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the repeal of 10 TAC Chapter 20, Single Family Umbrella Rule, §20.3 Definitions, and 10 TAC Chapter 21, Minimum Energy Efficiency Requirements, and the proposed new 10 TAC Chapter 20, §20.3, Definitions and §20.16 Minimum Energy Efficiency Standards in the form presented to this meeting to be published in the *Texas Register* for public comment and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The Energy Efficiency rules at 10 TAC Chapter 21, set baseline energy efficiency standards for housing funded through the Department, while the Single Family Programs Umbrella Rule at 10 TAC Chapter 20 provides the administrative framework for all Single Family Program Activities.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026, to May 14, 2026.

The report included a recommendation, initiated by the Department that the Department repeal 10 TAC 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities due to its redundancy and high word count. TREO further recommended adding necessary sections of the repealed 10 TAC Chapter 21 into 10 TAC 20, Single Family Programs Umbrella Rule.

Staff recommends these changes to the rule so that program policy and direction would come from one concise rule and eliminate confusion for staff, consultants and administrators. Specific changes to the Single

Family Programs Umbrella rule are included in the attachments. A black line version with all changes will be available on the Department's website during the public comment period.

Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 20 Single Family Programs Umbrella Rule, §20.3, Definitions

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 20 Single Family Programs Umbrella Rule, §20.3, Definitions. The purpose of the proposed repeal is to eliminate the outdated rule and replace it with a more germane rule.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.
The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:

1. The proposed repeal does not create or eliminate a government program but relates to the repeal, and simultaneous readoption of a section of Definitions that are now needed with the addition of an energy efficiency subsection for single family construction activities taking place under a separate action.
2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The proposed repeal will repeal an existing regulation, however that regulation is being simultaneously proposed under another action.

7. The proposed repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the proposed repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.
d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the proposed repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.
e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the proposed repeal is in effect, the public benefit anticipated as a result of the proposed repeal would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.
f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the proposed repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.
REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed repeal and also requests information related to the cost, benefit, or effect of the proposed repeal, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Chad Landry at chad.landry@tdhca.texas.gov ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.
STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the repeal affects no other code, article, or statute.

10 TAC Chapter 20, Single Family Programs Umbrella Rule

§20.3 Definitions

Attachment 2: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 21, Minimum Energy Efficiency Requirements For Single Family Construction Activities

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities. The purpose of the proposed repeal is to eliminate the rule, and consolidate the Energy Efficiency Requirements into another rule that is more germane to the topic through a separate rule action.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.
The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.
a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:

1. The proposed repeal does not create or eliminate a government program but relates to updates to improve the Department's regulatory efficiency.

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The proposed repeal will repeal an existing regulation in an effort to improve the efficiency of the Department's rules.

7. The proposed repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the proposed repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.
c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.
d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the proposed repeal as to its possible effects on local economies and has determined that for the first five years the proposed repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the proposed repeal is in effect, the public benefit anticipated as a result of the changed sections would be a clearer rule. There will not be economic costs to individuals required to comply with the repealed section.
f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed repeal and also requests information related to the cost, benefit, or effect of the proposed repeal, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Chad Landry at chad.landry@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.
STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the repeal affects no other code, article, or statute.

Attachment 3: Preamble, including required analysis, for proposed new 10 TAC Chapter 20 Single Family Programs Umbrella Rule, §20.3, Definitions and §20.16, Minimum Energy Efficiency Standards

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 20 Single Family Programs Umbrella Rule, §20.3, Definitions and §20.16, Minimum Energy Efficiency Standards. The purpose of the new §20.3, Definitions is to update defined terms; the purpose of new §20.16, Minimum Energy Efficiency Standards is to add a subsection that incorporates baseline energy efficiency standards for single family construction activities outlined that are currently being repealed from another chapter under separate action.

Tex. Gov't Code §2001.0045(b) does not apply to the proposed rule because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the proposed new rule would be in effect:

1. The proposed new rules does not create or eliminate a government program but relates to the repeal, and simultaneous readoption of the rule to now include an energy efficiency section and updated definitions for single family construction activities.

2. The proposed new rules do not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The proposed new rules do not require additional future legislative appropriations.

4. The proposed new rules will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed new rules are not creating a new regulation, except that they are replacing two sections being repealed simultaneously under other action to provide for revisions.

6. The proposed new rules will not expand, limit, or repeal an existing regulation.

7. The proposed new rules will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed new rules will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the proposed new rules and determined that they will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed new rules do not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the proposed new rules as to their possible effects on local economies and has determined that for the first five years the proposed new rules would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rules.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the proposed new rules are in effect, the public benefit anticipated as a result of the new rules would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the new sections.
f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the proposed new rules are in effect, enforcing or administering the sections does not have any foreseeable implications related to costs or revenues of the state or local governments.
REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed new rules and also requests information related to the cost, benefit, or effect of the proposed new rules, including any applicable data, research, or analysis from any person required to comply with the new rules or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Chad Landry at chad.landry@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The new section is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new section affects no other code, article, or statute.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Chapter 20

SINGLE FAMILY PROGRAMS UMBRELLA RULE

§20.3 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context indicates otherwise. Any capitalized terms not specifically defined in this section or any section referenced in this chapter shall have the meaning as defined in Chapter 2306 of the Tex. Gov't Code, the Program Rules, the Texas Administrative Code (TAC), or applicable federal regulations.

(1) Activity--The assistance provided to a specific Household or Administrator by which funds are used for acquisition, new construction, reconstruction, rehabilitation, refinance of an existing Mortgage, tenant-based rental assistance, or other Department approved Expenditure under a single family housing Program.

(2) Administrator--A unit of local government, Nonprofit Organization or other entity acting as a subrecipient, Developer, or similar organization that has an executed written Agreement with the Department.

(3) Affiliate--If, directly or indirectly, either one Controls or has the power to Control the other or a third person Controls or has the power to Control both. The Department may determine Control to include, but not be limited to:

(A) Interlocking management or ownership;

(B) Identity of interests among family members;

(C) Shared facilities and equipment;

(D) Common use of employees; or

(E) A business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person.

(4) Affiliated Party--A person or entity with a contractual relationship with the Administrator as it relates to a Program, the form of assistance under a Program, or an Activity.

(5) Affirmative Marketing Plan--HUD Form 935.2B or equivalent plan created in accordance with HUD requirements to direct specific marketing and outreach to potential tenants and homebuyers who are considered "least likely" to know about or apply for housing based on an evaluation of market area data. May be referred to as "Affirmative Fair Housing Marketing Plan" (AFHMP).

(6) Agreement--Same as "Contract." May be referred to as a "Reservation System Agreement" or "Reservation Agreement" when providing access to the Department's Reservation System as defined in this chapter.

(7) Amy Young Barrier Removal Program--A program designed to remove barriers and address immediate health and safety issues for Persons with Disabilities as outlined in the Program Rule.

(8) Annual Income--The definition of Annual Income and the methods utilized to establish eligibility for housing or other types of assistance as defined under the Program Rule.

(9) Applicant--An individual, unit of local government, nonprofit corporation or other entity, as applicable, who has submitted to the Department or to an Administrator an Application for Department funds or other assistance.

(10) Application--A request for a Contract award or a request to participate in a Reservation System submitted by an Applicant to the Department in a form prescribed by the Department, including any exhibits or other supporting material.

(11) Area Median Family Income (AMFI)--The income limits published annually by the U.S. Department of Housing and Urban Development (HUD) for the Housing Choice Voucher Program that is used by the Department to determine the income eligibility of Households to participate in Single Family Programs.

(12) Borrower--a Household that is borrowing funds from or through the Department for the acquisition, new construction and/or rehabilitation of the Household's Principal Residence.

(13) Certificate of Occupancy--Document issued by a local authority to the owner of premises attesting that the structure has been built in accordance with building ordinances.

(14) CFR--Code of Federal Regulations.

(15) Combined Loan to Value (CLTV)--The aggregate principal balance of all the Mortgage Loans, including Forgivable Loans, divided by the appraised value.

(16) Competitive Application Cycle--A defined period of time that Applications may be submitted according to a published Notice of Funding Availability (NOFA) that will include a submission deadline and selection or scoring criteria.

(17) Concern--A policy, practice or procedure that has not yet resulted in a Finding, but if not changed will or may result in a Finding, or disallowed costs.

(18) Contract--The executed written agreement between the Department and an Administrator performing an Activity related to a single family Program that describes performance requirements and responsibilities. May also be referred to as "Agreement."

(19) Contract Term--The timeframe in which funds may be expended under the Contract or Agreement for certain administrative costs and for all the hard and soft costs of Activities, as further described in the Contract or Agreement.

(20) Control--The possession, directly or indirectly, of the power to direct or cause the direction of the management, operations or policies of any person or entity, whether through the ownership of voting securities, ownership interests, or by contract or otherwise.

(21) Debt--A duty or obligation to pay money to a creditor, lender, or person which can include car payments, credit card bills, loans, child support payments, and student loans.

(22) Debt-to-Income Ratio--The percentage of gross monthly income from Qualifying Income that goes towards paying off Debts and is calculated by dividing total recurring monthly Debt by gross monthly income expressed as a percentage.

(23) Deobligate--The cancellation of or release of funds under a Contract or Agreement as a result of expiration of, termination of, or reduction of funds under a Contract or Agreement.

(24) Developer--Any person, general partner, Affiliate, or Affiliated Party or affiliate of a person who owns or proposes a Development or expects to acquire control of a Development and is the person responsible for performing under the Contract with the Department.

(25) Development--A residential housing project for homeownership that consists of one or more units owned by the Developer during the development period and financed under a common plan which has applied for Department funds. This includes a project consisting of multiple units of housing that are located on scattered sites.

(26) Domestic Farm Laborer--Individuals (and the Household) who receive a substantial portion of their income from the production or handling of agricultural or aquacultural products.

(27) Draw Request--A request submitted to the Department, by an Administrator, seeking reimbursement of Program funds for completing an expenditure relating to the Program.

(28) ENERGY STAR Certified Appliances, Equipment, and Products--Labeled appliances, equipment, and products that are independently certified to save energy without sacrificing features or functionality, meeting the U.S. EPA's specifications for energy efficiency and performance.

(29) ENERGY STAR Certified Home--A new construction home that has earned the ENERGY STAR label and has undergone a process of inspections, testing, and verification to meet requirements set forth by the U.S. EPA.

(30) ENERGY STAR Certified Manufactured Housing Unit--A manufactured home that has been designed, produced, and installed by the home manufacturer to meet ENERGY STAR requirements for energy efficiency.

(~~28~~31) Enforcement Committee--The Committee as defined in Chapter 2 of this title (relating to Enforcement).

(~~29~~32) Finding--An Administrator's material failure to comply with rules, regulations, the terms of the Contract, or to provide services under a Program to meet appropriate standards, goals, and other requirements established by the Department or funding source (including performance objectives). A

Finding impacts the organization's ability to achieve the goals of the program and may jeopardize continued operations of the Administrator. A Finding includes the identification of an action or failure to act that results or may result in disallowed costs.

(~~30~~33) Forgivable Loan--Financial assistance in the form of a Mortgage Loan that is not required to be repaid if the terms of the Mortgage Loan are met.

(34~~1~~) HOME Program--A HUD funded Program authorized under the HOME Investment Partnerships Program at 42 U.S.C. §§12701 - 12839.

(~~32~~35) Household--One or more persons occupying a rental unit or owner-occupied Single Family Housing Unit as their primary residence. May also be referred to as a "family" or "beneficiary."

(36~~3~~) Housing Contract System (HCS)--The electronic information system or systems that are part of the "central database" established by the Department to be used for tracking, funding, and reporting single family Contracts and Activities. May also be known as Contract System.

(37~~4~~) HUD--The United States Department of Housing and Urban Development or its successor.

(38~~35~~) Improvement Survey--A boundary survey plus land improvements by a Texas surveyor with a surveyor's seal, license number, and signature, meeting the requirements of the Texas Board of Professional Land Surveying under Chapter 663, Part 29, Title 2 of the TAC, showing (at a minimum) the accompanying legal description; all boundaries clearly labeled with calls and distance found on the ground and per the legal description; the location of all improvements, structures, visible utilities, fences, or walls; any boundary or visible encroachments; all adjoinders and recording information; location of all easements, setback lines, and utilities; or other recorded matters affecting the use of the property.

(39~~6~~) Life-of-Loan Flood Certification--Tracks the flood zone of the Single Family Housing Unit for the life of the Mortgage Loan.

(40~~37~~) Limited English Proficiency (LEP)--Refers to persons who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English.

(~~38~~41) Loan Assumption--An agreement between the buyer and seller of Single Family Housing Unit that the buyer will make remaining payments and adhere to terms and conditions of an existing Mortgage Loan on the Single Family Housing Unit and Program requirements. A Mortgage Loan assumption requires written Department approval.

(~~39~~42) Manufactured Housing Unit (MHU)--A structure that meets the requirements of Texas Manufactured Housing Standards Act, Chapter 1201 of the Texas Occupations Code or Federal Housing Administration (FHA) guidelines as required by the Department.

(43~~0~~) Mortgage--Has the same meaning as defined in §2306.004 of the Tex. Gov't Code.

(44~~1~~) Mortgage Loan--Has the same meaning as defined in §2306.004 of the Tex. Gov't Code.

(45~~2~~) Neighborhood Stabilization Program (NSP)--A HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA) and Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010, as a supplemental allocation to the CDBG Program.

(46~~3~~) NOFA--Notice of Funding Availability or announcement of funding published by the Department notifying the public of available funds for a particular Program with certain requirements.

(47~~4~~) Nonprofit Organization--An organization in which no part of its income is distributable to its members, directors or officers of the organization and has a current tax exemption classification status from the Internal Revenue Service in accordance with the Internal Revenue Code.

(48~~5~~) Office of Colonia Initiatives--A division of the Department authorized under Chapter 2306 of Tex. Gov't Code, which acts as a liaison to the colonias and manages some Programs in the colonias.

(49~~6~~) Parity Lien--A lien position whereby two or more lenders share a security interest of equal priority in the collateral.

(5047~~7~~) Persons with Disabilities--Any person who has a physical or mental impairment that substantially limits one or more major life activities; or has a record of such an impairment; or is being regarded as having such impairment. Included in this meaning is the term handicap as defined in the Fair Housing Act, and disability as defined by other applicable federal or state law.

(~~48~~51) Principal Residence--The primary Single Family Housing Unit that a Household inhabits. May also be referred to as "primary residence."

(~~49~~52) Program--The specific fund source from which single family funds are applied for and used.

(~~50~~53) Program Income--Gross income received by the Administrator or Affiliate directly generated from the use of single family funds, including, but not limited to gross income received from matching contributions under the HOME Program.

(54~~1~~) Program Manual--A set of guidelines designed to be an implementation tool for a single family Program. A Program Manual is developed by the Department and amended or supplemented from time to time.

(55~~2~~) Program Rule--Chapters of Part 1 of this title which pertain to specific single family Program requirements.

(56~~3~~) Qualifying Income--The income used to calculate the Borrower's debt-to-income ratio and excludes the total of any income not received consistently for the past 12 months from the date of Application including, but not limited to, income from a full or part time job that lacks a stable job history, potential bonuses, commissions, and child support. Income received for less than 12 months such as retirement annuity or court ordered payments will be considered only if it is expected to continue at least 24 months in the foreseeable future.

(57~~4~~) Reservation--Funds set-aside for a Household submitted through the Department's Reservation System.

(5~~8~~5) Reservation System--The Department's online tracking system that allows Administrators to reserve funds for a specific Household.

(~~56~~59) Resolution--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws of the issuing organization.

(~~57~~60) Reverse Mortgage--A Home Equity Conversion Mortgage insured by the FHA.

(~~58~~61) Self-Help--Housing Programs that allow low-income families to build or rehabilitate their Single Family Housing Units through their own labor or volunteers.

(~~59~~62) Service-Area--The geographical area where an Administrator conducts Activities under a Contract.

(~~60~~63) Single Family Housing Unit--A residential dwelling designed and built for a Household to occupy as its primary residence where single family Program funds are used for rental, acquisition, construction, reconstruction or rehabilitation Activities of an attached or detached housing unit, including Manufactured Housing Units after installation. May be referred to as a single family "home," "housing," "property," "structure," or "unit."

(~~61~~64) State Median Family Income (SMI)--The median income for the state adjusted for household size and published annually by the U.S. Department of Housing and Urban Development (HUD).

(~~62~~65) TAC--Texas Administrative Code.

(~~63~~66) Texas Housing Trust Fund (Texas HTF)--Funding source for state-funded Programs authorized under Chapter 2306 of Tex. Gov't Code.

(~~64~~67) TMCS--Texas Minimum Construction Standards.

(68) U.S. EPA--United States Environmental Protection Agency.

(69) WaterSense Labeled Fixtures--Labeled products that are backed by independent, third-party testing and certification, meeting the U.S. EPA's specifications for water efficiency and performance.

§20.16 Minimum Energy Efficiency Standards

(a) All applicable construction activities shall comply with:

(1) the energy conservation requirements adopted by the State of Texas;

(2) applicable provisions of the International Energy Conservation Code (IECC), as adopted or amended by the State of Texas or local jurisdiction;

(3) applicable federal energy-efficiency requirements; and

(4) any additional standards established by the Department through program guidance, underwriting requirements, construction manuals, or administrative directives.

(b) Where multiple standards apply, the more restrictive requirement shall govern unless otherwise prohibited by law.

(c) The Department may adopt updated editions of energy-efficiency standards or technical requirements through administrative guidance, provided such standards are consistent with applicable law and funding requirements.

(d) New Construction and Reconstruction Activities. Single family residential dwellings, as defined in Chapter 388.002 of the Texas Health and Safety Code, that are newly constructed or reconstructed shall comply with the more stringent of §388 of the Health and Safety Code (Texas Building Energy Performance Standards), or the standards adopted by the local jurisdiction.

(1) Effective September 1, 2016, the Texas State Energy Conservation Office adopted the 2015 International Residential Code (Chapter 11) as the state-mandated energy code for all residential construction, which includes one- and two-family residences of three stories or less above grade.

(2) Federally-funded single family residential dwellings for which funds are committed on or after October 1, 2025 (excluding CDBG), must comply with the 2021 International Energy Conservation Code (IECC); or must comply with a federally approved alternative compliance pathway.

(e) Manufactured Housing Unit Activities

(1) All Manufactured Housing Units installed as replacement for sub-standard housing shall be ENERGY STAR certified; or

(2) In cases where the type of product is not ENERGY STAR, or if ENERGY STAR products are not reasonably available due to supply shortages or cost limitations, Administrators may select the highest rated product available, so long as the product delivers at least 10% energy savings in comparison to products meeting the minimum code.

(f) Rehabilitation Activities. All Rehabilitation activities shall comply with this chapter.

(1) Certifications of compliance with this chapter shall be conducted by the Administrator or a code or other qualified inspector for release of final payment from the Department as outlined in the Program Rule. Inspectors selected by the Administrator to verify compliance with this chapter must be certified by the Administrator to have sufficient professional certifications, relevant education, or experience in a field directly related to home inspection, which may include, but is not limited to, installing, servicing, repairing or maintaining the structural, mechanical, plumbing, and electrical systems found in Single Family Housing Units.

(2) If the proposed scope of work or the awarded construction contract for the Rehabilitation of an existing single family residential unit includes an item described in subparagraphs (A) - (J) of this subsection, the specific requirement so noted in subparagraphs (A) - (J) of this paragraph shall apply:

(A) Replacement or installation of central heating and cooling equipment and appliances shall be installed in accordance with the manufacturer's instructions and the requirements of Chapter 14 of the 2015 International Residential Code;

(B) Replacement or installation of duct systems serving heating, cooling, and ventilation equipment shall be installed in accordance with the provisions of Chapter 16 of the 2015 International Residential Code;

(C) If central heating and cooling equipment is replaced or installed, attic insulation shall be installed or increased according to Chapter 11, Figure N1102.1.2 of the 2015 International Residential Code, including insulation covering the top plates of exterior walls. Eave baffles and access hatches shall be installed as specified in Chapter 11, Sections N1102.2.3- N1102.2.4 of the 2015 International Residential Code;

(D) If ductless heating and cooling systems (also known as mini-split, multi-split, or variable refrigerant flow (VRF) heat pump systems) are replaced or installed, they shall be ENERGY STAR certified;

(E) If exhaust fans are replaced or installed in bathrooms or kitchens, they shall be ENERGY STAR certified and installed in accordance with Chapter 15 of the 2015 International Residential Code;

(F) If windows are installed, they shall be ENERGY STAR certified windows, meeting the U-factor and Solar Heat Gain Coefficient for the climate zone of the dwelling as identified in Chapter 11, Table N1102.1.2 of the 2015 International Residential Code;

(G) If doors are installed, they shall be ENERGY STAR certified doors;

(H) Electrical fixtures, equipment, and appliances that are replaced or installed, where applicable, shall be ENERGY STAR certified products;

(I) Plumbing fixtures that are replaced or installed, where applicable, shall be WaterSense labeled products; and

(J) Domestic water heaters, storage and tankless, when replaced or installed, shall meet the Federal Energy Conservation Standards required by 10 CFR §430.32, as they may be revised from time to time.

(g) Verification of Compliance. The Department may require documentation demonstrating compliance with applicable energy-efficiency requirements.

(1) Acceptable forms of documentation may include:

(A) inspection reports;

(B) builder certifications;

(C) third-party verification reports;

(D) Home Energy Rating System (HERS) ratings;

(E) REScheck documentation;

(F) local code compliance certifications; or

(G) other documentation acceptable to the Department.

(2) Documentation required under this section shall be maintained in the project file in accordance with applicable record retention requirements established by state or federal law and Department program requirements.

(3) The Department may conduct reviews, inspections, audits, or monitoring activities to verify compliance with this subchapter.

(4) Compliance with this minimum energy efficiency standards does not relieve any person or entity from compliance with applicable building codes, local ordinances, accessibility requirements, environmental requirements, or other applicable state or federal laws and regulations.

(5) Nothing in this subchapter limits the authority of the Department to impose additional construction or underwriting requirements through program rules, notices of funding availability, contracts, or other binding program documents.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1524 **Agenda Date:** 7/9/2026 **Agenda #:** 12.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 7, Emergency Solutions Grant Program, §7.40 Competitive Program Participant Services Selection Criteria; and an order proposing a new 10 TAC Chapter 7, Emergency Solutions Grant Program, §7.40 Competitive Program Participant Services Selection Criteria and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, 10 TAC §7.40 establishes the competitive selection criteria used by the Department to evaluate and score Emergency Solutions Grant (ESG) Program applications for Program Participant Services, including street outreach, emergency shelter, homelessness prevention, and rapid re-housing activities;

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggestions on opportunities for improvement, and as requested by TREO such report was made available for stakeholder feedback in May 2026;

WHEREAS, the TREO report recommends the Department repeal 10 TAC §7.40 due to its redundancy and consolidate participant scoring thresholds regardless of the type of component for a more cohesive rule;

WHEREAS, the Department is proposing to repeal the current 10 TAC §7.40 Competitive Program Participant Services Selection Criteria and replace it with an updated 10 TAC §7.40 Competitive Program Participant Services Selection Criteria, as recommended by TREO; and

WHEREAS, upon Board approval, the proposed amendment will be submitted to the *Texas Register* to be published for public comment, which will be accepted from July 24, 2026, to August 24, 2026;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed actions herein in the form presented to this meeting, to be published in the *Texas Register* for public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

The Homelessness Programs Rules at 10 TAC Chapter 7 provide the administrative and programmatic framework for all Emergency Solutions Grant (ESG) Program Activities. 10 TAC §7.40 Competitive Program Participant Services Selection Criteria, establishes the scoring and evaluation criteria used to assess competitive ESG applications for Program Participant Services. The rule outlines the selection criteria for eligible service components, including street outreach, emergency shelter, homelessness prevention, and rapid re-housing, and provides a framework for evaluating applicant capacity, service delivery, performance outcomes, staff qualifications, matching funds, and organizational experience.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026 to May 14, 2026.

The report included a recommendation to streamline §7.40 by consolidating scoring criteria that are duplicated across the four Program Participant Services components. No comments regarding this recommendation were received during the 14-day public input period. Staff determined that consolidating these provisions would improve the rule's clarity and readability while maintaining the existing scoring framework and program requirements.

Specific changes to 10 TAC §7.40 Competitive Program Participant Services Selection Criteria rule are included in the Attachments. A blackline version with all changes will be available on the Department’s website during the public comment period.

Attachment 1: Preamble, including required analysis, for the proposed repeal of 10 TAC Chapter 7 Emergency Solutions Grant Program, Subchapter C Emergency Solutions Grants, §7.40 Competitive Program Participant Services Selection Criteria.

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 7, Emergency Solutions Grant Program, Subchapter C Emergency Solutions Grants, §7.40, Competitive Program Participant Services Selection Criteria. The purpose of the proposed repeal is to replace the rule simultaneously with a new rule that removes unnecessary language.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect:

1. The proposed repeal does not create or eliminate a government program, but relates to making changes to an existing activity, Selection Criteria for ESG Applications.

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed repeal is not creating a new regulation.

6. The proposed repeal will repeal an existing regulation, but that regulation is simultaneously proposed as a new rule to replace it with a more consolidated rule.

7. The proposed repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department has evaluated the proposed repeal and determined that the action will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6). The Department has evaluated the proposed repeal as to its possible effects on local economies and has determined that for the first five years the proposed repeal will be in effect the rule has no economic effect on local employment because the rule relates only to programs and processes which have already been in effect for existing applicants to the program; therefore, no local employment impact statement is required to be prepared for the amended rules.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the proposed repeal is in effect, the public benefit anticipated as a result of the new rule will be improved regulatory efficiency and greater clarity. There will not be any economic costs to any individuals required to comply with the amended rule because the rule has already been in place.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repealed rule is in effect, enforcing or administering the new rule does not have any foreseeable implications related to costs or revenues of the state or local governments because the amended rule relates only to programs and processes which have already been in effect for existing subrecipients.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed repeal and also requests information related to the cost, benefit, or effect of the proposed repeal, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Rosy Falcon at rosy.falcon@tdhca.texas.gov ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The rule action is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amended section affects no other code, article, or statute.

Attachment 2: Preamble, including required analysis, for the proposed new 10 TAC Chapter 7 Emergency Solutions Grant Program, Subchapter C Emergency Solutions Grants, §7.40 Competitive Program Participant Services Selection Criteria.

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 7, Emergency Solutions Grant Program, Subchapter C Emergency Solutions Grants, §7.40, Competitive Program Participant Services Selection Criteria. The purpose of the proposed rule is to remove unnecessary language, improve clarity and provide greater regulatory efficiency.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the proposed new rule would be in effect:

1. The proposed new rule does not create or eliminate a government program, but relates to making changes to an existing activity, Selection Criteria for ESG Applications.

2. The proposed new rule does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The proposed new rule does not require additional future legislative appropriations.

4. The proposed new rule will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed new rule is not creating a new regulation other than that it is replacing an existing rule being simultaneously repealed.

6. The proposed new rule will not expand, limit, or repeal existing regulation.

7. The proposed new rule will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed new rule will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES

AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department has evaluated the proposed new rule and determined that the action will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed new rule does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6). The Department has evaluated the proposed new rule as to its possible effects on local economies and has determined that for the first five years the proposed new rule will be in effect the rule has no economic effect on local employment because the rule relates only to programs and processes which have already been in effect for existing Subrecipients; therefore, no local employment impact statement is required to be prepared for the proposed new rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the proposed new rule is in effect, the public benefit anticipated as a result of the new rule will be improved regulatory efficiency and greater clarity. There will not be any economic costs to any individuals required to comply with the proposed new rule because the rule has already been in place.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the proposed new rule is in effect, enforcing or administering the new rule does not have any foreseeable implications related to costs or revenues of the state or local governments because the proposed new rule relates only to programs and processes which have already been in effect for existing subrecipients.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed new rule and also requests information related to the cost, benefit, or effect of the proposed new rule, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Rosy Falcon at rosy.falcon@tdhca.texas.gov ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The rule action is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amended section affects no other code, article, or statute.

Chapter 7 HOMELESSNESS PROGRAMS
Subchapter C EMERGENCY SOLUTIONS GRANTS (ESG)

Rule §7.40 Competitive Program Participant Services Selection Criteria

(a) An Application for competitive funding allocated under §7.33(b) of this title (relating to Apportionment of ESG Funds), and made to the Department, may be awarded points for Program Participant services under each category. Points awarded for Program Participant services will be separately tabulated and added to the uniform Application score to determine a score for each of the Program Participant services Applications submitted. All scoring criteria that are based upon measurable future performance expectations will be measured and expected to be fulfilled by being included as a performance requirement in the Contract should the Application be awarded funds.

(b) General Scoring Criteria. The following scoring criteria apply to all program components described in subsections (c) through (f) of this section. For each program component for which the Applicant applies, points shall be awarded under each of the following categories:

(1) Matching funds. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for the applicable program component.

(2) Serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title (relating to Definitions). Points will be awarded in accordance with Table 1.1 General Scoring Criteria.

(3) Exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date who exited homelessness to a positive housing destination per HMIS data standards. Points will be awarded in accordance with Table 1.1 General Scoring Criteria.

(4) Staff qualifications. An Application may receive a maximum of six points if a member of the Applicant's staff interacting with Program Participants in the applicable program component has one or more of the qualifications noted in Table 1.2, Staff Qualification Point Schedule.

(5) Experience. An Application may receive a maximum of 10 points based on the Applicant's experience providing services under the applicable program component. Points will be awarded in accordance with Table 1.1 General Scoring Criteria.

(c~~b~~) Street outreach. An Application proposing street outreach may receive points under the General Scoring Criteria in subsection (b) of this section, plus the following component-specific criteria:

~~(1) Matching funds for street outreach. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for street outreach.~~

~~(2) Street outreach serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title (relating to Definitions). An Applicant providing street outreach may receive a maximum of:~~

~~(A) One point based on a minimum target of 70% of persons served who are in one or more Homeless Subpopulation;~~

~~(B) Two points based on a minimum target of 80% of persons served who are in one or more Homeless Subpopulation;~~

~~(C) Three points based on a minimum target of 90% of persons served who are in one or more Homeless Subpopulation;~~

~~(D) Four points based on a minimum target of 95% of persons served who are in one or more Homeless Subpopulation; or~~

~~(E) Five points based on a minimum target of 100% of persons served who are in one or more Homeless Subpopulation.~~

~~(3) Street outreach exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date who exited homelessness to a positive housing destination per HMIS data standards:~~

~~(A) Two points based on 25% of persons served with street outreach who exited to positive housing destinations;~~

~~(B) Three points based on 35% of persons served with street outreach who exited to positive housing destinations;~~

~~(C) Four points based on 45% of persons served with street outreach who exited to positive housing destinations; or~~

~~(D) Five points based on 55% of persons served with street outreach who exited to positive housing destinations.~~

~~(4) Street outreach staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the street outreach component has one or more of the following qualifications:~~

~~(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;~~

~~(B) Two points if a member of staff is fluent in one or more languages identified by the Applicant as necessary to provide equitable and meaningful access for persons with Limited English Proficiency (LEP), as required by §7.10(c)(2); and~~

~~(C) Two points if program includes a paid staff member who has formerly experienced homelessness.~~

(1~~5~~) Street outreach temporary/transitional/permanent housing target. An Application may receive a maximum of three points based on the percentage of persons targeted to be served with street outreach who will be placed in temporary, transitional or permanent housing. Points will be awarded in accordance with Table 2, Component Specific Scoring Criteria. ~~An Application may receive a maximum of:~~

~~(A) One point based on a minimum target of 35% of persons served with street outreach who will be placed in temporary housing;~~

~~(B) Two points based on a minimum target of 45% of persons served with street outreach who will be placed in temporary housing; or~~

~~(C) Three points based on a minimum target of 55% of persons served with street outreach who will be placed in temporary housing.~~

(2~~6~~) Street outreach services. An Application may be awarded points ~~An Application may receive a maximum of five points~~ based on the number of distinct street outreach services ~~provided~~offered through ESG or other funds, including engagement, case management, emergency health services, emergency mental health services, and transportation services. Emergency health services and emergency mental services may only be provided by ESG funds if these services are inaccessible or unavailable within the area. A minimum of two services is required, with a maximum of five points available. Points will be awarded in accordance with Table 2.1 Services Provided Scoring Criteria ~~An Application may receive a maximum of:~~

~~(A) Two points if the Applicant provides street outreach engagement and case management;~~

~~(B) Three points if the Applicant provides street outreach engagement and case management, and one other service;~~

~~(C) Four points if the Applicant provides street outreach engagement and case management, and two other services; or~~

~~(D) Five points if the Applicant provides street outreach engagement and case management, and three other services.~~

~~(7) Experience providing street outreach. An Application may receive a maximum of 10 points based on the Applicant's experience providing street outreach services.~~

~~(A) Two points if the Applicant has provided street outreach for up to two years;~~

~~(B) Four points if the Applicant has provided street outreach for up to four years;~~

~~(C) Six points if the Applicant has provided street outreach for up to six years;~~

~~(D) Eight points if the Applicant has provided street outreach for up to eight years; or~~

~~(E) Ten points if the Applicant has provided street outreach for 10 or more years.~~

(~~c~~d) Emergency shelter. An Application proposing emergency shelter may receive points under the General Scoring Criteria in subsection (b) of this section, plus the following component-specific criteria:

~~(1) Matching funds for emergency shelter. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for emergency shelter.~~

~~(2) Emergency shelter serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title. An Applicant providing emergency shelter may receive a maximum of:~~

~~(A) One point based on a minimum target of 70% of persons served who are in one or more Homeless Subpopulation;~~

~~(B) Two points based on a minimum target of 80% of persons served who are in one or more Homeless Subpopulation;~~

~~(C) Three points based on a minimum target of 90% of persons served who are in one or more Homeless Subpopulation;~~

~~(D) Four points based on a minimum target of 95% of persons served who are in one or more Homeless Subpopulation; or~~

~~(E) Five points based on a minimum target of 100% of persons served who are in one or more Homeless Subpopulation.~~

~~(3) Emergency shelter exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date exited homelessness to a positive housing destination per HMIS data standards:~~

~~(A) Two points based on 25% of persons served with emergency shelter who exited to positive housing destinations;~~

~~(B) Three points based on 35% of persons served with emergency shelter who exited to positive housing destinations;~~

~~(C) Four points based on 45% of persons served with emergency shelter who exited to positive housing destinations; or~~

~~(D) Five points based on 55% of persons served with emergency shelter who exited to positive housing destinations.~~

~~(4) Emergency shelter staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the street outreach component has one or more of the following qualifications:~~

~~(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;~~

~~(B) Two points if a member of staff is fluent in one or more languages, other than English, identified by the Applicant as necessary to provide equitable and meaningful access for persons with Limited English Proficiency (LEP) in the Applicant's proposed service area under Contract, as required by §7.10(c)(2); and~~

~~(C) Two points if program includes a paid staff member who has formerly experienced homelessness.~~

(1~~5~~) Emergency shelter permanent housing. An Applicant may receive a maximum of three points based on the percentage of persons served with emergency shelter targeted to be placed in permanent housing. Points will be awarded in accordance with Table 2, Component Specific Scoring Criteria.~~An Application may receive a maximum of:~~

~~(A) One point based on a minimum target of 35% of persons served with emergency shelter who will be placed in permanent housing;~~

~~(B) Two points based on a minimum target of 45% of persons served with emergency shelter who will be placed in permanent housing; or~~

~~(C) Three points based on a minimum target of 55% of persons served with emergency shelter who will be placed in permanent housing.~~

(2~~6~~) Emergency shelter services. Points shall be awarded~~An Applicant may receive a maximum of five points~~ based on the number of distinct emergency shelter services

provided through ESG or other funds, as listed in 24 CFR §576.102. Emergency shelter services include case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, outpatient mental health services, outpatient substance abuse treatment services, and transportation. Outpatient health services, mental services, and substance abuse treatment services should only be provided by ESG funds if these services are otherwise inaccessible or unavailable within the Service Area. ~~This selection criterion will become a contractual requirement if the Applicant is awarded a Contract. An Application may receive a maximum of:~~A minimum of three services are required, with a maximum of five points available. Points will be awarded in accordance with Table 2.1 Services Provided Scoring Criteria.

~~(A) Two points if the Applicant provides case management and two of the other services;~~

~~(B) Three points if the Applicant provides case management and three of the other services;~~

~~(C) Four points if the Applicant provides case management and four of the other services; or~~

~~(D) Five points if the Applicant provides case management and five of the other services.~~

~~(7) Experience providing emergency shelter. An Application may receive a maximum of 10 points based on the Applicant's experience providing emergency shelter services.~~

~~(A) Two points if the Applicant has provided emergency shelter for up to two years;~~

~~(B) Four points if the Applicant has provided emergency shelter for up to four years;~~

~~(C) Six points if the Applicant has provided emergency shelter for up to six years;~~

~~(D) Eight points if the Applicant has provided emergency shelter for up to eight years; or~~

~~(E) Ten points if the Applicant has provided emergency shelter for 10 or more years.~~

(~~d~~e) Homelessness prevention. An Application proposing homelessness prevention may receive points under the General Scoring Criteria in subsection (b) of this section, plus the following component-specific criteria.~~:~~

~~(1) Matching funds for homelessness prevention. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for homelessness prevention.~~

~~(2) Homelessness prevention serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title. An Applicant providing homelessness prevention may receive a maximum of:~~

~~(A) One point based on a minimum target of 70% of persons served who have one or more special needs;~~

~~(B) Two points based on a minimum target of 80% of persons served who have one or more special needs;~~

~~(C) Three points based on a minimum target of 90% of persons served who have one or more special needs;~~

~~(D) Four points based on a minimum target of 95% of persons served who have one or more special needs; or~~

~~(E) Five points based on a minimum target of 100% of persons served who have one or more special needs.~~

~~(3) Homelessness prevention exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date exited homelessness to a positive housing destination per HMIS data standards:~~

~~(A) Two points based on 25% of persons served with homelessness prevention who exited to positive housing destinations;~~

~~(B) Three points based on 35% of persons served with homelessness prevention who exited to positive housing destinations;~~

~~(C) Four points based on 45% of persons served with homelessness prevention who exited to positive housing destinations; or~~

~~(D) Five points based on 55% of persons served with homelessness prevention who exited to positive housing destinations.~~

~~(4) Homelessness prevention staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the homelessness prevention component has one or more of the following qualifications:~~

~~(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;~~

~~(B) Two points if a member of staff is fluent in one or more languages, other than English, identified by the Applicant as necessary to provide equitable and meaningful access for persons with Limited English Proficiency (LEP) in the Applicant's proposed service area under the Contract, as required by §7.10(c)(2) of this title relating to Language Access Requirements and~~

~~(C) Two points if program includes a paid staff member who has formerly experienced homelessness.~~

(~~5~~1) Homelessness prevention maintaining housing. An Application may receive a maximum of three points based on the percentage of persons served with Homelessness prevention who are targeted to maintain their housing for three months or more after program exit. Points will be awarded in accordance with Table 2, Component Specific Scoring Criteria.~~Applications may receive a maximum of:~~

~~(A) One point based on a minimum target of 50% of persons served with homelessness prevention maintaining housing for three months;~~

~~(B) Two points based on a minimum target of (60% of persons served with homelessness prevention maintaining housing for three months; or~~

~~(C) Three points based on a minimum target of 70% of persons served with homelessness prevention maintaining housing for three months.~~

(2~~6~~) Homelessness prevention services and rental assistance. Points shall be awarded ~~An Application may receive a maximum of five points~~ based on the number of distinct homeless prevention services and type of rental assistance provided through ESG or other funds. Homeless prevention services and rental assistance include rental application fees, security

deposits and last month's rent, utility payments/deposits, moving costs, housing search and placement, housing stability case management, mediation, legal services, credit repair, short-term rental assistance, and medium-term rental assistance. ~~An Application may receive a maximum of:~~A minimum of four services is required, with a maximum of five points available. Points will be awarded in accordance with Table 2.1 Services Provided Scoring Criteria.

~~(A) Two points if the Applicant provides housing stability case management and three of the other services or rental assistance;~~

~~(B) Three points if the Applicant provides housing stability case management and four of the other services or rental assistance;~~

~~(C) Four points if the Applicant provides housing stability case management and five of the other services or rental assistance; or~~

~~(D) Five points if the Applicant provides housing stability case management and six of the other services or rental assistance.~~

~~(7) Experience providing homelessness prevention or rental assistance services. An Application may receive a maximum of 10 points based on the Applicant's experience providing homelessness prevention or tenant-based rental assistance services.~~

~~(A) Two points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for up to two years;~~

~~(B) Four points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for up to four years;~~

~~(C) Six points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for up to six years;~~

~~(D) Eight points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for up to eight years; or~~

~~(E) Ten points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for 10 or more years.~~

(fe) Rapid re-housing. An Application proposing rapid re-housing may receive points under the General Scoring Criteria in subsection (b) of this section, plus the following component-specific criteria.:

(1) Matching funds for rapid re-housing. Applications may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for rapid re-housing.

(2) Rapid re-housing serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title. Applicants providing rapid re-housing may receive a maximum of:

(A) One point based on a minimum target of 70% of persons served who are in one or more Homeless Subpopulation;

(B) Two points based on a minimum target of 80% of persons served who are in one or more Homeless Subpopulation;

(C) Three points based on a minimum target of 90% of persons served who are in one or more Homeless Subpopulation;

(D) Four points based on a minimum target of 95% of persons served who are in one or more Homeless Subpopulation; or

(E) Five points based on a minimum target of 100% of persons served who are in one or more Homeless Subpopulation.

(3) Rapid re-housing exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date exited homelessness to a positive housing destination per HMIS data standards:

(A) Two points based on 25% of persons served with rapid re-housing exited to positive housing destinations;

(B) Three points based on 35% of persons served with rapid re-housing who exited to positive housing destinations;

~~(C) Four points based on 45% of persons served with rapid re-housing who exited to positive housing destinations; or~~

~~(D) Five points based on 55% of persons served with rapid re-housing who exited to positive housing destinations.~~

~~(4) Rapid re-housing staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the rapid re-housing component has one or more of the following qualifications:~~

~~(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;~~

~~(B) Two points if a member of staff is fluent in one or more languages, other than English, identified by the Applicant as necessary to provide equitable and meaningful access for persons with Limited English Proficiency (LEP), as required by §7.10(c)(2); and~~

~~(C) Two points if program includes a paid staff member who has formerly experienced homelessness.~~

(1~~5~~) Rapid re-housing maintaining housing. ~~Applicants~~ An Application may receive a maximum of three points based on the percentage of persons served with rapid re-housing targeted to maintain their housing for three months or more after program exit. Points will be awarded in accordance with Table 2, Component Specific Scoring Criteria.~~Applications may receive a maximum of:~~

~~(A) One point based on a minimum target of 50% of persons served with rapid re-housing maintaining housing for three months;~~

~~(B) Two points based on a minimum target of 60% of persons served with rapid re-housing maintaining housing for three months; or~~

~~(C) Three points based on a minimum target of 70% of persons served with rapid re-housing maintaining housing for three months~~.

(2~~6~~) Rapid re-housing services and rental assistance. ~~Applicants may receive a maximum of five points~~Points shall be awarded based on the number of distinct rapid re-housing services

and types of rental assistance provided through ESG or other funds,. Rapid re-housing services and rental assistance including rental application fees, security deposits/last month's rent, utility payments/deposits, moving costs, housing search and placement, housing stability case management, mediation, legal services, credit repair, short-term rental assistance, medium-term rental assistance. Applications may receive a maximum of:assistance. A minimum of four services is required, with a maximum of five points available. Points will be awarded in accordance with Table 2.1 Services Provided Scoring Criteria.

(A) Two points if the Applicant provides housing stability case management and three of the other services or rental assistance;

(B) Three points if the Applicant provides housing stability case management and four of the other components;

(C) Four points if the Applicant provides housing stability case management and five of the other components; or

(D) Five points if the Applicant provides housing stability case management and six of the other components.

(7) Experience providing rapid re-housing or tenant-based rental assistance services. Applications may receive a maximum of 10 points based on the Applicant's experience providing homeless prevention or tenant-based rental assistance services.

(A) Two points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to two years;

(B) Four points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to four years;

(C) Six points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to six years;

(D) Eight points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to eight years; or

~~(E) Ten points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for 10 or more years.~~

Table 1.1 General Scoring Criteria

Criterion	1 Point	2 points	3 points	4 Points	5 Points	6 Points	8 Points	10 Points
Serving Homeless Subpopulations	Minimum target of 70%	Minimum target of 80%	Minimum target of 90%	Minimum target of 95%	Minimum target of 100%	N/A	N/A	N/A
Exit to a positive housing destination	N/A	25% of persons served	35% of persons served	45% of persons served	55% of persons served	N/A	N/A	N/A
Experience proving applicable services	N/A	Up to 2 years	N/A	Up to 4 years	N/A	Up to 6 years	Up to 8 years	Up to 10 years or more

Table 1.2 Staff Qualification Point Schedule

Qualification	Points
Licensed mental health provider (Texas-licensed behavioral health professional, including Licensed Professional Counselors or Licensed Clinical Social Workers)	2
Staff fluent in one or more Applicant-identified languages needed to ensure equitable access for persons with Limited English Proficiency (LEP)	2
Program includes a paid staff member with lived experience of homelessness	2

Table 2 Component Specific Scoring Criteria

Criterion	1 Point	2 points	3 points
Street outreach temporary/transitional/permanent housing target	Minimum target of 35%	Minimum target of 45%	Minimum target of 55%
Emergency shelter permanent housing placement	Minimum target of 35%	Minimum target of 45%	Minimum target of 55%
Homelessness prevention maintaining housing for 3 months	Minimum target of 50%	Minimum target of 60%	Minimum target of 70%
Rapid Re-housing maintaining housing for 3 months	Minimum target of 50%	Minimum target of 60%	Minimum target of 70%

Table 2.1 Services Provided Scoring Criteria

Criterion	2 points	3 points	4 points	5 points
Street Outreach Services	Providing street outreach engagement & case management	Providing street outreach engagement, case management, & 1 other service	Providing street outreach engagement, case management, & 2 other service	Providing street outreach engagement, case management, & 3 other service
Emergency Shelter Services	Providing case management & 2 other services	Providing case management & 3 other services	Providing case management & 4 other services	Providing case management & 5 other services
Homelessness Prevention and rental assistance	Providing housing stability case management & 3 other services	Providing housing stability case management & 4 other services	Providing housing stability case management & 5 other services	Providing housing stability case management & 6 other services
Rapid re-housing services and rental assistance	Providing housing stability case management & 3 other services	Providing housing stability case management & 4 other services	Providing housing stability case management & 5 other services	Providing housing stability case management & 6 other services

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1501 **Agenda Date:** 7/9/2026 **Agenda #:** 13.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §2.302 Administrative Penalty Process; an order adopting a replacement version of the rule; and directing publication in the Texas Register

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, pursuant to Tex. Gov't Code §2306.041, the Department is authorized to impose an administrative penalty on a person who violates the statute, or a rule or order adopted under the statute;

WHEREAS, pursuant to Tex. Gov't Code §2306.042, the amount of an administrative penalty may not exceed $1,000.00 per violation per day, and the Department is required to adopt an administrative penalty schedule;

WHEREAS, 10 TAC Chapter 10, Subchapters F and G, have been amended by several separate rule actions, incorporating changes to the HOME Final Rule published by the United States Department of Housing and Urban Development (HUD), and also incorporating changes pursuant to Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA);

WHEREAS, among those amendments were updates to the Events of Noncompliance at 10 TAC Chapter 10, Subchapter F, and this separate proposed rule revision incorporates those new Events of Noncompliance into the penalty tables at 10 TAC §2.302;

WHEREAS, the proposed repeal and replacement of 10 TAC §2.302 was published in the Texas Register for public comment from May 22, 2026, through June 22, 2026, four comments were received, and responses to those comments are addressed in the attached preamble; and

WHEREAS, staff recommends that the Board adopt the amendments as revised in response to comment and reflected herein.

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the adopted rules to be published in the Texas Register, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

Tex. Gov't Code §2306.053 provides for the Department to administer federal housing, community affairs, and community development programs, and it authorizes the development of rules governing the administration of those programs. Tex. Gov't Code §§2306.041 - 2306.042 provide authority and limits for administrative penalty assessments for violations of the statute, Department rules, and/or orders. 10 TAC Chapter 2 governs how enforcement of programmatic requirements is handled. Administrative penalty criteria and administrative procedures are described at 10 TAC §2.302.

HUD published a new HOME Final Rule that must be implemented by the Department. Associated rule amendments at 10 TAC Chapter 10, Subchapter F, the Compliance Monitoring Rule, and 10 TAC §10.802 Written Policies and Procedures were adopted during the April board meeting. At the April board meeting, the Board adopted a rule amendment at 10 TAC §10.612 Tenant File Requirements, and a new rule at 10 TAC §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments, that incorporated the requirements of Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and HUD into the Department's Compliance rules. Further amendments to 10 TAC §10.625 Events of Noncompliance and 10 TAC §10.802 Written Policies and Procedures will be adopted during the Board meeting on July 9, 2026.

Staff is now incorporating enforcement for those matters into 10 TAC §2.302 Administrative Penalty Process, as needed, along with minor rule clarifications.

At the Board meeting on May 7, 2026, the Board approved the proposed repeal and replacement of 10 TAC §2.302 Administrative Penalty Process for publication for public comment. Public comment was accepted May 22, 2026, through June 22, 2026. Four comments were received, and responses to those comments are addressed in the attached preamble. Staff recommends adoption of the rules with minor changes based upon public comments.

Behind the proposed preamble for the proposed rule action is the rule with the original changes accepted and reflecting only those revisions made in response to public comment.

Attachment 1: Preamble, including required analysis, for adoption of the repeal of 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, the repeal of 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process. The purpose of the repeal is to eliminate the outdated rule and replace it simultaneously with a new rule that incorporates changes to the HOME Final Rule published by the United States Department of Housing and Urban Development (HUD), changes pursuant to Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and minor rule clarifications.

Tex. Gov't Code §2001.0045(b) does not apply because there are no costs associated with the repeal.

The Department has analyzed this rulemaking, and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.
Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:
1. The repeal does not create or eliminate a government program but relates to changes to an existing activity: the enforcement of the Department's program rules.
2. The repeal does not require a change in work that creates new employee positions.
3. The repeal does not require additional future legislative appropriations.
4. The repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.
6. The repeal is not considered to expand an existing regulation.
7. The repeal does not increase the number of individuals subject to the rule's applicability.
8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the changed sections would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENT. The public comment period was held May 22, 2026 to June 22, 2026, to receive input on the proposed repealed section. No comments were received

relating to the repeal.

STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the repeal affects no other code, article, or statute.

Attachment 2: Preamble, including required analysis, for adopting new 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process

The Texas Department of Housing and Community Affairs (the Department) adopts, with changes, new 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process. The purpose is to eliminate the outdated rule and replace it simultaneously with a new rule that incorporates changes to the HOME Final Rule published by the United States Department of Housing and Urban Development (HUD), changes pursuant to Section 401 (a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and minor rule clarifications.

Tex. Gov’t Code §2001.0045(b) does not apply because there are no additional costs associated with this action. Sufficient existing state and/or federal administrative funds associated with the applicable programs are available to offset costs. No additional funds will be needed to implement this rule.

The Department has analyzed this rulemaking, and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV’T CODE §2001.0221.
Mr. Bobby Wilkinson has determined that, for the first five years the new sections would be in effect:
1. The rule does not create or eliminate a government program but relates to changes to an existing activity: the enforcement of the Department’s program rules.
2. The rule does not require a change in work that creates new employee positions.
3. The new section will not require additional future legislative appropriations.
4. The new section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The new section is not creating a new regulation.
6. The new section does expand on an existing regulation.
7. The new section does not increase the number of individuals subject to the rule’s applicability.
8. The new section will not negatively or positively affect the state’s economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV’T CODE §2006.002.
The Department has evaluated the new section and determined that it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV’T CODE §2007.043. The new section

does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the new section as to its possible effects on local economies and has determined that for the first five years the new section would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5).
Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section would be improvement in the Department's ability to enforce noncompliance relating to the HOME Final Rule and PRWORA. The rule does provide for administrative costs to owners that fail to comply. There will not be economic costs to individuals required to comply with the new section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new section is in effect, enforcing or administering the sections may have some costs to the state to implement the verification process and to the Department's subrecipients in administering the rule changes. However, sufficient state or federal administrative funds associated with the applicable programs are already available to offset costs. No additional funds will be required.

SUMMARY OF PUBLIC COMMENT. The public comment period was held May 22, 2026, to June 22, 2026, to receive input on the proposed new rule. Four comments were received from Tracy Andrus, Disability Rights Texas, Texas Housers, and Texas Affiliation of Affordable Housing Providers (TAAHP), and, comments are summarized below.

General Comment:
Comment Summary: Most of Commenter 1's submitted comments are general in nature and are already addressed in the rules, therefore standing outside of the scope of the current rule amendment. For example, Commenter 1 states that due process protections should be strengthened to require written notice of all allegations, disclosure of evidence, meaningful cure opportunities, neutral administrative review, and the right to confront and respond to allegations before penalties are imposed. Commenter 1 also states that TDHCA should be required to consider the organization's good faith efforts, corrective actions taken, prior compliance history, reliance upon TDHCA approvals, and the public harm caused by disrupting services.

Staff Response: Staff agrees that due process protections are important, however, Commenter 1's suggestions are unproductive. The enforcement rules at 10 TAC §2.103 and 10 TAC §2.301 already provide for written notice and an opportunity to cure events of noncompliance that are susceptible to being corrected. Similarly, an opportunity for a neutral administrative review is already provided via an informal conference with the Department's Enforcement Committee per 10 TAC §2.302 and 10 TAC §2.401, the members of which are appointed by the TDHCA

Executive Director, and drawn from throughout the Department. Members from the referring division are often present during an informal conference, but must leave before deliberations to ensure impartiality, in accordance with 10 TAC §2.102(5). Likewise, the factors that Commenter 1 suggests considering are already considered by the Enforcement Committee per Tex. Gov't Code 2306.042, 10 TAC §2.302(h)(4), and 10 TAC §2.401(j). No changes are recommended to the rule.

General Comment:
Comment Summary: Commenter 1 states that administrative penalty processes should not become mechanisms for coercion, retaliation, or excessive punitive enforcement against nonprofits attempting to serve high-risk and underserved populations.

Staff Response: 10 TAC §2.101 states that enforcement mechanisms are used to bring about compliant administration of Department funded state and federal programs. Owners who disagree with an administrative penalty recommendation made by the Enforcement Committee after an informal conference have the right to request a contested case hearing with the State Office of Administrative Hearings in accordance with 10 TAC §2.302(i) and 10 TAC §1.13. Owners who disagree with a debarment recommendation made by the Enforcement Committee after an informal conference have the right to appeal to the TDHCA Board in accordance with 10 TAC §2.401(l). No changes are recommended to the rule.

General Comment:
Comment Summary: Commenter 1 urges safeguards to ensure TDHCA's compliance with fair housing laws, protection against discrimination, protection of sensitive information, and clear uniform procedures statewide.

Staff Response: Department rules already address the concerns listed above. The current amendment under consideration is to effectuate changes required by federal guidance. No changes are recommended to the rule.

10 TAC §2.302(k): Penalty Schedules
Comment Summary: Commenter 2 supports updates to the penalty table, particularly those relating to accessibility noncompliance in contracts or LURAs, failure to accept timely paid rent, terminated utilities, and failure to follow appeal and grievance policies.

Staff Response: Staff appreciates the support. No revisions are recommended.
10 TAC §2.302: Administrative Penalty Process, regarding PRWORA:
Comment Summary: Commenter 3 opposes PRWORA-related rulemaking and proposes delaying implementation until further expected HUD and DHS guidance is published, highlighting that Texas is the only state to update its rules ahead of that additional guidance, potentially exposing residents, providers, and TDHCA to unnecessary risk and harm. It is too early to begin enforcing new PRWORA policies since the rules are untested, and aggressive property owners seeking to comply could cause program-eligible tenants to lose their housing.

Staff Response: The Department has already completed rulemaking in 10 TAC §10.628 that sets

a compliance date of August 1, 2026. No changes are recommended to the rule, but staff anticipates that further rule changes may be required in the future.

10 TAC §2.302: Administrative Penalty Process, regarding PRWORA
Comment Summary: Commenter 4 suggests that a penalty should not be imposed for failure to obtain supporting documentation when verification results are pending, delayed, or inconclusive for reasons outside of the owner's control, provided that the Owner is timely pursuing verification. Commenter 4 argues that an Owner should not be penalized as though it had failed to request or pursue the documentation.

Staff response: This change is reasonable for pre-existing households that are required to provide this documentation at renewal, but it is not reasonable to extend an exception to new applicants. A limited change is recommended for owners who follow the requirements of 10 TAC §10.802(l)(1) relating to lease renewals for existing households with original occupancy dates prior to August 1, 2026.

10 TAC §2.302: Administrative Penalty Process, regarding PRWORA
Comment Summary: Commenter 4 suggests there should not be a duplicate penalty for the same underlying documentation issue under both the legal-status documentation finding and the attestation finding, and suggests a per lease violation rather than per person.

Staff Response: Staff disagrees. The requirement for the documentation verifying legal status and the requirement for a signed attestation that no household members lack qualified legal status under PRWORA are two distinct lease requirements. Additionally, the procedure under 10 TAC §10.802(l)(1) is only applicable to the requirement for documentation of legal status, and is not applicable to the attestation provision, so it would not make sense to combine both violations into one category.

10 TAC §2.302: Administrative Penalty Process, regarding SAVE System
Comment Summary: Commenter 4 suggests limiting the potential penalty for failure to sign an agreement to access the SAVE system if an agreement is required under 10 TAC §10.628(f)(2)(A) or (C).

Staff Response: The penalty table already states, "as described in 10 TAC §10.628", so a violation would only be assessed if a SAVE agreement is required under that rule. No changes are necessary.

STATUTORY AUTHORITY. The new section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein, the new section affects no other code, article, or statute. The rule, as proposed for adoption, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§2.302 Administrative Penalty Process

(a) The Executive Director will appoint an Enforcement Committee, as defined in §2.102 of this chapter (relating to Definitions).

(b) The referring division will recommend the initiation of administrative penalty proceedings to the Committee by referral to the secretary of the Committee (Secretary). At the time of referral for a multifamily rental Development, the referral letter from the referring Division will require the Responsible Party who Controls the Development to provide a listing of the Actively Monitored Developments in their portfolio. The Secretary will use this information to help determine whether mandatory Debarment should be simultaneously considered by the Enforcement Committee in accordance with §2.401(e)(2) of this chapter, (relating to repeated violations~~-~~).

(c) The Secretary shall promptly contact the Responsible Party. If fully acceptable corrective action documentation is submitted to the referring division before the Secretary sends an informal conference notice, the referral shall be closed with no further action provided that the Responsible Party is not subject to consideration for Debarment and provided that the referring division does not wish to move forward with the referral based upon a pattern of repeated violations. If the Secretary is not able to facilitate resolution, but receives a reasonable plan for correction, such plan shall be reported to the Committee to determine whether to schedule an informal conference, modify the plan, or accept the plan. If accepted, plan progress shall be regularly reported to the Committee, but an informal conference will not be held unless the approved plan is substantively violated, or an informal conference is later requested by the Committee or the Responsible Party. Plan examples include but are not limited to: a rehabilitation plan with a scope of work or contracts already in place, plans approved by the Department as part of the Previous Participation Review process provided for in 10 TAC Subchapter C for an ownership transfer or funding application, plans approved by the Executive Director, plans approved by the Asset Management Division, and/or plans relating to newly transferred Developments with unresolved Events of Noncompliance originating under prior ownership. Should the Secretary and Responsible Party fail to come to, an agreement or closer of the referral, or if the Responsible Party or ownership group's prior history of administrative penalty referrals does not support closure, or if consideration of Debarment is appropriate, the Secretary will schedule an informal conference with the Responsible Party to attempt to reach an agreed resolution.

(d) When an informal conference is scheduled, a deadline for submitting Corrective Action documentation will be included, providing a final opportunity for resolution. If compliance is achieved at this stage, the referral will be closed

with a warning letter provided that factors, as discussed below, do not preclude such closure. Closure with a warning letter shall be reported to the Committee. Factors that will determine whether it is appropriate to close with a warning letter include, but are not limited to:

(1) Prior Enforcement Committee history relating to the Development or other properties in the ownership group;

(2) Prior Enforcement Committee history regarding similar federal or state Programs;

(3) Whether the deadline set by the Secretary in the informal conference notice has been met;

(4) Whether the Committee has set any exceptions for certain finding types; and

(5) Any other factor that may be relevant to the situation.

(e) If an informal conference is held:

(1) Notwithstanding the Responsible Party's attendance or presence of an authorized representative, the Enforcement Committee may proceed with the informal conference;

(2) The Responsible Party may, but is not required to be, represented by legal counsel of their choosing at their own cost and expense;

(3) The Responsible Party may bring to the meeting third parties, employees, and agents with knowledge of the issues;

(4) Assessment of an administrative penalty and Debarment may be considered at the same informal conference; and

(5) In order to facilitate candid dialogue, an informal conference will not be open to the public; however, the Committee may include such other persons or witnesses as the Committee deems necessary for a complete and full development of relevant information and evidence.

(f) An informal conference may result in the following, which shall be reported to the Executive Director:

(1) An agreement to dismiss the matter with no further action;

(2) A compliance assistance notice issued by the Committee, available for Responsible Parties appearing for the first time before the Committee for

matters which the Committee determines do not necessitate the assessment of an administrative penalty, but for which the Committee wishes to place the Responsible Party on notice with regard to possible future penalty assessment;

(3) An agreement to resolve the matter through corrective action without penalty with a clear timeline included. If the agreement is to be included in an order, a proposed agreed order will be prepared and presented to the Board for approval;

(4) An agreement to resolve the matter through corrective action with the assessment of an administrative penalty which may be probated in whole or in part, and may, where appropriate, include additional action to promote compliance such as requirements to obtain training. In this circumstance, a proposed agreed order will be prepared and presented to Department's Governing Board for approval;

(5) A recommendation by the Committee to the Executive Director to determine that a violation occurred, and to issue a report to the Board and a Notice of Violation to the Responsible Party, seeking the assessment of administrative penalties through a contested case hearing with the State Office of Administrative Hearings (SOAH); or

(6) Other action as the Committee deems appropriate.

(g) Upon receipt of a recommendation from the Committee regarding the issuance of a report and assessment of an administrative penalty under subsection (f)(5), the Executive Director shall determine whether a violation has occurred. If needed, the Executive Director may request additional information and/or return the recommendation to the Committee for further development. If the Executive Director determines that a violation has occurred, the Executive Director will issue a report to the Board in accordance with §2306.043 of the Texas Government Code.

(h) Not later than 14 days after issuance of the report to the Board, the Executive Director will issue a Notice of Violation to the Responsible Party, along with a Notice of Violation for Property Posting (which shall be printed and posted in two prominent places on the property subject to the Notice, and photographic proof of the posting shall be made). The Notice of Violation issued by the Executive Director will include:

(1) A summary of the alleged violation(s) together with reference to the particular sections of the statutes and rules alleged to have been violated;

(2) A statement informing the Responsible Party of the right to a hearing before the SOAH, if applicable, on the occurrence of the violation(s), the amount of penalty, or both;

(3) Any other matters deemed relevant, including the requirements regarding the Notice of Violation for Property Posting; and

(4) The amount of the recommended penalty. In determining the amount of a recommended administrative penalty, the Executive Director shall take into consideration the statutory factors at Tex. Gov't Code §2306.042 the penalty schedule shown in the tables in subsection (k) of this section and in the instance of a proceeding to assess administrative penalties against a Responsible Party administering the annual block grant portion of CDBG, CSBG, or LIHEAP, whether the assessment of such penalty will interfere with the uninterrupted delivery of services under such program(s). The Executive Director shall further take into account whether the Department's purposes may be achieved or enhanced by the use of full or partial probation of penalties subject to adherence to specific requirements and whether the violation(s) in question involve disallowed costs.

(i) Not later than 20 days after the Responsible Party receives the Notice of Violation, the Responsible Party may accept the requirements of the Notice of Violation or request a SOAH hearing.

(j) If the Responsible Party requests a hearing or does not respond to the Notice of Violation, the Executive Director, with the approval of the Board, shall cause the hearing to be docketed before a SOAH administrative law judge in accordance with §1.13 of this title (relating to Contested Case Hearing Procedures), which outlines the remainder of the process.

(k) Penalty schedules.

Figure 1: 10 TAC §2.302(k)

Penalty schedule for Chapters 6 and 7 Findings of Noncompliance. These are the maximum potential administrative penalty amounts possible for each finding of noncompliance. When an administrative penalty is to be considered, the matrix below must be considered in conjunction with the statutory factors at Tex. Gov’t Code §2306.042.

Finding of Noncompliance	Maximum first time administrative penalty assessment	Maximum Administrative penalty assessment for a Responsible Party that has previously paid a penalty for the same finding type
Lack of financial duties or material inventory segregation of duties	Up to $500	Up to $1,000
No Cost Allocation/Not allocating costs properly	Up to $500 for each instance	Up to $1,000 for each instance
Violation of Conflict of Interest policies	Up to $500	Up to $1,000
Lack of Insurance or Fidelity Bond coverage	Up to $1,000 + up to $100 a day for each day not in compliance	Up to $1,000 + up to $200 a day for each day not in compliance
Failure to submit Inventory Report within 45 days (end Contract Term)	Up to $500	Up to $1,000
Unallowable/Unreasonable expenditure	Up to $1,000 for each instance	Up to $1,000 for each instance
Violation of Procurement Requirements	Up to $1,000 for each service or product not properly procured	Up to $1,000 for each service or product not properly procured
Lack of Subcontractor contract	Up to $250 for each instance	Up to $500 for each instance
Lack of prior approval for purchase(s)	Up to $500 for each instance	Up to $1,000 for each instance
Instance of Fraud, Waste and/or Abuse	Up to $1,000	Up to $1,000
Commingling of funds, Misapplication of funds	Up to $1,000	Up to $1,000
Failure to timely submit Audit Certification Form	Up to $250	Up to $1,000 per violation
Failure to timely submit Single Audit	Up to $1,000	Up to $1,000 + up to $100 for each day

Lack of providing requested	Up to $500 per day for each item or	Up to $150 per day for each item or
Failure to timely respond to Report/provide required correspondence	Up to $100 for first violation	Up to $1,000 per day per violation
Failure to report/record program income	Up to $500 for each instance	Up to $1,000 for each instance
Noncompliance with record retention	Up to $100 for each instance	Up to $1,000 for each instance
Providing assistance to income or SAVE ineligible	Up to $500 for each instance	Up to $1,000 for each instance
Service provided to clients not according to poverty population makeup	Up to $500	Up to $1,000
Failure to meet Tri- Partite Board Requirements	Up to $1,000 + up to $100 for each the	Up to $1,000 + up to $250 for each day
Failure to comply with Department minimum applicant/client denials and appeals	Up to $250 for each instance	Up to $500 for each instance
Failure to Prioritize applicants	Up to $250 for each instance	Up to $500 for each instance
Failure to complete or to properly complete required program documents	Up to $250 for each instance	Up to $750 for each instance
Payment to Vendor without a Vendor Agreement	Up to $500 for each instance	Up to $1,000 for each instance
Failure to perform Outreach activities	Up to $500	Up to $1,000
Weatherized unit expenditure over maximum cost per unit w/o prior approval	Up to $500 for each instance	Up to $1,000 for each instance
Failure to input Ending Homelessness, HHSP, or ESG client data into the Homeless Management Information System	Up to $500 for each instance	Up to $1,000 for each instance
Other noncompliance with a contract requirement	Up to $1,000	Up to $1,000

Failure to comply with case management requirements	Up to $500	Up to $750
Noncompliance with applicable OMB or state financial management requirements	Up to $500	Up to $1,000
Noncompliance with Texas Prompt Payment Act	Up to $500	Up to $750
Noncompliance with Historical Commission requirements	Up to $500	Up to $75
Failure to comply with Limited English Proficiency ("LEP") policies in accordance with program rule, policy or agreement	Up to $500	Up to $1000
Failure to meet accessibility requirements	Up to $1,000 per violation	Up to $1,000 per violation
Failure to submit Inventory Report within 45 days (end of contract term)	Up to $500	Up to $1,000
Failure to timely enter into an ISPA (Information Privacy and Security Agreement)	Up to $1,000 per violation	Up to $1,000 per violation
Failure to attend required training as required by program rule, policy or agreement	Up to $100 per violation	Up to $200 per violation
Failure to comply with Section 3 requirements in 24 CFR Part 75 in accordance with program rule, policy, or agreement (ESG only)	Up to $500	Up to $1,000

Figure 2: 10 TAC §2.302(k).

Penalty schedule for Multifamily Rental Findings of Noncompliance. These are the maximum potential administrative penalty amounts possible for each finding of noncompliance. When an administrative penalty is to be considered, the matrix below must be considered in conjunction with the statutory factors at Tex. Gov't Code §2306.042:		
Finding of Noncompliance	Maximum First Time Administrative Penalty assessment	Maximum Administrative Penalty Assessment for a Responsible Party that has previously paid a penalty for the same finding type
Violations of National Standards for Physical Inspections of Real Estate	Up to $500 for life threatening and severe deficiencies, up to $250 for moderate deficiencies, up to $125 for low deficiencies, plus an optional $100 per day for each life threatening or severe deficiency that remains uncorrected 6 months from the corrective action deadline	Up to $1,000 for life threatening and severe deficiencies, up to $500 for moderate deficiencies, up to $250 for low deficiencies, plus an optional $200 per day for each life threatening or severe deficiency that remains uncorrected 6 months from the corrective action deadline
Violations of National Standards for Physical Inspections of Real Estate, relating to inoperable elevators	If an elevator-serviced building has no operable elevators: Up to $1,000.00 per inoperable elevator, plus an optional $2,500.00 per week	If an elevator-serviced building has no operable elevators: Up to $1,000.00 per inoperable elevator, plus an optional $5,000.00 per week
	If an elevator-serviced building has an inoperable elevator, but other operable elevators are available in the building: Up to $1,000.00 per inoperable elevator, plus an optional $500.00 per week	If an elevator-serviced building has an inoperable elevator, but other operable elevators are available in the building: Up to $1,000.00 per inoperable elevator, plus an optional $1,000.00 per week
Noncompliance related to Affirmative Marketing requirements described in §10.801 of this title.	Up to $250	Up to $500

TDHCA has received notice from HUD, the DOJ, the TWC, or another party of a judgement from a court of competent jurisdiction regarding a Fair Housing Violation and/or reported general public use violations, unless such violation has already been disclosed in the Annual Owner's Compliance Report.	Up to $1,000	Up to $1,000
TDHCA has referred unresolved Fair Housing design and construction issues to the Texas Workforce Commission Civil Rights division	Up to $1,000	Up to $1,000
Development is not available to the general public because of leasing issues	Up to $1,000 per day per violation	Up to $1,000 per day per violation
Development is never expected to comply due to failure to report or allow monitoring	Up to $1,000 per day	Up to $1,000 per day
Owner did not allow on-site monitoring or failed to notify residents, resulting in inspection cancellation (including failure to appear for review)	Up to $1,000 per day	Up to $1,000 per day
LURA not in effect	Up to $1,000 per day	Up to $1,000 per day
Project failed to meet minimum set aside	Up to $1,000 per day	Up to $1,000 per day
No evidence of, or failure to certify to material participation and/or ownership by a non-profit or HUB, if required by LURA	Up to $750	Up to $1,000

Development failed to meet additional state required rent and occupancy restrictions	Up to $250 per day per violation	Up to $500 per day per violation
Noncompliance with social service requirements (provision of services)	Up to $250 per violation, with each required service considered a separate violation	Up to $500 per violation, with each required service considered a separate violation
Noncompliance with social service requirements (expenditure amounts)	Double the monthly expenditure deficiency, up to a maximum of $1,000 per day	Triple the monthly expenditure deficiency, up to a maximum of $1,000 per day.
Development failed to provide housing to the elderly as promised at application	Up to $5 per day per violation	Up to $10 per day per violation
Failure to provide special needs housing, or to follow preferences and limitations as required by rule or LURA	Up to $1,000 per violation	Up to $1,000 per violation
Changes in Eligible Basis or Applicable percentage in violation of the IRS 8823 Audit Guide or other IRS guidance	Up to $1,000 per day per violation	Up to $1,000 per day per violation
Failure to submit all or parts of the Annual Owner's Compliance Report	Up to $500	Up to $1,000
Failure to respond to Compliance Division requests for clarification regarding answers on the Annual Owner’s Compliance Report	Up to $250	Up to $750
Failure to submit reports or notices as required by §10.607 of this title	Up to $100, then an additional $250 for each subsequent quarter that the report is not received	Up to $250, then an additional $500 for each subsequent quarter that the report is not submitted

Noncompliance with utility allowance requirements described in §10.614 of this title and/or Treasury Regulation 26 CFR §1.42-10	Up to $50 per unit	Up to $100 per unit
Noncompliance with lease requirements described in §10.613 of this title (relating to failure to execute required lease provisions)	Up to $500	Up to $1,000
Noncompliance with lease requirements described in §10.613 of this title (relating to failure to provide lease brochures, guides or notices described in §10.613 currently including but not limited to the Tenant Rights and Resources Guide)	Up to $250	Up to $500
Asset Management has reported that Development has failed to establish and maintain a reserve account in accordance with §10.404 of this title	Up to $1,000	Up to $1,000
Failure to provide a notary public as promised at application	Up to $500	Up to $750
Violation of the Unit Vacancy Rule	Up to $250 per violation	Up to $500 per violation
Failure to provide pre-onsite documentation	Up to $250 per pre-onsite documentation item	Up to $500 per pre-onsite documentation item
Failure to provide amenity as required by LURA	Up to $1,000 per violation	Up to $1,000 per violation, plus $100 for each subsequent day the violation continues
Failure to pay asset management, compliance monitoring or other required fee	Up to $250 for the first day plus $10 per day for each subsequent day the violation continues	Up to $500 for the first day plus $50 per day for each subsequent day the violation continues

Change in ownership without department approval (other than removal of a general partner in accordance with §10.406 of this title)	Up to $1,000 for the first day plus $100 per day for each subsequent day the violation continues	Up to $1,000 for the first day plus $200 per day for each subsequent day the violation continues
Noncompliance with written policy and procedure requirements described in §10.802 of this title (written policy violations)	Up to $500 per violation	Up to $1,000 per violation
Noncompliance with written policy and procedure requirements described in §10.802 of this title (notice of termination language requirements)	Up to $250 per violation	Up to $500 per violation
Noncompliance with Reasonable Accommodation Policy requirements as described in §10.802 of this title	Up to $500 per violation	Up to $1,000 per violation
Program Unit not leased to Low-Income household (either because the household's income exceeds the allowable limit or because the owner did not gather adequate documentation to establish household eligibility)	Up to $1,000 per violation	Up to $1,000 per violation
Program unit occupied by nonqualified full- time students	Up to $1,000 per violation	Up to $1,000 per violation
Low-Income units used on a transient basis	Up to $500 per violation	Up to $1,000 per violation
Violation of the Available Unit Rule	Up to $500 per violation	Up to $1,000 per violation
Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	Up to $50 per unit per day	Up to $150 per unit per day

Failure to provide Tenant Income Certification and documentation	Up to $100 per violation	Up to $250 per violation
Unit not available for rent	Up to $50 per unit per day	Up to $100 per unit per day
Failure to collect data required by §10.612(b)(1) and/or (2) of this title (Annual Eligibility Certifications)	Up to $50 per violation	Up to $100 per violation
Development evicted or terminated the tenancy of a low-income tenant for other than good cause	Up to $1,000 per violation	Up to $1,000 per violation
Household income increased above 80 percent at recertification and Owner failed to properly determine rent	Up to $500 per violation	Up to $1,000 per violation
Violation of the Integrated Housing Rule in 10 TAC 1.15	Up to $500	Up to $500
Failure to resolve final construction deficiencies within corrective action period	Up to $1,000 per violation	Up to $1,000 per violation
Noncompliance with the required accessibility requirements such as §504 of the Rehabilitation Act of 1973, the 2010 ADA standards or other accessibility related requirements of a Department Rule, including but not limited to those described in Chapter 1, Subchapter B (except those only under the Fair Housing Act for which there is a separate category), or as reflected in a Contract or LURA	Up to $1,000 per violation, plus an optional $100 per day for each accessibility deficiency that remains uncorrected 6 months from the corrective action deadline	Up to $1,000 per violation, plus an optional $100 per day for each accessibility deficiency that remains uncorrected 6 months from the corrective action deadline

Noncompliance with the notice to the Department requirements described in §10.609 of this title	Up to $500	Up to $500
Failure to provide a reasonable accommodation under 10 TAC, Chapter 1, Subchapter B	Up to $1,000 per violation	Up to $1,000 per violation
Violation of the Fair Housing Act and §1.205 of this Title	Up to $1,000	Up to $1,000
Failure to reserve units for Section 811 participants (Section 811 PRA only)	Up to $750 per violation	Up to $1,000 per violation
Failure to notify the Department of the availability of Section 811 units (Section 811 PRA only)	Up to $750 per violation	Up to $1,000 per violation
Owner failed to check criminal history and drug use of household (as required by Department Rule)	Up to $250	Up to $500
Failure to use Enterprise Income Verification System (section 811 PRA only)	Up to $250	Up to $500
Failure to properly document and calculate adjusted income (section 811 PRA only)	Up to $500 per violation	Up to $1,000 per violation
Failure to use required HUD forms (Section 811 PRA only)	Up to $250	Up to $500
Accepted funding that limits 811 PRA participation	Up to $1,000	Up to $1,000

Failure to properly calculate resident portion of rent (Section 811 PRA, Department funded Project-Based Section 8, and HOME ARP Qualified Population Units only)	Up to $50 per unit per day	Up to $150 per unit per day
Failure to use HUD model Lease (Section 811 PRA) or Department or HUD Tenant Addendum (a Development subject to the 2025 HOME Final Rule, and a Development with Department issued Project-Based Vouchers)	Up to $500	Up to $1,000
Failure to disperse 811 PRA Units according to program requirements (relates to disbursement throughout the Development. Section 811 PRA only)	Up to $500	Up to $1,000
Failure to conduct interim certifications (Section 811 PRA only)	Up to $100 per violation	Up to $250 per violation
Failure to conduct annual income recertification (Section 811 PRA only)	Up to $100 per violation	Up to $250 per violation
Asset Management Division has reported that Development has failed to submit rents for review on an annual basis in accordance with §10.403 of this Title	Up to $750	Up to $1,000
Failure to maintain status as a qualified Community Housing Development Organization (CHDO)	Up to $1,000 + up to $100 for each day the entity failed to comply	Up to $1,000 + up to $250 for each day the entity failed to comply

Failure to submit Audit Certification Form, a Single Audit, or other programmatic audit	Up to $1,000	Up to $1,000 plus up to $100 for each day not in compliance
Failure to timely enter into an Information Privacy and Security Agreement	Up to $1,000 per violation	Up to $1,000 per violation
Failure to comply with Labor Standards requirements in accordance with program rule, policy or agreement	Up to $500	Up to $1,000
Failure to comply with displacement policies as required by program rule, policy or agreement	Up to $500	Up to $1,000
Casualty loss not corrected during restoration period	Up to $100 per unit per day	Up to $500 per unit per day
Unit leased to Household that is not qualified for the Section 811 PRA program	Up to $500	Up to $1,000
Failure to submit documentation for mail in review	Up to $1,000 per day	Up to $1,000 per day
Noncompliance with CHDO requirements	Up to $500	Up to $1,000
Failure to properly calculate security deposit (Section 811 PRA only)	Up to $1,000	Up to $1,000
Failure to prominently display required Fair Housing Posters (Section 811 PRA only)	Up to $250	Up to $500
Failure to comply with Section 3 requirements in 24 CFR Part 75 in accordance with program rule, policy, or agreement	Up to $500	Up to $1,000

Failure to obtain supporting documentation of qualified legal status for all persons signing a lease per 10 TAC §10.612 (HOME, HOME ARP, and NHTF only), unless the Owner has followed the procedures under §10.802(l)(1) for an existing person signing a lease with an original occupancy date prior to August 1, 2026	Up to $500 per lease~~violation~~	Up to $1,000 per ~~violation~~lease
Failure to obtain the executed attestation required by 10 TAC §10.612(a)(6) for each person signing the lease (HOME, HOME ARP, and NHTF only)	Up to $500 per ~~violation~~lease	Up to $1,000 per ~~violation~~lease
Owner fails to timely sign agreement or Contract Amendment to access the SAVE system as described in 10 TAC §10.628 (HOME, HOME ARP, and NHTF only)	Up to $1,000	Up to $1,000
Failure to comply with requirements of the SAVE System Agreement	Up to $250 per violation	Up to $500 per violation
Failure to accept rent that was paid on time and in full	Up to $250 per violation	Up to $500 per violation
Terminated utilities controlled by the Development Owner during a period prohibited by the applicable federal program or under state law	Up to $50 per Unit per day	Up to $150 per unit per day

Failure to Follow a required Appeal policy or Fair Lease and Grievance Process as required by 10 TAC §10.802, Program Rules, or a Contract or LURA	Up to $250 per violation	Up to $500 per violation
Failure to correct a Contract Monitoring Finding during the Corrective Action Period (that is not separately listed in Figure 2) including but not limited to (as applicable by program) Build America Buy America Act, Uniform Relocation Assistance and Real Property Act, Section 104(d), Davis-Bacon and Related Acts, Violence Against Women Act, Lead-Based Paint, and Conflict of Interest Provisions	Up to $1,000 per violation	Up to $1,000 per violation

Figure 3: 10 TAC 2.302(k).

Penalty table for Single Family Program Findings of Noncompliance. These are the maximum potential administrative penalty amounts possible for each finding of noncompliance. When an administrative penalty is to be considered, this matrix must be considered in conjunction with the statutory factors at Tex. Gov't Code §2306.042.		
Finding of Noncompliance	Maximum first time administrative penalty assessment	Maximum administrative penalty assessment for a Responsible Party that has previously paid a penalty for the same finding type
Noncompliance related to Affirmative Marketing requirements	Up to $500	Up to $1,000

Program Accessibility violations	Up to $100 per violation	Up to $200 per violation
Failure to meet CHDO requirements	Up to $500	Up to $1,000
Repeated violations of interim loan terms or timeline	Up to $500	Up to $1,000
Records retention violations	Up to $100 per violation	Up to $200 per violation
Failure to attend required training as required by program rule, policy or agreement	Up to $100 per violation	Up to $200 per violation
Providing assistance to households that are not income eligible	Up to $500	Up to $1,000
Violations of construction standards	Up to $500	Up to $1,000
Violations of property condition standards	Up to $500	Up to $1,000
Violation of Conflict of Interest Policies	Up to $500	Up to $1,000
Violation of program policies regarding use of funds for sectarian or religious activity	Up to $500	Up to $1,000
Failure to comply with Limited English Proficiency ("LEP") policies in accordance	Up to $500	Up to $1,000
Failure to comply with labor standards requirements in accordance with program	Up to $500	Up to $1,000
Violation of Procurement Requirements	Up to $1,000 for each service or product not properly procured	Up to $1,000 for each service or product not properly procured

Failure to comply with Section 3 requirements in 24 CFR Part 75 in accordance with program rule, policy, or agreement	Up to $500	Up to $1,000
Failure to comply with displacement policies as by program rule, policy, or agreement required	Up to $500	Up to $1,000
Failure to provide Tenant Income Certification and documentation	Up to $250 per violation	Up to $250 violation
Failure to collect data required by program rules, policies or agreements	Up to $50 per violation	Up to $100 per violation
Failure to provide required documentation or corrections to documentation	Up to $50 per day	Up to $150 per day
Development evicted or terminated the tenancy of a low- income tenant for other than good cause	Up to $500 per violation	Up to $1,000 per violation
For tenant-based rental programs, Household income increased above 80 percent at recertification and Owner failed to properly determine rent	Up to $500 per violation	Up to $1,000 per violation
For tenant-based rental programs, gross rent exceeds the highest rent allowed by program rule, policy or agreement	Up to $50 per unit per day	Up to $150 per unit per day

Failure to return or repay funds to the Department as required by (such as contract termination, assessed penalties, disallowed costs, overpayment, Deobligation, or recapture) rule, policy or agreements	Up to $50 per day	Up to $150 per day
Failure to meet accessibility requirements	Up to $1,000 per violation	Up to $1,000 per violation
Noncompliance with applicable OMB or state financial management requirements	Up to $500	Up to $1,000
Failure to timely submit Audit Certification Form	Up to $250	Up to $1,000 per violation
Failure to timely submit Single Audit	Up to $1,000	Up to $1,000 + up to $100 for each day not in compliance
Failure to timely enter into an ISPA (Information Privacy and Security Agreement)	Up to $1,000 per Violation	Up to $1,000 per Violation
Lack of insurance of fidelity bond coverage	Up to $1,000 + up to $100 a day for each day not in compliance	Up to $1,000 + up to $200 a day for each day not in compliance

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1502 **Agenda Date:** 7/9/2026 **Agenda #:** 14.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 2, Debarment from Participation in Programs Administered by the Department, §2.401 General; an order adopting the replacement version of the rule; and directing publication in the Texas Register

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, pursuant to Tex. Gov't Code §2306.0504, the Department is authorized to debar a person from participation in Department programs, and is required to develop a rule governing debarments;

WHEREAS, the debarment rule at 10 TAC §2.401 outlines the criteria and administrative procedures for debarments;

WHEREAS, 10 TAC Chapter 10, Subchapters F and G, have been amended by several separate rule actions, incorporating changes to the HOME Final Rule published by the United States Department of Housing and Urban Development (HUD), and also incorporating changes pursuant to Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA);

WHEREAS, among those amendments were updates to the Events of Noncompliance at 10 TAC Chapter 10, Subchapter F, and this separate proposed rule revision incorporates those new Events of Noncompliance into the penalty tables at 10 TAC §2.302, along with minor rule clarifications;

WHEREAS, the proposed repeal and replacement of 10 TAC §2.401 was published in the Texas Register for public comment from May 22, 2026, through June 22, 2026, six comments were received, and responses to those comments are addressed in the attached preamble; and

WHEREAS, staff recommends that the Board adopt the amendments as revised in response to comment and reflected herein.

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the actions to publish the adopted rules in the Texas Register, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

Tex. Gov't Code §2306.053 provides for the Department to administer federal housing, community affairs, and community development programs, and it authorizes the development of rules governing the administration of those programs. Tex. Gov't Code §2306.0504 provides authority for the Department to debar a person from participation in Department programs, and requires the Department to develop a rule governing debarments. 10 TAC Chapter 2 governs how enforcement of programmatic requirements is handled. Debarment criteria and administrative procedures are described at 10 TAC §2.401.

HUD published a new HOME Final Rule that must be implemented no later than April 30, 2026. Associated rule amendments at 10 TAC Chapter 10, Subchapter F, the Compliance Monitoring Rule, and 10 TAC §10.802 Written Policies and Procedures, were adopted during the April board meeting. At the April Board Meeting, the Board adopted a rule amendment at 10 TAC §10.612 Tenant File Requirements, and a new rule at 10 TAC §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments, that incorporated the requirements of Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and HUD into the Department's Compliance rules.

Staff is now incorporating enforcement for those matters into 10 TAC §2.401, as needed, along with minor rule clarifications.

One such clarification relates to debarment referrals for properties scoring below 50 on more than one National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection, which is considered a material and repeated violation of a LURA, and is therefore subject to mandatory debarment. The Department is committed to ensuring that Developments are maintained in decent, safe, and habitable conditions, and scoring below 50 is a standard measure used for that purpose. However, there are circumstances in which the score may not necessarily mean that the property is in an unacceptable or substandard condition, and the current rule exception could use further refinement.

NSPIRE was adopted as the Department's inspection standard on January 1, 2024, and owners are still adjusting to its different requirements since inspections are typically performed on a three-year cycle, unless the property has scored below 70 and is now on an annual inspection schedule. NSPIRE inspections include multiple categories of deficiencies that may not have been part of the prior Uniform Physical Conditions Standards (UPCS) protocol or local codes, such as requiring entry doors to have self-closing hinges, requiring smoke detectors in every sleeping room, identifying specific parameters for smoke detector measurements from the ceiling and walls, requiring GFCI outlets within six feet of a water source including washing machines or water heaters, and checking to see whether toilets are loose / not properly secured at the base, among others. These are vital safety changes to the NSPIRE protocol that must be addressed by owners, but they do not necessarily indicate that the property is in poor condition, or that the owner should be debarred unless there are significant repeated findings.

This scenario could also occur in the following contexts: (1) a casualty loss in which the Owner reports the casualty loss, but fails to report all units affected by the casualty loss resulting in an unreported affected unit inadvertently being subject to an NSPIRE inspection rendering a low

score that is not necessarily representative of the entire property; and (2) when vacant units have not been made ready within 30 days of vacancy, and are subject to an NSPIRE inspection resulting in significant score deductions for deficiencies due the repairs being made to the unit like exposed wiring because outlet covers had been removed for painting, a smoke detector with painters tape around the edges, etc.

In circumstances where a debarment referral is indicated due to two NSPIRE scores below 50, but the properties may be impacted by scenarios such as these, it is important for the Department to review the NSPIRE inspection reports and associated photographs to confirm that debarment is supported. Any exceptions would need to be approved by the Executive Director, and the exception would be for a one-year period only. The Development will be subject to annual inspection and will receive a warning explaining the problem and providing details regarding recommended improvements in the interim period to ensure an appropriate subsequent score.

At the Board meeting on May 7, 2026, the Board approved the proposed repeal and replacement of 10 TAC §2.401 General for publication for public comment. Public comment was accepted May 22, 2026, through June 22, 2026. Six comments were received, and responses to those comments are addressed in the attached preamble. Staff recommends adoption of the rules with minor changes based upon public comments.

Behind the proposed preamble for the proposed rule action is the rule with the original changes accepted and reflecting only those revisions made in response to public comment.

Attachment 1: Preamble, including required analysis, for adoption of the repeal of 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, the repeal of 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General. The purpose of the repeal is to eliminate the outdated rule and replace it simultaneously with a new rule that incorporates changes to the HOME Final Rule published by the United States Department of Housing and Urban Development (HUD), changes pursuant to Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and minor rule clarifications.

Tex. Gov't Code §2001.0045(b) does not apply because there are no costs associated with the repeal.

The Department has analyzed this proposed rulemaking, and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program but relates to changes to an

existing activity: the enforcement of the Department's program rules.
2. The repeal does not require a change in work that creates new employee positions.
3. The repeal does not require additional future legislative appropriations.
4. The repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.
6. The repeal is not considered to expand an existing regulation.
7. The repeal does not increase the number of individuals subject to the rule's applicability.
8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the changed sections would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENT. The public comment period was held May 22, 2026 to June 22, 2026, to receive input on the proposed repealed section. No comments were received relating to the repeal.

STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the repeal affects no other code, article, or statute.

Attachment 2: Preamble, including required analysis, for adopting new 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General

The Texas Department of Housing and Community Affairs (the Department) adopts, with changes, new 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General. The purpose is to eliminate the outdated rule and replace it simultaneously with a new rule that incorporates changes to the HOME Final Rule published by the United States Department of Housing and Urban Development (HUD), changes pursuant to Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and minor rule clarifications.

Tex. Gov't Code §2001.0045(b) does not apply because there are no additional costs associated with this action. Sufficient existing state and/or federal administrative funds associated with the applicable programs are available to offset costs. No additional funds will be needed to implement this rule.

The Department has analyzed this rulemaking, and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.
Mr. Bobby Wilkinson has determined that, for the first five years the new sections would be in effect:
1. The rule does not create or eliminate a government program but relates to changes to an existing activity: the enforcement of the Department's program rules.
2. The rule does not require a change in work that creates new employee positions.
3. The new section will not require additional future legislative appropriations.
4. The new section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The new section is not creating a new regulation.
6. The new section does expand on an existing regulation.
7. The new section does not increase the number of individuals subject to the rule's applicability.
8. The new section will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the new section and determined that it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The new section does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the new section as to its possible effects on local economies and has determined that for the first five years the new section would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section would be improvement in the Department's enforcement abilities. There will not be economic costs to individuals required to comply with the new section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new section is in effect, enforcing or administering the sections may have some costs to the state to implement the verification process and to the Department's subrecipients in administering the rule changes. However, sufficient state or federal administrative funds associated with the applicable programs are already available to offset costs. No additional funds will be required.

SUMMARY OF PUBLIC COMMENT. The public comment period was held May 22, 2026, to June 22, 2026, to receive input on the proposed replacement section. Six comments were received from Disability Rights Texas, Texas Housers, Texas Affiliation of Affordable Housing Providers (TAAHP), Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, and Tracy Andrus; comments are summarized below.

General Comment:
Comment Summary: Most of Commenter 1's submitted comments are general in nature and already addressed in the existing rules, and are therefore outside of the scope of the current rule amendment. For example, Commenter 1 states that due process protections should be strengthened to require written notice of all allegations, disclosure of evidence, meaningful cure opportunities, neutral administrative review, and the right to confront and respond to allegations before penalties are imposed. Commenter 1 also states that TDHCA should be required to consider the organization's good faith efforts, corrective actions taken, prior compliance history, reliance upon TDHCA approvals, and the public harm caused by disrupting services.

Staff Response: Staff agrees that due process protections are important, however, Commenter 1's suggestions are unproductive. The enforcement rules at 10 TAC §2.103 and 10 TAC §2.301 already provide for written notice and an opportunity to cure events of noncompliance that are susceptible to being corrected. Similarly, an opportunity for a neutral administrative review is already provided via an informal conference with the Department's Enforcement Committee per 10 TAC §2.302 and 10 TAC §2.401, the members of which are appointed by the TDHCA executive director, and drawn from throughout the Department. Members from the referring division are often present during an informal conference, but must leave before deliberations to

ensure impartiality, in accordance with 10 TAC §2.102(5). Likewise, the factors that he suggests considering are already considered by the Enforcement Committee per Tex. Gov't Code 2306.042, 10 TAC §2.302(h)(4), and 10 TAC §2.401(j). No changes are recommended to the rule.

General Comment:
Comment Summary: Commenter 1 urges safeguards to ensure TDHCA's compliance with fair housing laws, protection against discrimination, protection of sensitive information, and clear uniform procedures statewide.

Staff Response: Department rules already address the concerns listed above. The current amendment under consideration is to effectuate changes required by federal guidance. No changes are recommended to the rule.

10 TAC §2.401(f)(5): Debarment for Repeated Noncompliance with Accessibility and Reasonable Accommodations:
Comment Summary: Commenters 2, 3, 5, and 6 support changes relating to noncompliance with accessibility and reasonable accommodations. However, Commenter 2 recommends further changes, arguing that landlords often respond within 14 days, but then stop responding, and that landlords can avoid consequences if the interactive process is initiated within 14 days. Commenter 2 recommends requiring actively engaging in an interactive process with the tenant within seven days, and requiring an accommodation to be granted or denied within fourteen days of receipt of information necessary to make a determination.

Staff Response: Staff appreciates the support. Engaging in the interactive process within 14 calendar days is reasonable as written. Staff recommends adding the word "actively" to the rule to address concerns regarding potential unresponsiveness. No further revisions are recommended.

10 TAC §2.401: General (Debarment), regarding PRWORA:
Comment Summary: Commenter 3 opposes PRWORA-related rulemaking and proposes delaying implementation until further expected HUD and DHS guidance is published, highlighting that Texas is the only state to update its rules ahead of that additional guidance, potentially exposing residents, providers, and TDHCA to unnecessary risk and harm. It is too early to begin enforcing new PRWORA policies since the rules are untested, and aggressive property owners seeking to comply could cause program-eligible tenants to lose their housing. At minimum, Commenter 3 suggests that PRWORA-related noncompliance be moved to the optional debarment category.

Staff Response: The Department has already completed rulemaking in 10 TAC §10.625 that sets a compliance date of August 1, 2026. Staff recognizes commenter's concerns regarding a potential automatic debarment referral; however, referral would only occur if an Owner refuses to sign a required PRWORA Agreement or Contract Amendment, or if an Owner repeatedly fails to comply with PRWORA provisions. No changes are recommended to the rule, but staff anticipates that further rule changes may be required in the future.

10 TAC §2.401: General (Debarment), regarding PRWORA:
Comment Summary: Commenter 4 recommends editing 10 TAC §2.401(f)(6) to clarify that the trigger applies only after any applicable corrective action period, and should not be based on pending, delayed, or inconclusive verification results outside the Owner's control.

Staff Response: Staff accepts changes relating to the recommended corrective action period and has added this clarification. The other recommended change is reasonable for pre-existing households that are required to provide PRWORA documentation at renewal, but it is not reasonable to extend an exception to new applicants. A limited change is recommended for owners who follow the requirements of 10 TAC §10.802(l) relating to lease renewals for existing households with original occupancy dates prior to August 1, 2026.

10 TAC §2.302: Administrative Penalty Process, regarding SAVE System
Comment Summary: Commenter 4 suggests limiting potential debarment for failure to sign an agreement to access the SAVE system if an agreement is required under 10 TAC §10.628(f)(2)(A) or (C), stating that 10 TAC §10.628 allows different verification pathways, and an Owner using other allowed pathways should not face debarment exposure for a SAVE System Agreement requirement that does not apply to that Owner.

Staff Response: The penalty table already states, "as described in 10 TAC §10.628", and the Department would not seek to enforce an agreement that does not apply to an Owner under that rule. No changes are necessary.

STATUTORY AUTHORITY. The new section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein, the new section affects no other code, article, or statute. The rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§2.401 General

(a) The Department may debar a Responsible Party, a Consultant, and/or a Vendor who has exhibited past failure to comply with any condition imposed by the Department in the administration of its programs. Any of the following discretionary debarment criteria must be past the provided corrective action deadline, if applicable. A Responsible Party, Consultant or Vendor may be referred to the Committee for Debarment for any of the following:

(1) Refusing to provide an acceptable plan to implement and adhere to procedures to ensure compliant operation of the program after being placed on Modified Cost Reimbursement;

(2) Refusing to repay disallowed costs;

(3) Refusing to enter into a plan to repay disallowed costs or egregious violations of an agreed repayment plan;

(4) Meeting any of the ineligibility criteria referenced in §11.202 of this title (relating to Ineligible Applicants and Applications) or other ineligibility criteria outlined in a Program Rule, with the exception of: ineligibility related to conflicts of interest disclosed to the Department for review, and ineligibility identified in a previous participation review in conjunction with an application for funds or resources (unless otherwise eligible for Debarment under this Subchapter D);

(5) Providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department;

(6) Failing to correct Events of Noncompliance as required by an order that became effective after April 1, 2021, and/or failing to pay an administrative penalty as required by such order, within six months of a demand being issued by the Department. In this circumstance, if the Debarment process is initiated but the Responsible Party, Consultant, and/or Vendor fully corrects the findings of noncompliance to the satisfaction of the referring division and pays the administrative penalty as required by the order before the Debarment is finalized by the Board, the Debarment recommendation may be cancelled or withdrawn by Committee recommendation and Executive Director concurrence. This type of referral would be initiated by the Secretary;

(7) Controlling a multifamily Development that was foreclosed after April 1, 2021, where the foreclosure or deed in lieu of foreclosure terminates a TDHCA LURA. After January 1, 2026, this also applies if a TDHCA LURA is terminated because of bankruptcy;

(8) Controlling a multifamily Development where there is no operable elevator in an elevator-serviced building after January 1, 2026, unless the Owner can provide evidence that necessary repairs were under contract and scheduled for repair with a licensed repair company within the corrective action period;

(9) Controlling a multifamily Development and allowing a change in ownership after April 1, 2021, without Department approval;

(10) Transferring a Development, after April 1, 2021, without regard for a Right of First Refusal requirement;

(11) Being involuntary removed, or replaced due to a default by the General Partner under the Limited Partnership Agreement, after April 1, 2021;

(12) Controlling a multifamily Development and failing to correct Events of Noncompliance before the expiration of a Land Use Restriction Agreement after February 4, 2026;

(13) Refusing to comply with award conditions approved by the Board that were recommended by the Executive Award Review Advisory Committee or Executive Director after April 1, 2021;

(14) Having any Event of Noncompliance that occurs after April 1, 2021, that causes the Department to be required to repay federal funds to any federal agency including, but not limited to the U.S. Department of Housing and Urban Development; and/or

(15) Submitting a written certification that non-compliance has been corrected when it is determined that the Event of Noncompliance was not corrected. For certain Events of Noncompliance, in lieu of documentation, the Compliance Division accepts a written certification that noncompliance has been corrected. If it is determined that the Event of Noncompliance was not corrected, a Person who signed the certification may be recommended for debarment;

(16) Refusing to provide an amenity required by the LURA after April 1, 2021;

(17) Failing to reserve units for Section 811 PRA participants after April 1, 2021;

(18) Failing to notify the Department of the availability of 811 PRA units after April 1, 2021;

(19) Taking "choice limiting" actions prior to receiving HUD environmental clearance (24 CFR §58.22);

(20) Substandard construction, as defined by the Program, and repeated failure to conduct required inspections;

(21) Repeated failure to provide eligible match. 24 CFR §92.220, 24 CFR §576.201, and as required by NOFA;

(22) Repeated failure to report program income. As applicable, 24 CFR §200.80, 24 CFR §570.500, 24 CFR §576.407(c), 24 CFR §92.503 24 CFR §93.304, and 10 TAC §20.9, or as defined by Program Rule;

(23) Participating in activities leading to or giving the appearance of "Conflict of Interest". As applicable, in 2 CFR Part 215, 2 CFR Part 200. 24 CFR §§93.353, §92.356, §570.489, §576.404, 10 TAC §20.9, or as defined by Program Rule;

(24) Repeated material financial system deficiencies. As applicable, 2 CFR Part 200, 24 CFR §§, 92.205, 92.206, 92.350, 92.505, and 92.508, 2 CFR Part 215, 2 CFR Part 225 (if applicable), 2 CFR Part 230 10 TAC §20.9, Uniform Grant Management Standards, and Texas Grant Management Standards, and as defined by Program Rule;

(25) Repeated violations of Single Audit or other programmatic audit requirements;

(26) Failure to remain and operate as a CHDO, as outlined in the Contract or LURA;

(27) Commingling of funds, Misapplication of funds;

(28) Refusing to submit a required Audit Certification Form, Single Audit, or other programmatic audit;

(29) Refusing to timely respond to reports/provide required correspondence;

(30) Failure to timely expend funds; and

(31) A Monitoring Event determines that 50% or more of the client or household files reviewed do not contain required documentation to support income eligibility or indicate that the client or household is not income eligible.

(b) The Department shall debar any Responsible Party, Consultant, and/or Vendor who is debarred from participation in any program administered by the United States Government.

(c) Debarment for violations of the Department's Multifamily Programs. The Department shall debar any Responsible Party, Consultant, and/or Vendor who has materially or repeatedly violated any condition imposed by the Department in connection with the administration of a Department program, including but not limited to a material or repeated violation of a land use restriction agreement (LURA) or Contract. Subsection (d) of this section provides the criteria the Department will use to determine if there has been a material violation of a LURA. Subsections (e)(1) and (e)(2) of this section provide the criteria the Department shall use to determine if there have been repeated violations of a LURA. Any of the following mandatory debarment criteria must be past the corrective action deadline, if applicable.

(d) Material violations of a LURA. A Responsible Party, Consultant, and/or Vendor will be considered to have materially violated a LURA, Program Agreement, or condition imposed by the Department and shall be referred to the committee for mandatory Debarment if they:

(1) Control a Development that has, on more than one occasion scored 50 or less on a UPCS inspection or has, on more than one occasion scored 50 or less on a NSPIRE inspection, or any combination thereof. The Compliance Division or Enforcement Committee may temporarily decrease this NSPIRE score referral threshold for a Development, with approval by the Executive Director, for a period of time not longer than one year, so long as the referral score threshold is applied evenly to all Developments with similar types of violations;

(2) Refuse to allow a monitoring visit when proper notice was provided or failed to notify residents, resulting in inspection cancellation, or otherwise fails to make units and records available;

(3) Refuse to reduce rents to less than the highest allowed under the LURA;

(4) Refuse to correct a UPCS, NSPIRE, or final construction inspection deficiency after February 4, 2026;

(5) Fail to meet minimum set aside by the end of the first year of the credit period (HTC Developments only) after April 1, 2021; or

(6) Excluding an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1-437), or other federal, state, or local government rental assistance program after April 1, 2021.

(e) Repeated Violations of a LURA that shall be referred to the Committee for Debarment.

(1) A Responsible Party, Consultant, and/or Vendor shall be referred to the Committee for mandatory Debarment if they Control a Development that, during two Monitoring Events in a row is found to be out of compliance with the following Events of Noncompliance:

(A) No evidence of, or failure to certify to, material participation of a non-profit or HUB, if required by the Land Use Restriction Agreement;

(B) Any Uniform Physical Condition Standards Violations that result in a score of 70 or below in sequential UPCS inspections after April 1, 2021 or NSPIRE violations that result in a score of 50 or below in sequential inspections after February 4, 2026, or any combination thereof. The Compliance Division or Enforcement Committee may temporally decrease this NSPIRE score referral threshold with approval by the Executive Director, for a period not to exceed one year, so long as the referral score threshold is applied evenly to all Developments with similar types of violations;

(C) Refuse to submit all or parts of the Annual Owner's Compliance Report for two consecutive years after April 1, 2021; or

(D) Gross rents exceed the highest rent allowed under the LURA or other deed restriction.

(2) Repeated violations in a portfolio. Responsible Party who control five or more Actively Monitored Developments will be considered for Debarment based on repeated violations in a portfolio. A Person shall be referred to be committee if an inspection or referral, after April 1, 2021, indicates the following:

(A) 50% or more of the Actively Monitored Developments in the portfolio that are Controlled by the Responsible Party, whether acting alone or in concert with others, have been referred to the Enforcement Committee within the last three years. The Enforcement Committee may increase this threshold at its discretion. For example, if three properties in a five-property portfolio are monitored in the same month, and then referred to the Enforcement Committee at the same time, it may be appropriate to increase the 50% threshold; or,

(B) 50% or more of the Actively Monitored Developments in the portfolio score a 70 or less during a Uniform Physical Conditions Standards inspection or score 50 or less during a NSPIRE inspection, or any combination thereof. The Compliance Division may decrease this NSPIRE score threshold with approval by the Executive Director, for a period not to exceed one year, so long as the score threshold is applied evenly to all properties.

(f) Debarment for violations of Department Programs, with the exception of the Non-Discretionary funds in the Community Services Block Grant program. Material or repeated violations of conditions imposed in connection with the administration of Programs administered by the Department. Administrators, Subrecipients, Responsible Parties, contractors, Owners, and related parties shall be referred to the Committee for consideration for Debarment for violations including but not limited to:

(1) 50% or more loan defaults in the first 12 months of the loan agreement after April 1, 2021;

(2) The following Davis Bacon Act Violations:

(A) Refusing to pay restitution (underpayment of wages). 29 CFR §5.31.

(B) Refusing to pay liquidated damages (overtime violations). 29 CFR §5.8.

(C) Repeated failure to pay full prevailing wage, including fringe benefits, for all hours worked. 29 CFR §5.31.

(3) The following violations of the Uniform Relocation Act and requirements of §104(d):

(A) Repeated failure to provide the General Information Notice to tenants prior to application. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352 and HUD Handbook 1378.

(B) Repeated failure to provide all required information in the General Information Notice. 49 CFR §24.203, 24 CFR §570.606, 24 CFR §92.353, 24 CFR §93.352, or HUD Handbook 1378.

(C) Repeated failure to provide the Notice of Eligibility and/or Notice of Non-displacement on or before the Initiation of Negotiations date. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(D) Repeated failure to provide all required information in the Notice of Eligibility and/or Notice of Non-displacement. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(E) Repeated failure to provide 90 Day Notices to all "displaced" tenants and/or repeated failure to provide 30 Day Notices to all "non-displaced" tenants. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(F) Repeated failure to perform and document "decent, safe and sanitary" inspections of replacement housing. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(G) Refusing to properly provide Uniform Relocation Act or §104(d) assistance. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §570.606 and §104(d) of the Housing & Community Development Act of 1974 - 24 CFR Part 42.

(4) Failure to correct Build America Buy America violations after the corrective action period.

(5) Repeated noncompliance with the provisions of Chapter 1, Subchapter B, of this title concerning Accessibility and Reasonable Accommodations, including but not limited to the failure

to grant, deny, or actively engage in the interactive process concerning reasonable accommodations within a reasonable time period, not to exceed fourteen (14) calendar days.

(6) Failure to sign any PRWORA Agreement or Contract Amendment (as applicable), or ~~R~~repeated noncompliance with the PRWORA provisions as reflected in this title or as reflected in a PRWORA Agreement or Contract Amendment after the corrective action period (if applicable), except when the Owner has followed the procedures under 10 TAC §10.802(l)(1) relating to verification at renewal for an existing person signing a lease with an original occupancy date prior to August 1, 2026.

(7) Refusing to reimburse excess cash on hand.

(8) Using Department funds to demolish a homeowner's dwelling and then refusing to rebuild.

(9) Drawing down Department funds for an eligible use and then refusing to pay a properly submitted request for payment to a subgrantee or vendor with the drawn down funds.

(g) The referring division shall provide the Responsible Party, Consultant, and/or Vendor with written notice of the referral to the Committee, setting forth the facts and circumstances that justify the referral for Debarment consideration. That notice shall require the Responsible Party to provide a current organizational chart showing ownership to the level of natural persons who are in Control of the D~~d~~evelopment, and must indicate which entities and natural persons have the ability to Control the ~~d~~Development.

(h) The Secretary shall then offer the Responsible Party, Consultant, and/or Vendor the opportunity to attend an Informal Conference with the Committee to discuss resolution of the matter. In the event that the Debarment referral was the result of a violated agreed order or a determination that 50% or more of the Actively Monitored Developments in their portfolio have been referred to the Enforcement Committee, the above written notice of the referral to the Committee and the informal conference notice shall be combined into a single notice issued by the Secretary.

(i) A Debarment Informal Conference may result in the following, which shall be reported to the Executive Director:

(1) A determination that the Department did not have sufficient information and/or that the Responsible Party, Consultant, and/or Vendor does not meet any of the criteria for Debarment;

(2) An agreed Debarment, with a proposed agreed order to be prepared and presented to the Board for approval;

(3) A recommendation by the Committee to the Executive Director for Debarment;

(4) A request for further information, to be considered during a future meeting; or,

(5) If Debarment is not mandatory, one of the following results, which will then be reported to the Executive Director:

(A) An agreement to dismiss the matter with no further action;

(B) A recommendation for a voluntary non-participation agreement, with an alternative recommendation for Debarment to the Executive Director, with said Debarment recommendation to be made only in the event that the Responsible Party, Consultant, and/or Vendor refuses to enter into a voluntary non-participation agreement;

(C) An agreement to dismiss the matter with corrective action being taken; or

(D) Any other action as the Committee deems appropriate.

(j) The Committee's recommendation to the Executive Director regarding a voluntary non-participation agreement shall include a recommended period during which the Responsible Party, Consultant, and/or Vendor will not participate in any new Department financing, assistance opportunity, or programs in any manner. Recommended periods of non-participation will be based on material factors such as repeated occurrences, seriousness of underlying issues, presence or absence of corrective action taken or planned, including corrective action to install new responsible persons and ensure they are qualified and properly trained. If the Department determines that this type of agreement is appropriate and the Responsible Party, Consultant, and/or Vendor agrees to the terms proposed by the Department, the Enforcement Committee will not recommend Debarment. This agreement will be placed on the Department website for the duration of its term. The Department will provide a quarterly report to the Board regarding any voluntary non-participation agreements that have been entered into during the previous quarter. The terms of a voluntary non-participation agreement are not appealable to the Board.

(k) The Committee's recommendation to the Executive Director regarding Debarment shall include a recommended period of Debarment. Recommended periods of Debarment will be based on material factors such as repeated occurrences, seriousness of underlying issues, presence or absence of corrective action taken or planned, including corrective action to install new responsible persons and ensure they are qualified and properly trained. Recommended periods of Debarment if based upon HUD Debarment, shall be for the period of the remaining HUD Debarment; or, if based upon criminal conviction, shall be up to ten (10) years or until fulfillment of all conditions of incarceration and/or probation, whichever is greater.

(l) The Executive Director shall accept, reject, or modify the Debarment recommendation by the Committee and shall provide written notice to the Responsible Party, Consultant, and/or Vendor of the determination, and an explanation of the determination if different than the Committee's recommendation, including the period of Debarment, if any. The Responsible Party, Consultant, and/or Vendor may appeal the Debarment determination in writing to the Board as described in §1.7 of this title (relating to Appeals Process).

(m) The Debarment recommendation will be brought to the next Board meeting for which the matter can be properly posted. The Board reserves discretion to impose longer or shorter Debarment periods than those recommended by staff based on its finding that such longer or shorter periods are appropriate when considering all factors and/or for the purposes of equity or other good cause. An action on a proposed Debarment of an Eligible Entity under the CSBG Act will not become final until and unless proceedings to terminate Eligible Entity status have occurred, resulting in such termination and all rights of appeal or review have run or Eligible Entity status has been voluntarily relinquished.

(n) Until the Responsible Party, Consultant, and/or Vendor's Debarment referral is fully resolved, the Responsible Party, Consultant, and/or Vendor may not participate in new Department financing and assistance opportunities.

(o) Any person who has been debarred is prohibited from participation as set forth in the final order of Debarment for the term of their Debarment. Unless specifically stated in the order of Debarment, Debarment does not relieve a Responsible Party, Consultant, and/or Vendor from its current obligations, or prohibit it from continuing its participation in any existing engagements funded through the Department, nor limit its responsibilities and duties thereunder. The Board will not consider modifying the terms of the Debarment after the issuance of a final order of Debarment.

(p) If an Eligible Entity under the CSBG Act meets any of the criteria for Debarment in this rule, the Department may recommend the Eligible Entity for Debarment. However, that referral or recommendation shall not proceed until the termination of the Eligible Entity's status under the CSBG Act has concluded, and no right of appeal or review remains.

(q) All correspondence under this rule shall be delivered electronically.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1509 **Agenda Date:** 7/9/2026 **Agenda #:** 15.

Presentation, discussion, and possible action on the adoption of the amendment to 10 TAC §10.802, Written Policies and Procedures and directing its publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, under separate action, 10 TAC Chapter 10, Subchapter F Compliance Monitoring, §10.612 Tenant File Requirements and new §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments were adopted by the Board at the April 9, 2026, Board meeting and these two rule sections incorporated the requirements of Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the U.S. Department of Housing and Urban Development (HUD) in its 2025 federal Grant Agreements into the Department's Compliance rules;

WHEREAS, 10 TAC §10.802, Written Policies and Procedures, outlines the policies and/or procedures of the Department (also called tenant section criteria) that are required to have written documentation at a multifamily rental Development, and the rule now requires amendment to include circumstances related to the implementation of §§10.612 and 10.628, relating to PRWORA and SAVE verifications;

WHEREAS, the rule amendments address notification to tenants or applicants; handling of verification delays that may arise from disputes or appeals or while awaiting determinations from the Department on inconclusive results from SAVE; the appeal process to be used; and how Owners may proceed to the next applicant during delays;

WHEREAS, the rule amendments also make other changes not related to the PRWORA implementation that include 1) clarifying the required response periods for certain Developments that are required by a LURA to have an appeal process or a Fair Lease and Grievance Procedure, 2) making other clarifying edits to more clearly describe Department practices, 3) addressing the means by which a property owner can effectuate a tenant leasing preference or limitation to make this process less onerous; and 4) adding ERA to the list of Programs that may have a VAWA preference without a Contract amendment; and

WHEREAS, such proposed rulemaking was published in the *Texas Register* to receive public comment from May 22, 2026, to June 22, 2026, and public comment was received as described in the attached preamble;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the adopted amendment to 10 TAC §10.802 Written Policies and Procedures, to be approved for publication in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles and any requested changes to the preambles.

BACKGROUND

The Board adopted 10 TAC Chapter 10, Subchapter F Compliance Monitoring, §10.612 Tenant File Requirements and new §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments at the April 9, 2026, Board meeting. These two rule sections incorporated the requirements of Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the U.S. Department of Housing and Urban Development (HUD) in its 2025 federal Grant Agreements into the Department's Compliance rules for certain multifamily properties.

This rule, 10 TAC §10.802, Written Policies and Procedures, outlines the policies and/or procedures of the Department (also called tenant section criteria) that are required to have written documentation at a multifamily rental Development. The Written Policies and Procedures now require amendment to include circumstances related to the implementation of §§10.612 and 10.628, relating to PRWORA and SAVE verifications. Revisions made address:

- notification to tenants or applicants;
- handling of verification delays that may arise from disputes or appeals or while awaiting determinations from the Department on inconclusive results from SAVE;
- an appeal process; and
- how Owners may proceed to the next applicant during delays.

The proposed rule amendments also make three other changes not related to the PRWORA implementation that include 1) clarifying the required response periods for certain Developments that are required by a LURA to have an appeal process or a Fair Lease and Grievance Procedure, 2) makes other clarifying edits, 3) addresses the means by which a

property owner can effectuate a tenant leasing preference or limitation to make this process less onerous, and 4) adds ERA to the list of Programs that may have a VAWA preference without a Contract amendment.

The proposed rule was published in the *Texas Register* and released for public comment from May 22, 2026, to June 22, 2026. Public comment was received and is summarized, including a staff response to each comment, in the following preamble. Behind the preamble is a copy of the rule in blackline form reflecting the changes only being made since the draft was released.

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June 22, 2026

Ms. Brooke Boston
Deputy Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711

Re: Public Comment on Proposed Amendments to 10 TAC §10.802, Written Policies and Procedures

Dear Ms. Boston:

The Texas Affiliation of Affordable Housing Providers (TAAHP) appreciates the opportunity to comment on the proposed amendments to 10 TAC §10.802, Written Policies and Procedures.

TAAHP's recommended revisions are reflected in the redline attached as Appendix A. The comments below are intended to explain those recommended changes and focus primarily on the PRWORA verification procedures proposed in §10.802(l).

(1) Existing Tenant Households

(A) Initiation. TAAHP recommends clarifying the timing for existing households during the first implementation cycle. For households occupying a Development when the rule takes effect, verification should be initiated at least 90 days before the household's next lease renewal or recertification. If that is not possible because the renewal or recertification occurs too soon after the effective date, verification should be completed by the household's following lease renewal or recertification. This gives Owners a workable transition period and avoids placing Owners in immediate technical noncompliance when the 90-day window cannot be met because of the timing of the rule's effective date.

(B) Notice and cure. When a required lease signatory cannot be verified, receives an inconclusive result, or must provide more documentation, written notice is due promptly and no later than five business days after the Owner receives the result, with at least 60 days for the household to cure. Tying notice and the cure period to receipt keeps a slow SAVE or Department response from starting the clock before the Owner learns the result. An Owner cannot act on a result it has not received.

(C) Timing. If the result arrives fewer than 60 days before renewal or recertification, the notice, cure, extension, appeal, and nonrenewal periods run from receipt, and occupancy continues until they elapse. A late result cannot compress the household's response window to nothing.

(D) Extension. On the household's request, with certification that documentation is temporarily unavailable and the household is pursuing it, the Owner allows up to 30 added days, which toll the deadlines. The extension does not put the Owner out of compliance.

(E) Nonrenewal. Nonrenewal is available only after the notice, cure, extension, and appeal periods elapse and the household cannot be brought into compliance through lease modification, removal of the unverified signatory, household composition documentation, or another permitted procedure. Member-level resolution mirrors HUD's mixed-family treatment under 24 CFR Part 5, Subpart E, and §10.628(f)(1)(B) already makes Section 214 verification satisfy this rule. A verified leaseholder should not lose housing because one signatory cannot be verified.

(2) New Applicant Households

(A) Application disclosure. At application, the Owner informs the applicant in writing that verification under §10.628 applies before lease execution, identifies the documentation the applicant may provide, discloses the §10.612(a)(6) attestation, and describes extension and appeal rights. Front-loading this at application means the applicant learns of verification and its rights before lease execution, not after a denial.

(B) Notice and response. The applicant notice mirrors the existing-tenant notice: written notice within five business days of receipt, and at least 30 days for the applicant to submit documentation, correct records, request an extension, or appeal.

(C) Waiting list and unit handling. The Owner may either hold the Unit vacant for the period stated in its policies or offer the Unit to the next applicant while keeping the original applicant at the top of the waiting list for the next available qualifying Unit. The proposed text told the Owner both to hold the applicant at the top of the list and to give the Unit to the next applicant. This resolves that contradiction.

(D) Denial. If verification cannot be completed after the response, extension, and appeal periods elapse, the Owner may deny under subsection (f) with one coordinated notice. Routing denial through subsection (f) preserves the household's waiting-list position and any timely appeal.

(3) Notice Contents

The notice duty should reach not only a household that cannot be verified but also one that receives an inconclusive result or must provide more documentation, matching the outcomes the verification process actually returns.

(A) Pathway. The notice should state the result and identify the pathway used under §10.628(f). Not every pathway is SAVE. The §10.628(f)(2)(B) Department-or-vendor pathway returns a determination, not a SAVE result.

(B) What is needed. The notice should state whether documentation or information is needed to complete verification, contest the result, or cure the deficiency, so the household knows which of the three it faces.

(C) Records, not status. The notice should point the household to DHS or another record-keeping agency to correct records. §10.628(e)(4) directs households to correct immigration records, not status, and the notice should track the parent rule.

(D) Deadline. The notice should state the deadline to submit documentation, request an extension, or appeal. The proposed notice omitted this.

(E) Consequence. The notice should state the consequence if the household does not respond, so the household understands what happens if it does nothing before the periods run.

(4) Appeals

(A) Filing window. The procedure should give an appeal period of not fewer than 14 calendar days from receipt of the notice. As proposed, the rule set a hard 10-day decision deadline but gave the household no window to appeal.

(B) Department §1.7 appeal. The Owner should not proceed with denial or nonrenewal while a timely §1.7 appeal is pending, and the nonrenewal period tolls until the written decision. This mirrors HUD deferring termination until verification concludes. The appeal tests the Owner's process and result, not immigration status, which only DHS or the record-keeping agency can correct.

(5) Conducting Verification

(A) Owner compliance. An Owner that timely initiates verification and follows the Department's methods, forms, and procedures under §10.628 has met its obligations under §§10.612 and 10.628. A pending, delayed, inconclusive, or outage-affected result attributable to SAVE, DHS, the Department, or its vendor is not the Owner's failure to verify. The duty is one of process.

(B) Tolling. A result is inconclusive only after available SAVE secondary verification or the Department or vendor equivalent is complete. Time awaiting a determination tolls the Owner's deadlines, and a Unit held during that period satisfies Unit availability. A slow system should not create a violation.

(C) Corrective action. A SAVE, DHS, or Department delay is good cause for the corrective-action extensions §10.803(a) and §2.301 already contemplate. The delay is outside the Owner's control and should not be charged as the Owner's noncompliance.

(D) Binding requirements. An Owner should not be cited under §10.625, penalized under §2.302, or referred for Debarment under §2.401 based solely on a requirement that appears only in guidance, unless it is incorporated into rule, contract, LURA, agreement, or another binding Department document. This fences the §10.628(g) delegation so guidance does not become an enforceable obligation outside notice-and-comment.

(E) Method election and SAVE System Agreement. An Owner electing Department or vendor verification under §10.628(f)(2)(B) is not required to execute a SAVE System Agreement. That requirement reaches only Owners accessing SAVE directly under §10.628(f)(2)(A) or through a procured provider under §10.628(f)(2)(C). Those Owners never access SAVE and never sign the Agreement.

(6) Lease Administration and Documentation

(A) Household changes and scope. A person who becomes a lease signatory between recertifications or renewals is verified when added. A minor or other non-signatory who joins after the lease term begins is not a trigger for verification or nonrenewal, and the §10.612(a)(6) attestation does not require independent verification of non-signatory occupants. §10.628(e)(3) covers new signatories at recertification, and this fills the mid-lease gap.

(B) Attestation. If the §10.612(a)(6) attestation has not been executed, the Owner gives the household a reasonable opportunity, not to exceed 14 calendar days, to execute it or identify an administrative reason it has not been executed. An attestation is signed or not. It cannot be cured like a verification deficiency, so nonrenewal or denial on this basis is limited to a household that declines or fails to execute after that opportunity.

(C) Department treatment of good cause. For compliance-monitoring purposes only, a nonrenewal or termination that follows the verification, notice, cure, extension, appeal, and §10.613 procedures of this subsection is not treated as a nonrenewal for other than good cause under §10.625. Where this subsection and §10.613 set different periods for the same action, the longer governs. This fits §10.613(b)'s good-cause basis and §10.613(n), which reserves case-by-case good cause to the courts. The Department declines the §10.625 citation without adjudicating the eviction.

(D) Use and retention of documentation. An Owner uses documentation collected under §10.628 and this subsection only to perform and document verification, retains it on the Department's schedule, and discloses it only as required by the Department, an applicable SAVE System Agreement, or law. This addresses the privacy exposure the SAVE process creates.

(E) Exceptions under §10.628(b). The policies should describe the documentation the Owner will accept to establish a §10.628(b) exception. If a household asserts the exception, the Owner pauses verification and tolls these timelines until the claim is resolved. This confirms the §10.628(b) VAWA and FVPSA exception controls.

Overall, these revisions reduce unnecessary regulatory burden, help Owners implement the adopted PRWORA framework consistently, prevent avoidable findings during initial implementation, and keep the Department's enforcement tied to final, actionable noncompliance. We appreciate your consideration.

Sincerely,

Roger Arriaga
TAAHP Executive Director

CC: Kathryn Saar, President-Elect
Bobby Wilkinson, Executive Director, TDHCA

Appendix A

10 TAC Chapter 10, Subchapter G, §10.802 Written Policies and Procedures

§10.802. Written Policies and Procedures.

(a) The purpose of this section is to outline the policies and/or procedures of the Department (also called tenant section criteria) that are required to have written documentation. This section does not apply to the Tax Exempt Bond Program or Low Income Housing Tax Credit Program, with the following exceptions; (1) To the extent required under the LURA; (2) To the extent that federal funds are in a Development's financing sources or provide operating assistance. If an Owner fails to have such Written Policies and Procedures, or fails to follow their Written Policies and Procedures it will be handled as an Event of Noncompliance as further provided in §10.803 of this subchapter (relating to Compliance and Events of Noncompliance).

Commented [WP1]: In line with TDHCA's proposed changes to §10.801(a), which will clarify the rule applies only to Developments that receive federal funding or for which requirements are required in a contract or LURA10 TAC Chapter 10, Subchapter G, TAAHP proposes the same concept apply to §10.802 Written Policies and Procedures to suggest removing longstanding TDHCA policy for Tenant Selection Plan and Waitlist requirements, in order to reduce regulatory burden, so that the rule applies only to Developments that receive federal funding or for which TSP is required in a contract or LURA.

(1) Owners must inform applicants/tenants in writing, at the time of application, or at the time of other actions described in this section, that such policies/procedures as described in this section are available, and that the Owner will provide copies upon request to applicants/tenants or their representatives.

(2) The Owner must have all policies and related documentation required by this section and the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation" available in the leasing office and anywhere else where applications are taken; Developments that accept electronic applications must maintain on their website these Written Policies and Procedures and the same noted forms.

(3) All policies must have an effective date. Any changes made to the policies require a new effective date, and a notice regarding the availability of new policies must be communicated to tenants in writing. Acceptable forms of notification in writing are:

(A) Written notice to each household through an active communications portal or online rental payment portal, if either are used at the Development;

(B) written notice via hard copy placed on the door to each occupied Unit;

(C) a notice online on the Development's website, if the Development has one; or

(D) a hard copy notice posted in the leasing office's public area for at least 30 calendar days.

(4) In general, policies addressing credit, criminal history, and occupancy standards cannot be applied retroactively. Tenants who already reside in the Development or applicants on the waitlist at the time new or revised tenant selection criteria are applied, and who are otherwise in good standing under the lease or waitlist, must not receive notices of termination or non-renewal based solely on

their failure to meet the new or revised tenant selection criteria or be passed over on the waitlist. However, criteria related to program eligibility or compliance with PRWORA may be applied retroactively when a market rate development receives a new award of tax credits, federal, or state funds and a household is not eligible under the new program requirements, or when prior criteria violate federal or state law.

(b) Tenant Selection Criteria. A Development Owner must maintain current and prior versions of the written Tenant Selection Criteria, for the longer of the records retention period that applies to the program, or for as long as tenants who were screened under the historical criteria are occupying the Development.

(1) The criteria identified by a Development must be reasonably related to an applicant's ability to perform under the lease (for a Development with MFDL funding this means to pay the rent, not to damage the housing, and not to interfere with the rights and quiet enjoyment of other tenants) and include at a minimum:

(A) Requirements that determine an applicant's basic eligibility for the Development, including any preferences, restrictions (such as the Occupancy Standard Policy), the Waitlist Policy, Changes in Housing Designation Policy, low income unit designations utilized, and any other tenancy requirements. Any restrictions on student occupancy and any exceptions to those restrictions, as documented in the tenant file as provided for in 10 TAC §10.612(b)(2) of this chapter (relating to Tenant File Requirements) must be stated in the policies;

(B) Applicant screening criteria, including what applicant attributes are screened and what scores or findings would result in ineligibility;

(C) The following statement: Screening criteria will be applied in a manner consistent with all applicable laws, including the Texas and Federal Fair Housing Acts, the Federal Fair Credit Reporting Act, PRWORA, program guidelines, and TDHCA's rules;

(D) Specific age requirements if the Development is operating as an Elderly Property either under the Housing for Older Persons Act of 1995 as amended (HOPA), or the age related eligibly criteria required by its use of federal funds.

(2) The criteria must not:

(A) Include population limitations (such as Elderly or Veterans) unless the limitation is in a recorded LURA that has been approved by the Department;

(B) Include preferences for admission, unless it is:

(i) in a recorded LURA or Contract (as defined by programmatic requirements) or written agreement that ~~which~~ has been approved by the Department (preferences are required to be in a Contract or LURA when a Development has federal or state funding, except for the preference allowed by paragraph (3) of this subsection or the mandatory preference as required by 24 CFR §8.27),

(ii) is required by a program in which the Owner is participating that~~which~~ requires the preference, or

(iii) is allowed by paragraph (3) of this subsection.

(v) Owners that include preferences in their leasing criteria due to other federal financing must provide to the Department either written approval from HUD, USDA, or VA for such preference, or identify the statute, written agreement, or federal guidance documentation that permits the adoption of this preference.~~;~~

(vi) A preference may be required to be in a LURA as a result of a subordination agreement, Rider, or other similar instrument, that the Department is requested to execute with another funding source;

(C~~B~~) Exclude an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1-437), or other federal, state, or local government rental assistance program. If an Owner adopts a minimum income standard for households participating in a voucher program, it is limited to the greater of a monthly income of 2.5 times the household's share of the total monthly rent amount or $2,500 annually except in the case of Foster Youth to Independence (FYI) vouchers any adopted minimum income standard is limited to one month of the household's share of the total monthly rent amount; or

(D~~C~~) In accordance with VAWA, deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking.

(3) If the Development is funded with HOME, HOME ARP, ERA, TCAP RF, NHTF, or NSP funds, in accordance with 24 CFR §93.356 and 24 CFR §92.359, the criteria may have a preference for persons who have experienced domestic violence, dating violence, sexual assault, or stalking.

(4) Occupancy Standard Policy.

(A) If the Development restricts the number of occupants in a Unit in a more restrictive manner than found in Section 92.010 of the Texas Property Code, the Occupancy Standard Policy must allow at least two persons per Bedroom plus one additional person per Unit. An Efficiency Unit that is greater than 600 square feet, must also have an Occupancy Standard Policy of at least three persons per Unit. In an SRO or in an Efficiency that is less than 600 square feet, the Occupancy Standard Policy must allow at least two persons per Unit. Supportive housing or transitional housing Developments where all Units in the Development are SROs or Efficiencies, are not required by the Department to have an Occupancy Standard Policy, except as required for the 811 PRA Program or as reflected in the Development's LURA.

(B) A Development may adopt a more restrictive standard than described in subparagraph (A) of this paragraph, if the Development is required to utilize a more restrictive standard by a local governmental entity, or a federal funding source. However, the Development must have this information available onsite for Department review.

(C) Except for an Elderly Development that meets the requirements of the Housing for Older Persons Act exception under the Fair Housing Act, the Occupancy Standard Policy must state that children that join the household after the start of a lease term will not cause a household to be in violation of the lease.

(c) Reasonable Accommodations Policy. Owners must maintain a written Reasonable Accommodations policy. The policy must be maintained at the Development. Owners are responsible for ensuring that their employees and contracted third party management companies are aware of and comply with the reasonable accommodation policy.

(1) The policy must provide:

(A) Information on how an applicant or current resident with a disability may request a reasonable accommodation;

(B) How transfers related to a reasonable accommodation will be addressed; and

(C) A timeframe in which the Owner will respond to a request that is compliant with §1.204(b)(3) and (d) of this title (relating to Reasonable Accommodations).

(2) The policy must not:

(A) Require a household to make a reasonable accommodation request in writing;

(B) Require a household whose need is readily apparent to provide third party documentation of a disability;

(C) Require a household to provide specific medical or disability information other than the disability verification that may be requested to verify eligibility for reasonable accommodation;

(D) Exclude a household with person(s) with disabilities from admission to the Development because an accessible unit is not currently available; or

(E) Require a household to rent a unit that has already been made accessible.

(d) Waitlist Policy. Owners must maintain a written waitlist policy, regardless of current Unit availability. The policy must be maintained at the Development. The policy must include procedures the Development uses in:

(1) Opening, closing, and selecting applicants from the waitlist, including but not limited to the requirements in §10.615(b) of this title (relating to Elections under IRC §42(g) and Additional Income and Rent Restrictions for HTC, Exchange, and TCAP Developments);

(2) Determining how lawful preferences are applied; and

(3) Procedures for prioritizing applicants needing accessible Units in accordance with 24 CFR §8.27, and Chapter 1, Subchapter B of this title (relating to Accessibility and Reasonable Accommodations).

(e) Changes in Household Designation Policy. This is applicable if a Development has adopted a policy in accordance with §10.611(c) of this subchapter (relating to Determination, Documentation and Certification of Annual Income).

(f) Denied Application Policies. Owners must maintain a written policy regarding the procedures they will follow when denying an application and when notifying denied applicants of their rights.

(1) The policy must address the manner by which rejections of applications will be handled, including timeframes and appeal procedures, if any.

(2) Within seven days after the determination is made to deny an application, the owner must provide any rejected or ineligible applicant that completed the application process a written notification of the grounds for rejection. The written notification must include:

(A) The specific reason for the denial and reference the specific leasing criteria upon which the denial is based;

(B) Contact information for any third parties that provided the information on which the rejection was based and information on the appeals process, if one is used by the

Development. An appeals procedure is required for HOME Developments that are owned or sponsored by Community Housing Development Organizations, (including a Development that ever received HOME funding that was purchased under a CHDO ROFR Provision on or after April 30, 2026), and Units at Developments that lease Units under the Department's Section 811 PRA program. The appeals process must provide a 14-day period for the applicant to contest the reason for the denial, and comply with other requirements of the HUD Handbook 4350.3 4-9; and

(C) The TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation."

(3) The Development must keep and may periodically be requested to submit to the Department a log of all denied applicants that completed the application process to include:

(A) Basic household demographic and rental assistance information, if requested during any part of the application process; and

(B) The specific reason for which an applicant was denied.

(4) If an 811 applicant is being denied, within three calendar days of the denial the Department's 811 PRA Program point of contact must be notified and provided with a copy of the written notice that was provided to the applicant.

(g) Non-renewal and/or Termination Notices. A Development Owner must maintain a written policy regarding procedures for providing households non-renewal and termination notices.

(1) The Owner must provide in any non-renewal or termination notice, a specific and lawful reason for the termination or non-renewal.

(2) The notification must:

(A) Be delivered as required under applicable program rules and the lease. For HOME, HOME ARP, TCAP RF, NHTF, NSP, HTC, TCAP, ERA, and Exchange Developments, see 10 TAC §10.613(a) - (b) of this chapter (relating to Lease Requirements). For Section 811 PRA, see 24 CFR §247.4(a) - (f);

(B) Include the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments

layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted;

(C) State how a person with a disability may request a reasonable accommodation in relation to such notice;

(D) Include information on the appeals process if one is used by the Development. ~~(t~~ This process is required under some LURAs, for HOME Developments that are owned or sponsored by Community Housing Development Organizations (including a, Development that ever received HOME funds purchased under a CHDO ROFR Provision on or after April, 30, 2026) and for 811 PRA units.) For HOME ~~D~~evelopments, the Owner must provide at least 30 days for the household to respond to the termination or non-renewal, and for 811 PRA Units the Owner must provide at least 14 days; and

(E) For Units subject to the 2025 HOME Final Rule as identified in §10.601(g), of this chapter relating to 2025 HOME Final Rule applicability,

1. Such notice should be provided in a translated format when needed to ensure meaningful access for limited English proficient (LEP) persons; and

2. Be provided to TDHCA within the timeframe identified in §10.613(o)(4) if this chapter, relating to Notices to Vacate.

(h) At the time of application Owners must provide each adult in the household the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted.

(i) Policies and procedure~~s~~ reviews may~~will~~ be ~~reviewed~~ initiated periodically by the Department ~~Department's Fair Housing staff,~~ as a result of complaints, or through an owner ~~initiated~~ requested written policies and procedures review. Owners may request a review of the written policies and procedures for a portfolio of Developments by submitting a request to fair.housing@tdhca.state.tx.us. After review by the Department, an Owner may make non-substantive changes to the policies.

(j) A Development Owner must allow applicants to submit applications via mail and at the Development site or leasing office; if the Development is electronically equipped, the Development may also allow applications to be submitted via email, website form, or fax. The Development's tenant

selection criteria must state available alternate means of submission and include address, email, or other necessary contact information on the form or its attached leasing criteria.

(k) If the Development has ever been funded via Direct Loan or has HOME Match U~~u~~nits, the Development's written policies and procedures must list at least two methods to contact the Development.

(l) For HOME, HOME ARP, and NHTF Developments as it relates to verifying ~~qualified~~ legal status as described in §10.628(d) and as required under §10.612 Tenant File Requirements and §10.628 Verification of Occupant Legal Status for HOME, HOME ARP, and NHTF Developments of this title, the Development's written policies and procedures must include:

(1) Existing Tenant Households. ~~For an existing tenant household that has not been verified for legal status, the Owner must initiate a household's eligible legal status at least 90 days prior to lease renewal. If an existing tenant household is unable to be verified or results are inconclusive based on the results of the verification process, the Owner must provide written notice within two business days of when that determination is made and at least 60 days prior to lease renewal, during which the tenant household may seek to obtain adequate documentation or correct status with applicable agencies. Such notice must meet the criteria in paragraph (3) of this subsection. If upon receipt of further documentation from the household, the household still is unable to be verified or the household has not signed the required attestation, the Owner must provide the household with at least 30 days notice of nonrenewal.~~

(A) Initiation. For existing households at the time that this rule goes into effect, verification must be initiated for all lease renewals or recertifications 90 days in advance of their subsequent lease renewal or recertification. When, due to timing, 90 days advance notice cannot be provided, eligibility under 10.628 must be determined by the following recertification or renewal.

(B) Notice and cure. If a required lease signatory cannot be verified, receives an inconclusive result after completion of available additional or secondary verification, or must provide additional documentation, the Owner must provide written notice promptly, and no later than five business days after receipt of the result. The notice must meet paragraph (3), and the household must have at least 60 days from the notice to submit documentation, correct records, request an extension, modify household or lease-signatory information where permitted, or appeal under paragraph (4).

(C) Timing. If the Owner receives the result fewer than 60 days before lease renewal or recertification, the notice, cure, extension, appeal, and nonrenewal periods run from receipt of the result, and the household's occupancy continues until those periods have elapsed.

(D) Extension. On the household's request, with certification that required documentation is temporarily unavailable and the household is making prompt efforts to obtain it, the Owner must allow up to 30 additional days to submit documentation. The extension tolls the deadlines in this subsection.

~~(1)~~(E) Nonrenewal. If, after the notice, cure, extension, and appeal periods have elapsed, a required lease signatory still cannot be verified and the household cannot be brought into compliance through lease modification, removal of that person as a lease signatory, household composition documentation, or another procedure permitted by applicable program requirements, the Owner may provide at least 30 days notice of nonrenewal under §10.613.

(2) New Applicant Households. ~~If a new applicant household is unable to be verified or results are~~

Commented [WP2]: Only "legal status" is defined (§10.628(d): U.S. citizen, U.S. national, or Qualified Alien). Deleting the undefined "qualified" and citing §10.628(d) runs one defined term through §10.628(e), §10.612(a)(6), §10.625, and §2.302, and blocks a reading that citizens and nationals must clear a separate bar.

Commented [WP3]: This edit clarifies the initial implementation timeline for existing households. Because some lease renewals or recertifications may occur too soon after the rule's effective date for an Owner to initiate verification 90 days in advance, the revision provides a workable transition period and avoids immediate technical noncompliance caused solely by timing. It also ties verification to the household's next renewal or recertification, creating a clear compliance trigger for Owners and Department monitors.

Commented [WP4]: An Owner cannot act on a result it has not received. Tying notice and the 60-day cure to receipt keeps a slow SAVE or Department response from starting the clock before the Owner learns the result.

Commented [WP5]: Where the result arrives within 60 days of renewal, the notice, cure, appeal, and nonrenewal periods run from receipt and occupancy continues until they elapse, so a late result cannot compress the household's response window to nothing.

Commented [WP6]: Gives the household up to 30 added days, on certification that documentation is temporarily unavailable, and tolls the Owner's deadlines so the extension does not put the Owner out of compliance.

Commented [WP7]: Member-level resolution mirrors HUD's mixed-family treatment under 24 CFR Part 5, Subpart E; §10.628(f)(1)(B) already makes Section 214 verification satisfy this rule. A verified leaseholder should not lose housing because one signatory cannot be verified.

~~inconclusive based on the results of the verification process, the Owner must provide written notice to the applicant within two business days of the determination and such notice must meet the criteria in paragraph (3) of this subsection. In response to the notice, if the household seeks to appeal, or seeks to correct records, the Owner must allow the household 30 days from the date of notification before seeking to reverify the household. Unless a federal program requires another method for Waiting List Management, the Owner may elect to hold the Unit vacant or must place that applicant household at the top of the Waiting List and proceed to the next applicant on the Waiting List. The policies and procedures must describe how the Waiting List will be handled, and if holding a Unit vacant, the procedures must specify the number of days a Unit will be held. The policies and procedures must denote if an extension beyond 30 days at the top of the Waiting List will be permitted and under what circumstances. Additionally, if another federal program requires a different method of Waiting List Management, those requirements must be available for review by the Department or must be reviewed by the Department (if required by programmatic requirements).~~

(A) Application disclosure. At application, the Owner must inform the applicant in writing that verification under §10.628 applies before lease execution, identify the documentation or information the applicant may provide, disclose the attestation required by §10.612(a)(6), and describe the applicant's right to request an extension or appeal.

(B) Notice and response. If a required lease signatory cannot be verified, receives an inconclusive result after completion of available additional or secondary verification, or must provide additional documentation, the Owner must provide written notice under paragraph (3) promptly, and no later than five business days after receipt of the result. The Owner must allow at least 30 days from the notice for the applicant to submit documentation, correct records, request an extension, modify household or lease-signatory information where permitted, or appeal under paragraph (4).

(C) Waiting list and unit handling. Unless another federal program requires a different method, the Owner may either hold the Unit vacant for the period stated in its written policies and procedures or offer the Unit to the next applicant while retaining the applicant household at the top of the waiting list for the next available Unit for which the household qualifies.

~~(2)~~(D) Denial. If verification cannot be completed after the applicable response, extension, and appeal periods have elapsed, and the household cannot be brought into compliance through an approach permitted by applicable program requirements, the Owner may deny the application under subsection (f) and provide one coordinated notice.

(3) Notice to a household that is unable to be verified, ~~or has received inconclusive results~~ receives an inconclusive result, or must provide additional documentation must:

(A) state the results received ~~from SAVE~~through the verification process and identify the pathway used under §10.628(f);

Commented [WP8]: Front-loads the requirement at application so the applicant learns of verification, the documentation it may provide, the §10.612(a)(6) attestation, and its extension and appeal rights before lease execution, not after a denial.

Commented [WP9]: Mirrors the existing-tenant notice: written notice within five business days of receipt and at least 30 days for the applicant to respond, correct records, seek an extension, or appeal.

Commented [WP10]: The proposed text told the Owner both to hold the applicant at the top of the list and to give the Unit to the next applicant, who would take it. Letting the next applicant take the Unit while the first keeps position resolves the contradiction.

Commented [WP11]: Routes denial through subsection (f) so the applicant receives one coordinated notice, with waiting-list position and any timely appeal preserved.

Commented [WP12]: Broadens the trigger beyond a flat "unable to be verified" to include an inconclusive result or a request for more documentation, so the notice duty matches the outcomes the verification process actually returns.

Commented [WP13]: Not every pathway is SAVE. The §10.628(f)(2)(B) Department-or-vendor pathway returns a determination, not a SAVE result, so the notice should name the pathway used.

(B) state whether ~~any~~ additional documentation or information is required to ~~be able to be successfully verified, or to~~ complete verification, contest ~~or cure~~ the result, or cure the deficiency;

(C) provide ~~the household with the~~ information necessary for the household to contact the Department of Homeland Security (DHS) ~~to correct their immigration status~~ or another agency that issued or maintains records relevant to verification;

(D) ~~notify the applicant household that they may seek correction of records with any agency that issued or maintains records relevant to verification~~ state the deadline to submit documentation, request an extension, or appeal; and

(E) ~~notify the household of their appeal rights~~ state the consequence if the household does not respond or if verification cannot be completed after the applicable cure, extension, and appeal periods.

(4) Appeals. Owners ~~shall~~ must establish a written procedure to address an applicant's or tenant's appeal of a determination under this subsection. The procedure ~~shall at a minimum~~ must include:

(A) ~~An investigation and final decision, completed within 10 days of appeal receipt, by the Owner or Management Company; and~~ An appeal period of not fewer than 14 calendar days from receipt of the notice;

~~(A)~~

(B) ~~-~~If after a Management Company or Owner determination has been made, an appeal may be submitted to the Department under §1.7 of this title. The Owner must not proceed with denial or nonrenewal while a timely §1.7 appeal is pending, and any applicable nonrenewal period is tolled until issuance of the written decision. An appeal under this paragraph concerns whether the Owner followed this subsection and correctly applied the verification result; it does not adjudicate immigration status.

(5) Conducting Verification

(A) Owner compliance. An Owner that timely initiates verification and follows the methods, forms, and procedures prescribed by the Department under §10.628 has satisfied the Owner's verification obligations under §§10.612 and 10.628. A result that is pending, delayed, inconclusive, or affected by a system outage for reasons attributable to SAVE, DHS, the Department, or the Department's vendor does not constitute the Owner's failure to verify or obtain supporting documentation.

(B) Tolling. A result is inconclusive only after any available SAVE additional or secondary verification, or Department or vendor equivalent process, has been completed. Any period awaiting a determination from SAVE, DHS, the Department, or the Department's vendor tolls the Owner's deadlines under this subsection. A Unit reserved or held during that period satisfies the Unit availability requirements of this title.

(C) Corrective action. A delay attributable to SAVE, DHS, the Department, or the Department's vendor constitutes good cause for an extension of the corrective-action period under §10.803(a) and the time to take corrective action under §2.301.

(D) Binding requirements. An Owner will not be cited for an Event of Noncompliance under §10.625, assessed an administrative penalty under §2.302, or referred for Debarment under §2.401 based solely on a requirement that appears only in guidance, unless the requirement is incorporated into

Commented [WP14]: Clarifies that the notice must state what is needed to complete verification, contest the result, or cure the deficiency, so the household knows which of the three it faces.

Commented [WP15]: §10.628(e)(4) directs households to correct their immigration records, not their status. Dropping "status" conforms the notice to the parent rule.

Commented [WP16]: Adds the concrete deadline, extension, and appeal information the proposed notice omitted, making the notice actionable rather than informational.

Commented [WP17]: Requires the notice to state the consequence of non-response, so a household understands what happens if it does nothing before the periods run.

Commented [WP18]: As proposed, the rule set a hard 10-day decision deadline but gave the household no window to appeal. A 14-day filing window gives a real opportunity before adverse action.

Commented [WP19]: Barring adverse action while a timely §1.7 appeal is pending, with tolling, mirrors HUD deferring termination until verification concludes. The appeal tests the Owner's process and result, not immigration status, which only DHS or the record-keeping agency can correct.

Commented [WP20]: Defines the duty as one of process. A result pending or inconclusive for reasons attributable to SAVE, DHS, or the Department is not the Owner's failure to verify, consistent with the corrective-action periods the Department already provides.

Commented [WP21]: Defines an inconclusive result as one reached only after SAVE secondary verification or the Department or vendor equivalent, and tolls the Owner's deadlines while a determination is pending, so a slow system does not create a violation.

Commented [WP22]: A SAVE, DHS, or Department delay is good cause for the corrective-action extensions §10.803(a) and §2.301 already contemplate. The delay is outside the Owner's control and should not be charged as the Owner's noncompliance.

Commented [WP23]: Fences the §10.628(g) delegation. Anything the Department later places only in guidance should not become an Event, penalty, or Debarment outside notice-and-comment unless adopted into a binding document.

rule, contract, LURA, agreement, or another binding Department document applicable to the Development.

(E) Method election and SAVE System Agreement. An Owner that elects verification by the Department or its vendor under §10.628(f)(2)(B) is not required to execute a SAVE System Agreement. SAVE System Agreement requirements apply only to an Owner that accesses SAVE directly under §10.628(f)(2)(A) or through a procured provider under §10.628(f)(2)(C). For initial implementation of §10.628, an Owner's method election is timely if made within 30 days after the later of August 1, 2026, or the Department's issuance of method-election instructions.

(6) Lease Administration and Documentation

(A) Household changes and scope. A person who becomes a lease signatory between recertifications or renewals must be verified when added to the lease, following the procedures of this subsection. A minor or other non-signatory who joins the household after the start of a lease term does not, on that basis, require verification or trigger nonrenewal. The attestation required by §10.612(a)(6) does not require independent verification of non-signatory occupants and does not expand §10.628 beyond persons signing the lease.

(B) Attestation. If the attestation required by §10.612(a)(6) has not been executed, the Owner must provide the household a reasonable opportunity, not to exceed 14 calendar days, to execute the attestation or identify any administrative reason it has not been executed. Nonrenewal or denial based solely on failure to execute the attestation may proceed only if the household declines or fails to execute the attestation after that opportunity.

(C) Department treatment of good cause. For Department compliance-monitoring purposes only, a nonrenewal or termination that follows the verification, notice, cure, extension, appeal, and §10.613 procedures of this subsection will not be treated by the Department as a nonrenewal or termination for other than good cause under §10.625. Where this subsection and §10.613 both prescribe a notice or cure period for the same action, the longer period governs.

(D) Use and retention of documentation. An Owner shall use documentation and information collected under §10.628 and this subsection solely to perform and document verification, retain it in accordance with the Department's records-retention requirements, and not disclose it except as required by the Department, a SAVE System Agreement applicable to the Owner, or applicable law.

~~(B)~~(E) Exceptions under §10.628(b). The Owner's written policies and procedures must describe the documentation the Owner will accept to establish an exception under §10.628(b), consistent with applicable confidentiality and federal program requirements. If a household asserts an exception under §10.628(b), the Owner must pause verification and toll the timelines in this subsection until the claim is resolved.

Commented [WP24]: Owners electing Department or vendor verification under §10.628(f)(2)(B) never access SAVE and never sign a SAVE System Agreement. The Agreement reaches only direct-SAVE Owners under (A) and procured-provider Owners under (C).

Commented [WP25]: §10.628(e)(3) covers new signatories at recertification; this fills the mid-lease gap and confirms a child or other non-signatory occupant is not a trigger, consistent with the attestation's scope under §10.612(a)(6).

Commented [WP26]: An attestation is signed or not; it cannot be cured like a verification deficiency. This gives the household a defined opportunity to execute or identify an administrative reason, and limits nonrenewal to a household that declines or fails to execute after that opportunity.

Commented [WP27]: Scoping good cause to compliance-monitoring purposes fits §10.613(b)'s "other good cause" basis and §10.613(n), which reserves case-by-case good cause to the courts except as the Chapter provides. The Department declines the §10.625 citation without adjudicating the eviction.

Commented [WP28]: Limits use of verification documentation to performing and documenting verification, sets retention to the Department's schedule, and bars disclosure except as required, addressing the privacy exposure the SAVE process creates.

Commented [WP29]: Confirms the §10.628(b) VAWA and FVPSA exception pauses verification and tolls these timelines until the claim is resolved.

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6/17/2026

Dear TDHCA:

Thank you for the opportunity to provide written comments on the draft rule 10 TAC Chapter 10, Subchapter G, Sec 10.802 Written Policies and Procedures.

Specifically I am writing to request two changes to the proposed rules that require a property owner with a preference to serve a special needs population to have that preference documented in their land use restriction agreement (LURA). This is an unnecessary regulatory burden and overreach that is counter to the policy goals of the Department.

TDHCA should be supporting owners that want to have a preference in their tenant selection criteria for special needs populations. Providing more affordable housing for special needs populations has been a priority policy goal of TDHCA for decades in your housing plans.

The proposed draft rule will make serving special needs populations much more difficult by requiring that the preference be in a LURA. Federal guidelines say that a written agreement for a preference is sufficient. State code does not require a LURA for special needs populations.

The proposed draft rule says that a preference for admission must be

(i) In a recorded LURA or Contract (as defined by programmatic requirements) or written agreement that ~~which~~ has been approved by the Department (preferences are required to be in a Contract or LURA when a Development has federal or state funding, except for the preference allowed by paragraph (3) of this subsection or the mandatory preferences as required by 24 CFR s8.27),

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While you've added the option of a "written agreement" in the draft rule, you've retained the parenthetical comment that a Contract or LURA is required when a Development has federal of state funding (see highlights).

This is a problem because all of the communities where we have a preference, such as for homeless families with children, also have federal and/or state funding. Many other Owners have layered funding from federal and state sources as well.

The most simple edit would be to add "written agreement" to this parenthetical comment. So if an Owner has federal or state funds, then the preference is required to be in a "written agreement, Contract or LURA." **Alternatively, the parenthetical comment could be removed all together because it is unnecessary and repetitive of the sentence before.**

Additionally the draft rule contains the following limitation that preferences for admission must be required by a program. It reads:

(B) Include preferences for admission, unless it is:

(ii) *is required by a program in which the Owner is participating that* ~~*which*~~ *requires* the preference, or

This if confusing, but I believe it means that an Owner cannot have a *voluntary* preference. The preference must be required by an external program.

This sentence (ii) should be removed because it disallows an Owner from voluntarily creating a preference for a special needs population. For example, we are not required at our properties to have a preference for homeless households with children from another funder or external program, but it is part of our mission. Owners may from time to time voluntarily want to have a preference foster youth, homeless veterans, or people with disabilities who are homeless, but they would not be allowed unless they have a program requirement.

There are many compelling, common sense reasons why a written agreement should suffice instead of a LURA.

- No Texas or Federal rules require that preferences be in a LURA.
- There is no precedent for a LURA requirement. No other State has this rule. There are federal guidelines that say a preference must be in a "written agreement", but they do not mention a deed restriction.

- Preferences change over time with individual owners and funding. A LURA is meant to record long term obligations that do not change with the owner.
- Amending a LURA is expensive and time consuming for the Department and the Owner. Every finance partner must sign off on a LURA change. Legal bills add up. A written agreement between the Department and the Owner is much simpler to execute and amend.
- Many owners will be impacted by a LURA requirement. For example, every project that has funding from the Federal Home Loan Bank has likely made a commitment to serving a special needs population.
- The best way to inform the leasing public about a preference is to have it be part of the tenant selection criteria given to prospective tenants in the leasing office, not by having a LURA recorded at the County records department.
- We fundraise from many private sources to serve special needs populations. Future funding is not guaranteed, so a preference may change from time to time. Specifically we might have to amend the number of units in the preference, but we cannot afford to constantly amend the LURA. A written agreement is easier to amend.

We did amend the LURA at one property already. The process took a year with the Department. The final language requires the preference to be in place instead of making it permissible. We already need to amend this LURA because it was done incorrectly at TDHCA staff direction.

Please amend the draft rule. We support having a simple written agreement that is approved by the Department instead of a deed restriction for all of the compelling reasons above. Thank you for your consideration.

Walter Moreau,

Executive Director

TEXAS HOUSERS
TEXAS LOW INCOME HOUSING INFORMATION SERVICE

1800 W 6th Street
Austin, TX 78703

TexasHousers.org

June 22, 2026

Attn: Brooke Boston
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: Proposed 10 TAC §10.625 Events of Noncompliance and §10.802 Written Policies and Procedures

To whom it may concern:

Thank you for the opportunity to comment on the agency's proposed rules regarding events of noncompliance and written documentation at TDHCA-monitored multifamily rental properties.

The following comments detail Texas Housers' concerns.

Thank you,

Sidney Beaty
Research Analyst
Texas Housers
sidney@texashouing.org

Texas Housers is a 501(c)(3) nonprofit organization founded in 1988 to work for housing justice and fair and equal treatment by government of communities. Our mission is to support low-income Texans' efforts to achieve the American dream of a decent, affordable home in a quality neighborhood of their choosing. We work toward these goals through research, policy, and collaboration with community organizations.

General

Texas Housers maintains that rulemaking to implement PRWORA requirements across TDHCA programs is premature.

Both the July HHS and November HUD PRWORA notices acknowledge that further guidance is necessary to fully implement new legal status verification requirements. The HUD notice explicitly references expected HUD and DHS guidance: "HUD will be issuing new guidelines related to the verification for benefits provided through its housing assistance and grant programs, including for benefits distributed by charitable non-profit organizations. HUD will be relying in [sic] guidance issued by the Department of Homeland Security once that is published." As such, TDHCA should delay the adoption of PRWORA-related rulemaking until expected HUD and DHS guidance is published.

The National Housing Law Project's brief on immigration requirements in housing programs cautions that "If a benefits granting agency engages in the improper application of PRWORA's verification requirements, they could be subject to discrimination claims under federal civil rights laws as well as any applicable state or local laws." Texas is so far the only state to update rules ahead of additional guidance needed for implementation. By moving too quickly ahead of forthcoming federal guidance, the agency exposes residents, providers, and the agency itself to unnecessary risk and harm.

TDHCA should exercise extreme caution in implementing punitive enforcement policies for legal status verification requirements, given that they are so new and untested. Rule changes to 10 TAC §§10.612 and 10.628 incorporating verification requirements at many TDHCA-monitored properties were only recently finalized. Changes to 10 TAC §10.802 that are necessary to guide property-level implementation of new requirements have just been proposed. Future federal guidance will likely require additional future rulemaking. It is too early to begin enforcement of these policies that must be handled with care to avoid harm to low-income tenants.

If TDHCA must proceed with rulemaking, we urge the Department to implement rules in ways that protect low-income tenants as much as possible. The potential impact is not small – Texas Housers' review of TDHCA-assisted properties found that TDHCA's PRWORA rules impact 28,795 units at 389 properties in 128 counties.[1] The threat of steep penalties or automatic consideration for debarment so soon after new rules go into effect could push properties to rush implementation, ultimately hurting low-income tenants. Property owners, wishing to avoid a finding of noncompliance, may rush or take an overly aggressive approach to implementation which could result in devastating losses to program-eligible tenants who could lose their housing as a result.

[1] Based on data received in response to PIR. Two properties, Samano in Brownsville (CMTS #5624) and Burnet Place Apartments in Austin (CMTS #5631), have both HOME-ARP and NHTF units.

Texas Housers generally supports TDHCA's proposed rulemaking under 10 TAC §10.802 Written Policies and Procedures, but opposes enforcement-related proposed rulemaking under 10 TAC §10.625.

PRWORA-related verification requirements are new for many recipients of TDHCA funding. Properties are still developing the processes necessary to come into compliance with these new rules. TDHCA should fully implement basic program rules and provide properties adequate time to adjust before finalizing penalties and debarment policies. This ensures the best chance of properties remaining in compliance with minimal disruption to low-income tenants' lives.

10 TAC §10.625: Events of Noncompliance

Texas Housers opposes the addition of four new PRWORA-related noncompliance events at this time. We propose delaying events of noncompliance updates until TDHCA rulemaking setting the base requirements for PRWORA compliance are finalized and further federal guidance is available.

10 TAC §10.802: Written Policies and Procedures

Texas Housers supports the addition of specific timelines in 10 TAC §10.802 and appreciates that the proposed rules provide tenants with reasonable opportunities to address issues that might arise during the verification process.

We recommend editing 10 TAC §10.802(l)(1) and (2) for clarity. The current language and formatting makes timelines a bit hard to piece together and there are slight differences in language across the two subsections despite seemingly similar purposes. We suggest the following changes:

(1) For an existing tenant household that has not been verified for legal status~~,~~:

(A) T~~t~~he Owner must initiate a household's eligible legal status at least 90 days prior to lease renewal.

(B) If an existing tenant household is unable to be verified or verification results are inconclusive~~ based on the results of the verification process~~, the Owner must provide written notice within two business days of the ~~when that~~ determination ~~is made~~ and at least 60 days prior to lease renewal. Such notice must meet the criteria in paragraph (3) of this subsection.~~, during which t~~ The tenant household may seek to obtain adequate documentation or correct status with applicable agencies.~~ Such notice must meet the criteria in paragraph (3) of this subsection.~~ If the household seeks to appeal or correct records in response to the notice, the Owner must allow the household 30 days from the date of notification before seeking to reverify the household.

(C) If upon receipt of further documentation from the household, the household still is unable to be verified or the household has not signed the required attestation, the Owner must provide the household with at least 30 days notice of nonrenewal.

(2) For a new applicant household that has not been verified for legal status:

(A) If a new applicant household is unable to be verified or verification results are inconclusive~~ based on the results of the verification process~~, the Owner must provide written notice to the applicant within two business days of the determination~~ and s~~. Such notice must meet the criteria in paragraph (3) of this subsection. If the household seeks to appeal or correct records in response to the notice~~In response to the notice, if the household seeks to appeal, or seeks to correct records~~, the Owner must allow the household 30 days from the date of notification before seeking to reverify the household.

(B) Unless a federal program requires another method for Waiting List Management, during the applicant verification process the Owner ~~may elect to~~must either hold the Unit vacant or ~~must~~ place that applicant household at the top of the Waiting List and proceed to the next applicant on the Waiting List. The policies and procedures must describe how the Waiting List will be handled, and if holding a Unit vacant, the procedures must specify the number of days a Unit will be held. The policies and procedures must denote if an extension beyond 30 days at the top of the Waiting List will be permitted and under what circumstances. Additionally, if another federal program requires a different method of Waiting List Management, those requirements must be available for review by the Department or must be reviewed by the Department (if required by programmatic requirements).

Texas Housers further recommends adding a requirement to 10 TAC §10.802(l)(3) that the notice of failure to verify includes a specific timeline for how long the household has to appeal or correct records before the owner seeks reverification. This mimics language already in §10.802(l)(2) and ensures that tenants or applicants understand process timelines.

The appeals requirements at 10 TAC §10.802(l)(4) should include additional requirements for what the notification of the final decision must include to ensure that tenants and applicants understand the results of their appeal and how to proceed. Texas Housers recommends the following edits to §10.802(l)(4)(A): "An investigation and final decision by the Owner or Management Company, with notification of completion including the results of the investigation, reasoning for the final decision, and instructions for how to file an appeal with the Department delivered to the tenant ~~completed~~ within 10 days of appeal receipt~~, by the Owner or Management Company~~; and"

Attachment A: Preamble, including required analysis, for the adoption of the amendment to 10 TAC Chapter 10, Subchapter G, §10.802 Written Policies and Procedures

The Texas Department of Housing and Community Affairs (the Department) adopts the amendment of 10 TAC Chapter 10, Subchapter G, §10.802 Written Policies and Procedures, with changes. The purpose of the amendment is to add additional requirements to be included in a property's Written Policies and Procedures that are now required because of recent rule changes at 10 TAC Chapter 10, Subchapter F Compliance Monitoring, §10.612 Tenant File Requirements and new §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments. Those sections incorporated the requirements of Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the U.S. Department of Housing and Urban Development (HUD) in its 2025 federal Grant Agreements into the Department's Compliance rules for certain multifamily properties. Additions to the Written Policies and Procedures now address notification to tenants or applicants; handling of verification delays that may arise from disputes or appeals or while awaiting determinations from the Department on inconclusive results from SAVE; an appeal process; and how Owners may proceed to the next applicant during delays.

The rule amendments also make other changes not related to the PRWORA implementation that include 1) clarifying the required response periods for certain Developments that are required by a LURA to have an appeal process or a Fair Lease and Grievance Procedure, 2) makes other clarifying edits to more clearly describe Department practices, 3) addresses the means by which a property owner can effectuate a tenant leasing preference or limitation to make this process less onerous, and 4) adds ERA to the list of Programs that may have a VAWA preference without a Contract amendment.

Tex. Gov't Code §2001.0045(b) does not apply to the amendment because it is subject to the exception under §2001.0045(c)(4) which excepts amendments that are necessary to receive a source of federal funds or to comply with federal law. No additional funds will be needed to implement this rule.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221. Mr. Bobby Wilkinson has determined that, for the first five years the amended rule would be in effect:

1. The amendment does not create or eliminate a government program but relates to changes to an existing activity: the policies and procedures that must be kept as it relates to the implementation and applicability of Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) in the Department's HOME, HOME-ARP and NHTF properties.
2. The amendment does not require a change in work that creates new employee positions nor does it create savings that would allow for a reduction in employee positions.
3. The amended rule will not require additional future legislative appropriations.

4. The amended rule will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The amended rule does not create a new regulation.
6. The amended rule does expand an existing regulation to provide additional requirements, however the expanded regulations are required to comply with federal law.
7. The amended rule does not increase the number of individuals subject to the rule's applicability.
8. The amended rule will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the amendment and based on prior comment received regarding implementation of PRWORA, it is possible the amendment will create an economic effect on small or micro-businesses or rural communities. The added processes to the Written Policies and Procedures may require additional work for small operators or rural properties because they tend to more frequently utilize the programs that are applicable. Small operators and rural properties often have limited onsite capacity, increasing the proportional burden and the risk of findings. When verifications escalate to nonrenewal and a household will not vacate, properties can incur foreseeable enforcement costs for court and attorney fees, staff time and the costs of turning over a unit.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The amended rule does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the amended rule as to its possible effects on local economies and has determined that for the first five years the amended rule would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the amended rule is in effect, the public benefit anticipated as a result of the amended rule would be a rule compliant with the federal regulations relating to PRWORA with clear guidance for properties on how they must handle specific issues that may arise. There will not be economic costs to individuals required to comply with the amended rule.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the amended rule is in effect, enforcing or administering the amended rule will have no economic costs other than those noted above.

SUMMARY OF PUBLIC COMMENT. The Department requested public comment on the rule during a public comment period held from May 22, 2026 to June 22, 2026. Public comment was received from three commenters as summarized, and responded to, below. Commenters: Texas Housers (1), Texas Affiliation of Affordable Housing Providers (TAAHP) (2) and Foundation Communities (3).

General Comment: Commenter 1 believes that rulemaking to implement PRWORA requirements across TDHCA programs is premature. They reference a July 2025 HHS and November 2025 HUD PRWORA Notice, that indicate that further guidance is necessary to fully implement new legal status verification requirements, and that indicate future expected guidance. Commenter 1 asks that TDHCA delay the adoption of PRWORA-related rulemaking until expected HUD and DHS guidance is published.

Commenter 1 also references the National Housing Law Project's brief on immigration requirements in housing programs that suggests that "If a benefits granting agency engages in the improper application of PRWORA's verification requirements, they could be subject to discrimination claims under federal civil rights laws as well as any applicable state or local laws." Commenter 1 notes that Texas is so far the only state to update rules ahead of additional guidance and feels that by moving too quickly ahead of forthcoming federal guidance, the agency exposes residents, providers, and the agency itself to unnecessary risk and harm.

Commenter 1 supports the addition of specific timelines and appreciates that the proposed rules provide tenants with reasonable opportunities to address issues that might arise during the verification process.

Staff Response: Staff does not recommend withdrawing the rule, as the federal guidance to date has provided sufficient guidance for the Department to proceed with this rule. Should additional federal guidance be issued, the Department will respond compliantly.

§10.802(a) Applicability
Commenter 2 recommends that much like revisions that were made under separate rule that limited affirmative marketing to only properties that receive federal funding, this rule should also be so limited.
Staff Response: Staff does not concur. In addition to fulfilling requirements of federal funding, this rule is used to implement the requirements of state law, including but not limited to Sections 2306.066, 2306.269 and 2306.185(d) of the Texas Government Code, and provides further clarification about how the Department will monitor federal requirements that apply to most Developments, such as Section 504 of the Rehabilitation Act and the Violence Against Women Act of 2022. No change is made to the rule.

§10.802(b)(2)(B)
Comment: Commenter 3 requests revisions to this section of the rule that currently requires that an Owner with a preference to serve a special needs population have that preference documented in the LURA or written agreement. They feel this a regulatory burden, overreaches and does not support Owners that are serving special needs populations. They note that federal guidance says only that a written agreement is needed, and that state code does not require the LURA preference either. They suggested specific language to address this. On this issue they note that there is no precedent for a LURA requirement; that no other state has this rule; that because preferences may change that should not be

part of the long term obligations of a property present in a LURA; and that amending a LURA is expensive and time-consuming. When pursuing a LURA amendment for a preference the process took a year.

Commenter 3 also notes that they find clause (ii) confusing and believe that it is saying that an Owner cannot have a voluntary preference, but can only have preferences required by an external program. They recommend removing this language because it is limiting. They provide the example that at their properties they may have a preference for homeless households with children that is not required by another funder, but rather is their mission.

Staff Response: While unable to make the specific revisions requested, staff is adding qualifying language that should at least partially address this issue. Almost all federal and state funded Developments from the Department are covered by the HOME regulations in whole or in part, whether because of HOME, HOME ARP, or NSP funding provided to the Development Owner or because the Development is required to have HOME Match Units. 24 CFR §92.252(c) states that a Development Owner must adopt and follow tenant selection criteria that "Limit eligibility or give a preference to a particular segment of the population if permitted in its written agreement with the participating jurisdiction (and only if the limitation or preference is described in the participating jurisdiction's consolidated plan)."

Currently, the Department uses the Contract as the primary mechanism that fulfills all the requirements of a written agreement outlined in 24 CFR §92.504(c)(3), but prior to 2015 the Department used the LURA for this purpose. Currently, the HUD approved consolidated plan for 2025-2029 states that Owners may request to have preference for "persons with disabilities, persons with substance use disorders, persons living with HIV/AIDS (PLWH), persons with Violence Against Woman Act (VAWA) protections, colonia residents, farmworkers, homeless populations, veterans, (including wounded warriors as defined by the Caring for Wounded Warriors Act of 2008), public housing residents, persons transitioning out of incarceration, persons impacted by a state or federally declared disaster, and persons transitioning out of foster care and nursing facilities."

The Consolidated Plan goes on to say that TDHCA "may allow a preference or limitation that is not described . . . to encourage leveraging of federal or state funding, provided that another federal or state funding source for the rental housing requires a limitation or preference." Thus, for Developments covered by 24 CFR §92.252, a preference not listed would not be allowed, without a revision to the Department's Consolidated Plan/Action plan, which an Applicant or Development Owner may request during the public comment process for the Consolidated Plan or the Action Plan (as applicable), or in accordance with 10 TAC §13.1. However, for Developments not covered by 24 CFR §92.252 (or similar language in the National Housing Trust Fund regulations) and the Development does not have another fund source that has prohibited the Department (via subordination agreement, Rider or other similar instrument) from unilaterally approving preferences, an Owner could request that the Department allow a preference via a written agreement as described in the rule.

§10.802(l)(1) and (2)
Comment: Commenter 1 recommends editing 10 TAC §10.802(l)(1) and (2) for clarity. The current language and formatting make timelines a bit hard to piece together and there are slight differences in language across the two subsections despite seemingly similar purposes.

Staff Response: Commenter 1's suggested specific revisions are being incorporated in part to improve clarity as suggested.

§10.802(l)(1) Relating to Existing Tenant Households

Commenter 2 recommends clarifying the timing for existing households during the first implementation cycle. For households occupying a Development when the rule takes effect, verification should be initiated at least 90 days before the household's next lease renewal or recertification. If that is not possible because the renewal or recertification occurs too soon after the effective date, verification should be completed by the household's following lease renewal or recertification. This gives Owners a workable transition period and avoids placing Owners in immediate technical noncompliance when the 90-day window cannot be met because of the timing of the rule's effective date.

Commenter 2 also recommends tying the notice and cure period to when a SAVE response is received, to ensure that that the clock is not started earlier than the determination is received; they also reflected in their proposed blackline that the notice to tenants be given within 5 days, rather than 2 days.

Commenter 2 suggests adding an additional extension request period for households.

Commenter 2 also recommends adding to the rule other alternative options for bringing a household into compliance such as lease modification, removal of the unverified signatory, household composition documentation, or another permitted procedure. They suggest this as a member-level resolution mirrors HUD's mixed-family treatment under 24 CFR Part 5, Subpart E, and §10.628(f)(1)(B) already makes Section 214 verification satisfy this rule.

Staff Response: Staff concurs with the initiation period revisions to ensure all households receive the full benefit of the 90 days of time. Staff also concurs with tying the timing of the notice and cure period to when the determination is received. Staff does not recommend lengthening the notice to tenants from 2 days to 5 days because a household should hear as soon as possible. Staff does not recommend the added extension period because 90 days is sufficient; longer than that and the Unit should be leased to a qualified household. As it relates to the additional options for mixed family treatment and other solutions, solutions are only acceptable to the extent that ultimately all lease signers have been verified with legal status and have signed the attestation forms.

§10.802(l)(2) Relating to New Applicant Households

Commenter 2 recommends that rather than only inform applicants of the requirement and attestation at the time of denial that information should be provided earlier. They suggest that at application, the Owner informs the applicant in writing that verification under §10.628 applies before lease execution, identifies the documentation the applicant may provide, discloses the §10.612(a)(6) attestation, and describes extension and appeal rights. Front-loading this at application means the applicant learns of verification and its rights before lease execution, not after a denial. Commenter 2 suggesting revising the notice period from 2 days to 5 days and to make sure that notice is tied to receipt of the result from SAVE. Commenter 2 suggested a revision to the waiting list and unit handling to clarify a contradiction in the rule. Commenter 2 suggests that clarification be made that the notice of denial is in one coordinated notice under subsection (f).

Staff Response: Staff concurs with providing the early notice at the time of application and has added this into the rule. Staff does not concur with increasing the days of notice from two to five, but is revising the rule to tie notices to the receipt of the results. Staff has clarified the section on the waiting list and unit handling to be clearer. Staff concurs that one coordinated notice of denial should be issued and has clarified this in the rule.

§10.802(l)(3) Notice Contents

Comment: Commenter 1 recommends adding a requirement to 10 TAC §10.802(l)(3) that the notice of failure to verify includes a specific timeline for how long the household has to appeal or correct records before the owner seeks reverification. This mimics language already in §10.802(l)(2) and ensures that tenants or applicants understand process timelines.

Staff Response:
The commenter's suggested specific revisions are being incorporated as suggested.

Commenter 2 suggests that the notice be provided not only to those that cannot be verified but also those that receive an inconclusive result or must provide more documentation, matching the outcomes the verification process actually returns. Commenter 2 suggests that the notice should state the result and identify the pathway used under §10.628(f); they suggest that not every pathway is SAVE. Commenter 2 recommended that the notice should state whether documentation or information is needed to complete verification, contest the result, or cure the deficiency, so the household knows which of the three it faces. Commenter 2 notes that clarification is needed that records are corrected – not status. Commenter 2 suggests that the notice should state the deadline to submit documentation, request an extension, or appeal. The proposed notice omitted this. Lastly Commenter 2 suggests that the notice should state the consequence if the household does not respond, so the household understands what happens if it does nothing before the periods run.

Staff Response: Staff concurs with expanding the notice to those that receive inconclusive results or need more documentation and has revised the rule. As it relates to identifying the pathway under §10.628(f) because 'not every pathway is SAVE,' staff is not making this revision; whether from the Department, the Owner or a third party, the verification step being discussed in this step is relating to a SAVE result. Even if the Department performs the process, it is still a SAVE result, not a Department determination. Staff concurred with the recommendation relating to whether documentation or information is needed. Staff concurs with making the revision from status to records, making the revision to include the deadline to submit documentation or an appeal, and to include the consequences of inaction to the notice.

§10.802(l)(4) Appeals
Commenter 1 recommends that language be clarified regarding appeals to clarify what the notice of an Owner's investigation must include.
Staff Response: The commenter's suggested edit is being incorporated.

Commenter 2 suggested that the appeal response period should be at least 14 days and suggests revising this language from investigation to appeal. Commenter 2 also suggests that the Owner should not

proceed with denial or nonrenewal while a timely §1.7 appeal is pending, and the nonrenewal period tolls until the written decision. This mirrors HUD deferring termination until verification concludes. They also suggest language that clarifies that the appeal tests the Owner's process and result, not immigration status, which only DHS or the record-keeping agency can correct.

Staff Response: The commenter's suggested edit regarding the 14-day appeal response period is being added to the rule, as well as the revision to not proceed with denial or nonrenewal while in a timely filed appeal period, and the clarification that the appeal is on the Owner's handling of the issue, not the household's immigration status.

Other Comments
Commenter 2 also suggested adding several new sections comprising 10 new paragraphs, to the rule on conducting verification and lease administration. Those comments and suggested additions can be viewed fully in the comment posted on the Department's website.

Staff Response:
Because these significant rule changes were not contemplated in the draft released for comment, staff is unable to add them at this point without releasing for further comment.

STATUTORY AUTHORITY. The rule action is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amended rule affects no other code, article, or statute.

10 TAC Chapter 10, Subchapter G, §10.802 Written Policies and Procedures

§10.802. Written Policies and Procedures.

(a) The purpose of this section is to outline the policies and/or procedures of the Department (also called tenant section criteria) that are required to have written documentation. If an Owner fails to have such Written Policies and Procedures, or fails to follow their Written Policies and Procedures it will be handled as an Event of Noncompliance as further provided in §10.803 of this subchapter (relating to Compliance and Events of Noncompliance).

(1) Owners must inform applicants/tenants in writing, at the time of application, or at the time of other actions described in this section, that such policies/procedures as described in this section are available, and that the Owner will provide copies upon request to applicants/tenants or their representatives.

(2) The Owner must have all policies and related documentation required by this section and the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation" available in the leasing office and anywhere else where applications are taken; Developments that accept electronic applications must maintain on their website these Written Policies and Procedures and the same noted forms.

(3) All policies must have an effective date. Any changes made to the policies require a new effective date, and a notice regarding the availability of new policies must be communicated to tenants in writing. Acceptable forms of notification in writing are:

(A) Written notice to each household through an active communications portal or online rental payment portal, if either are used at the Development;

(B) written notice via hard copy placed on the door to each occupied Unit;

(C) a notice online on the Development's website, if the Development has one; or

(D) a hard copy notice posted in the leasing office's public area for at least 30 calendar days.

(4) In general, policies addressing credit, criminal history, and occupancy standards cannot be applied retroactively. Tenants who already reside in the Development or applicants on the waitlist at the time new or revised tenant selection criteria are applied, and who are otherwise in good standing under the lease or waitlist, must not receive notices of termination or non-renewal based solely on their failure to meet the new or revised tenant selection criteria or be passed over on the

waitlist. However, criteria related to program eligibility or compliance with PRWORA may be applied retroactively when a market rate development receives a new award of tax credits, federal, or state funds and a household is not eligible under the new program requirements, or when prior criteria violate federal or state law.

(b) Tenant Selection Criteria. A Development Owner must maintain current and prior versions of the written Tenant Selection Criteria, for the longer of the records retention period that applies to the program, or for as long as tenants who were screened under the historical criteria are occupying the Development.

(1) The criteria identified by a Development must be reasonably related to an applicant's ability to perform under the lease (for a Development with MFDL funding this means to pay the rent, not to damage the housing, and not to interfere with the rights and quiet enjoyment of other tenants) and include at a minimum:

(A) Requirements that determine an applicant's basic eligibility for the Development, including any preferences, restrictions (such as the Occupancy Standard Policy), the Waitlist Policy, Changes in Housing Designation Policy, low income unit designations utilized, and any other tenancy requirements. Any restrictions on student occupancy and any exceptions to those restrictions, as documented in the tenant file as provided for in 10 TAC §10.612(b)(2) of this chapter (relating to Tenant File Requirements) must be stated in the policies;

(B) Applicant screening criteria, including what applicant attributes are screened and what scores or findings would result in ineligibility;

(C) The following statement: Screening criteria will be applied in a manner consistent with all applicable laws, including the Texas and Federal Fair Housing Acts, the Federal Fair Credit Reporting Act, PRWORA, program guidelines, and TDHCA's rules;

(D) Specific age requirements if the Development is operating as an Elderly Property either under the Housing for Older Persons Act of 1995 as amended (HOPA), or the age related eligibly criteria required by its use of federal funds.

(2) The criteria must not:

(A) Include population limitations (such as Elderly or Veterans) unless the limitation is in a recorded LURA that has been approved by the Department;

(B) Include preferences for admission, unless it is:

(i) in a recorded LURA or Contract (as defined by programmatic requirements) or written agreement that has been approved by the Department (preferences are required to be in a Contract or LURA when a Development has federal or state funding from the Department, except for the preference allowed by paragraph (3) of this subsection or the mandatory preference as required by 24 CFR §8.27),

(ii) is required by a program in which the Owner is participating that requires the preference, or

(iii) is allowed by paragraph (3) of this subsection.

(iv) Owners that include preferences in their leasing criteria due to other federal financing must provide to the Department either written approval from HUD, USDA, or VA for such preference, or identify the statute, written agreement, or federal guidance documentation that permits the adoption of this preference.

(v~~i~~) A preference may be required to be in a LURA as a result of a subordination agreement, Rider, or other similar instrument, that the Department is requested to execute with another funding source;

(C) Exclude an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1~~-~~437), or other federal, state, or local government rental assistance program. If an Owner adopts a minimum income standard for households participating in a voucher program, it is limited to the greater of a monthly income of 2.5 times the household's share of the total monthly rent amount or $2,500 annually, except in the case of Foster Youth to Independence (FYI) vouchers any adopted minimum income standard is limited to one month of the household's share of the total monthly rent amount; or

(D) In accordance with VAWA, deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking.

(3) If the Development is funded with HOME, HOME ARP, ERA, TCAP RF, NHTF, or NSP funds, in accordance with 24 CFR §93.356 and 24 CFR §92.359, the criteria may have a preference for persons who have experienced domestic violence, dating violence, sexual assault, or stalking.

(4) Occupancy Standard Policy.

(A) If the Development restricts the number of occupants in a Unit in a more restrictive manner than found in Section 92.010 of the Texas Property Code, the Occupancy Standard Policy must allow at least two persons per Bedroom plus one additional person per Unit. An Efficiency Unit that is greater than 600 square feet, must also have an Occupancy Standard Policy of at least three persons per Unit. In an SRO or in an Efficiency that is less than 600 square feet, the Occupancy Standard Policy must allow at least two persons per Unit. Supportive housing or transitional housing Developments where all Units in the Development are SROs or Efficiencies, are not required by the Department to have an Occupancy Standard Policy, except as required for the 811 PRA Program or as reflected in the Development's LURA.

(B) A Development may adopt a more restrictive standard than described in subparagraph (A) of this paragraph, if the Development is required to utilize a more restrictive standard by a local governmental entity, or a federal funding source. However, the Development must have this information available onsite for Department review.

(C) Except for an Elderly Development that meets the requirements of the Housing for Older Persons Act exception under the Fair Housing Act, the Occupancy Standard Policy must state that children that join the household after the start of a lease term will not cause a household to be in violation of the lease.

(c) Reasonable Accommodations Policy. Owners must maintain a written Reasonable Accommodations policy. The policy must be maintained at the Development. Owners are responsible for ensuring that their employees and contracted third party management companies are aware of and comply with the reasonable accommodation policy.

(1) The policy must provide:

(A) Information on how an applicant or current resident with a disability may request a reasonable accommodation;

(B) How transfers related to a reasonable accommodation will be addressed; and

(C) A timeframe in which the Owner will respond to a request that is compliant with §1.204(b)(3) and (d) of this title (relating to Reasonable Accommodations).

(2) The policy must not:

(A) Require a household to make a reasonable accommodation request in writing;

(B) Require a household whose need is readily apparent to provide third party documentation of a disability;

(C) Require a household to provide specific medical or disability information other than the disability verification that may be requested to verify eligibility for reasonable accommodation;

(D) Exclude a household with person(s) with disabilities from admission to the Development because an accessible unit is not currently available; or

(E) Require a household to rent a unit that has already been made accessible.

(d) Waitlist Policy. Owners must maintain a written waitlist policy, regardless of current Unit availability. The policy must be maintained at the Development. The policy must include procedures the Development uses in:

(1) Opening, closing, and selecting applicants from the waitlist, including but not limited to the requirements in §10.615(b) of this title (relating to Elections under IRC §42(g) and Additional Income and Rent Restrictions for HTC, Exchange, and TCAP Developments);

(2) Determining how lawful preferences are applied; and

(3) Procedures for prioritizing applicants needing accessible Units in accordance with 24 CFR §8.27, and Chapter 1, Subchapter B of this title (relating to Accessibility and Reasonable Accommodations).

(e) Changes in Household Designation Policy. This is applicable if a Development has adopted a policy in accordance with §10.611(c) of this subchapter (relating to Determination, Documentation and Certification of Annual Income).

(f) Denied Application Policies. Owners must maintain a written policy regarding the procedures they will follow when denying an application and when notifying denied applicants of their rights.

(1) The policy must address the manner by which rejections of applications will be handled, including timeframes and appeal procedures, if any.

(2) Within seven days after the determination is made to deny an application, the owner must provide any rejected or ineligible applicant that completed the application process a written notification of the grounds for rejection. The written notification must include:

(A) The specific reason for the denial and reference the specific leasing criteria upon which the denial is based;

(B) Contact information for any third parties that provided the information on which the rejection was based and information on the appeals process, if one is used by the

Development. An appeals procedure is required for HOME Developments that are owned or sponsored by Community Housing Development Organizations (including a Development that ever received HOME funding that was purchased under a CHDO ROFR Provision on or after April 30, 2026), and Units at Developments that lease Units under the Department's Section 811 PRA program. The appeals process must provide a 14-day period for the applicant to contest the reason for the denial, and comply with other requirements of the HUD Handbook 4350.3 4-9; and

(C) The TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation."

(3) The Development must keep and may periodically be requested to submit to the Department a log of all denied applicants that completed the application process to include:

(A) Basic household demographic and rental assistance information, if requested during any part of the application process; and

(B) The specific reason for which an applicant was denied.

(4) If an 811 applicant is being denied, within three calendar days of the denial the Department's 811 PRA Program point of contact must be notified and provided with a copy of the written notice that was provided to the applicant.

(g) Non-renewal and/or Termination Notices. A Development Owner must maintain a written policy regarding procedures for providing households non-renewal and termination notices.

(1) The Owner must provide in any non-renewal or termination notice, a specific and lawful reason for the termination or non-renewal.

(2) The notification must:

(A) Be delivered as required under applicable program rules and the lease. For HOME, HOME ARP, TCAP RF, NHTF, NSP, HTC, TCAP, ERA, and Exchange Developments, see 10 TAC §10.613(a) - (b) of this chapter (relating to Lease Requirements). For Section 811 PRA, see 24 CFR §247.4(a) - (f);

(B) Include the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments

layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted;

(C) State how a person with a disability may request a reasonable accommodation in relation to such notice;

(D) Include information on the appeals process if one is used by the Development. This process is required under some LURAs, for HOME Developments that are owned or sponsored by Community Housing Development Organizations (including a Development that ever received HOME funds purchased under a CHDO ROFR Provision on or after April, 30, 2026) and for 811 PRA units. For HOME Developments, the Owner must provide at least 30 days for the household to respond to the termination or non-renewal, and for 811 PRA Units the Owner must provide at least 14 days; and

(E) For Units subject to the 2025 HOME Final Rule as identified in §10.601(g), of this chapter relating to 2025 HOME Final Rule applicability,

1. Such notice should be provided in a translated format when needed to ensure meaningful access for limited English proficient (LEP) persons; and

2. Be provided to TDHCA within the timeframe identified in §10.613(o)(4) if this chapter, relating to Notices to Vacate.

(h) At the time of application Owners must provide each adult in the household the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted.

(i) Policies and procedure reviews may be initiated periodically by the Department as a result of complaints, or through an owner requested written policies and procedures review. Owners may request a review of the written policies and procedures for a portfolio of Developments by submitting a request to fair.housing@tdhca.state.tx.us. After review by the Department, an Owner may make non-substantive changes to the policies.

(j) A Development Owner must allow applicants to submit applications via mail and at the Development site or leasing office; if the Development is electronically equipped, the Development may also allow applications to be submitted via email, website form, or fax. The Development's tenant

selection criteria must state available alternate means of submission and include address, email, or other necessary contact information on the form or its attached leasing criteria.

(k) If the Development has ever been funded via Direct Loan or has HOME Match Units, the Development's written policies and procedures must list at least two methods to contact the Development.

(l) For HOME, HOME ARP, and NHTF Developments as it relates to verifying ~~qualified~~ occupant legal status as required under §10.612 Tenant File Requirements and §10.628 Verification of Occupant Legal Status of this title for HOME, HOME ARP, and NHTF Developments of this title, the Development's written policies and procedures must include:

(1) For an existing ~~tenant household~~occupant that has not been verified for legal status:~~,~~
(A) ~~the Owner must initiate a household's eligible legal status at least 90 days prior to lease renewal.~~ Initiation. For existing occupants at the time that this rule goes into effect, verification must be initiated for all lease renewals or recertifications 90 days in advance of their subsequent lease renewal or recertification. When, due to the implementation date of this rule becoming effective, 90 days advance notice cannot be provided, this eligibility must be determined by the following recertification or renewal.
(B) Notice and Cure Timing. ~~-~~If an existing lease signatory~~tenant household~~ is unable to be verified or verification results are inconclusive ~~based on the results of the verification process~~, the Owner must provide written notice within two business days of the ~~when that~~ receipt of the determination ~~is made~~ and at least 60 days prior to lease renewal. Such notice must meet the criteria in paragraph (3) of this subsection. ~~, during which t~~The tenant household may seek to obtain adequate documentation or correct status with applicable agencies. If the occupant seeks to appeal or correct records in response to the notice, the Owner must allow at least 30 days from the date of notification before seeking to reverify. ~~Such notice must meet the criteria in paragraph (3) of this subsection.~~ If the Owner receives the result fewer than 60 days prior to the lease renewal or recertification, the notice, appeal and nonrenewal periods run from the date of the receipt of the result, and occupancy may continue until those periods have elapsed.
(C) Nonrenewal. If upon receipt of further documentation ~~from the household~~, a required lease signatory~~the household still~~ is still unable to be verified or the ~~household~~ person has not signed the required attestation, the Owner must provide the household with at least 30 days notice of nonrenewal.

(2) For a new applicant household that has not been verified for legal status:
(A) Application Disclosure. At application, the Owner must inform the applicant in writing that verification under §10.628 will be performed prior to lease execution, identify the documentation or

information the applicant may provide, disclose the attestation required by §10.612(a)(6) and describe the applicant's right to an appeal.

(B) Notice and Response. If a new applicant household is unable to be verified or verification results are inconclusive ~~based on the results of the verification process~~, the Owner must provide written notice to the applicant within two business days of receipt of the determination. ~~and s~~Such notice must meet the criteria in paragraph (3) of this subsection. ~~In response to the notice, i~~If the household seeks to appeal~~,~~ or ~~seeks to~~ correct records in response to the notice, the Owner must allow the household 30 days from the date of notification before seeking to reverify the household.

(C) Waiting List and Unit Handling. Unless a federal program requires another method for Waiting List Management, during the applicant verification process the Owner must either ~~may elect to~~ hold the Unit vacant for the period specified in its Written Policies and Procedures or ~~must~~ place that applicant household at the top of the Waiting List for the next available Unit for which the household qualifies, and proceed to the next applicant on the Waiting List. The policies and procedures must describe how the Waiting List will be handled, and if holding a Unit vacant, the procedures must specify the number of days a Unit will be held. The policies and procedures must denote if an extension beyond 30 days at the top of the Waiting List will be permitted and under what circumstances. Additionally, if another federal program requires a different method of Waiting List Management, those requirements must be available for review by the Department or must be reviewed by the Department (if required by programmatic requirements).

(D) Denial. If verification cannot be completed after the applicable response, extension and appeal periods have elapsed, the Owner must deny the application under subsection (f) of this section and provide one coordinated notice.

(3) Notice to a household that is unable to be verified, ~~or~~ has received inconclusive results, or must provide additional documentation must:

(A) ~~-~~state the results received from SAVE;

(B) state whether any additional documentation or information is required to complete verification~~be able to be successfully verified~~, ~~or~~ to contest the result or cure the deficiency~~result~~;

(C) provide the household with the information necessary to contact the Department of Homeland Security (DHS) to correct their immigration records~~status~~;

(D) notify the applicant household that they may seek correction of records with any agency that issued or maintains records relevant to verification; ~~and~~

(E) notify the household of their appeal rights and identify the applicable deadlines;

(F) notify the applicant of the property allowing the household 30 days from the date of notification before seeking to reverify; and

(G) state the consequence if the household does not respond or if verification cannot be completed after the applicable cure and appeal periods.

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(4) Appeals. Owners must~~shall~~ establish a written procedure to address an applicant's, occupant's, or tenant's appeal of a determination under this subsection. The procedure shall at a minimum include:
(A) An appeal period of not fewer than 14 days from the receipt of the notice that provides for an investigation and final decision by the owner or Management Company, with notification of completion including the results of the investigation, reasoning for the final decision, and instructions for how to file an appeal with the Department delivered to the tenant ~~completed~~ within 10 days of appeal receipt~~, by the Owner or Management Company~~; and
(B) If after a Management Company or Owner determination has been made, an appeal may be submitted to the Department under §1.7 of this title. The Owner must not proceed with denial or nonrenewal while a timely filed appeal under §1.7 of this title is pending. An appeal under this paragraph concerns whether the Owner followed this subsection and correctly applied the verification result; it does not adjudicate immigration status.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1510 **Agenda Date:** 7/9/2026 **Agenda #:** 16.

Presentation, discussion, and possible action on an order adopting the amendment to 10 TAC Chapter 10 Uniform Multifamily Rules, Subchapter F Compliance Monitoring, §10.625 Events of Noncompliance and directing its publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code, §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, 10 TAC Chapter 10, Subchapter F Compliance Monitoring, §10.612 Tenant File Requirements and new §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments were adopted at the April 9, 2026, Board meeting and these two rule sections incorporated the requirements of Section 401(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the U.S. Department of Housing and Urban Development (HUD) in its 2025 federal Grant Agreements into the Department's Compliance rules;

WHEREAS, 10 TAC §10.625 Events of Noncompliance lists events for which a multifamily rental Development may be found to be in noncompliance for compliance monitoring purposes, and the rule requires amendment to include requirements that were added in §§10.612 and 10.628;

WHEREAS, the rule has been updated to reflect other requirements of federal programs and HOME Match; and

WHEREAS, the proposed amendment in this item was published in the *Texas Register* for public comment from May 22, 2026 to June 22, 2026, and public comment was received which is summarized in the following preamble;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the proposed amendment to 10 TAC Chapter 10, Subchapter F, §10.625, Events of Noncompliance, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the preamble.

BACKGROUND

There are two sections of the Compliance Monitoring rule, §10.612 Tenant File Requirements

and new §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments that were adopted by the Board at the April 9, 2026 Board meeting. To ensure the new compliance monitoring requirements can be enforced it is necessary to make several additions to the list of Events of Noncompliance found in 10 TAC §10.625. The amendment is needed to ensure cohesiveness with the rule and the list of noncompliance events.

The amendment was published in the *Texas Register* and released for public comment from May 22, 2026 to June 22, 2026. Public comment was received and the comment is summarized, along with staff's response, in the preamble following.

Behind the preamble a draft of 10 TAC §10.625, Events of Noncompliance, is shown in blackline and shows the changes made in response to public comment.

Attachment 1: Preamble, including required analysis, for adoption of the amendment to 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F Compliance Monitoring, Figure §10.625 Events of Noncompliance

The Texas Department of Housing and Community Affairs (the Department) adopts amendments to 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F Compliance Monitoring, §10.625 Events of Noncompliance. The purpose of the amendment is to update the list of Events of Noncompliance to align with updated rule sections §10.612 Tenant File Requirements and new §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments adopted by the Department's Board on April 9, 2026.

FISCAL NOTE. Mr. Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the amendment to the rule is in effect, enforcing or administering the amendment does not have any foreseeable implications related to costs or revenues of the state or local governments.

The Department has analyzed this rulemaking, and the analysis is described below for each category of analysis performed.

GOVERNMENT GROWTH IMPACT STATEMENT. Mr. Wilkinson also has determined that, for the first five years the amendment would be in effect:

1. The amendment to the rule will not create or eliminate a government program but merely adds several additional categories of events of noncompliance for certain of the Department's multifamily properties;

2. The amendment to the rule will not require a change in the number of employees of the Department;

3. The amendment to the rule will not require additional future legislative appropriations;

4. The amendment to the rule will result in neither an increase nor a decrease in fees paid to the Department;

5. The amendment to the rule will not create a new regulation but does add several new events of noncompliance consistent with other regulatory changes made in sections §10.612 Tenant File Requirements and new §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments;

6. The amendment to the rule will not repeal an existing regulation;

7. The amendment to the rule will not increase or decrease the number of individuals subject to the rule's applicability; and

8. The amendment to the rule will neither positively nor negatively affect this state's economy.

PUBLIC BENEFIT/COST NOTE. Mr. Wilkinson also has determined that, for each year of the first five years the amendment to the rule is in effect, the public benefit anticipated as a result of the action will be consistency between §10.612 Tenant File Requirements and §10.628 Verification of Occupant Legal Status for HOME, HOME ARP and NHTF Developments and the list of Events of Noncompliance. There will not be any economic cost to any individual required to comply with the amendment.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES. The Department has determined that there will be no economic effect on small or micro-businesses or rural communities.

SUMMARY OF PUBLIC COMMENT. The Department requested public comment on the amendment from May 22, 2026 to June 22, 2026, to receive input on the proposed action. Public comment was received from two respondents and is summarized below. Commenters: Texas Housers (1) and Texas Affiliation of Affordable Housing Providers (TAAHP) (2).

General Comments:
Commenter 1 believes that rulemaking to implement PRWORA requirements across TDHCA programs is premature. They reference July 2025 HHS and November 2025 HUD PRWORA Notices, that indicate that further guidance is necessary to fully implement new legal status verification requirements, and that indicate future expected guidance. Commenter 1 asks that TDHCA delay the adoption of PRWORA-related rulemaking until expected HUD and DHS guidance is published.

Commenter 1 also references the National Housing Law Project's brief on immigration requirements in housing programs that suggests that "If a benefits granting agency engages in the improper application of PRWORA's verification requirements, they could be subject to discrimination claims under federal civil rights laws as well as any applicable state or local laws." Commenter 1 notes that Texas is so far the only state to update rules ahead of additional guidance and feels that by moving too quickly ahead of forthcoming federal guidance, the agency exposes residents, providers, and the agency itself to unnecessary risk and harm.

Lastly Commenter 1 urges TDHCA to exercise extreme caution in implementing punitive enforcement policies for legal status verification requirements, given that they are so new and untested; it is too early to begin enforcement of these policies that must be handled with care to avoid harm to low-income tenants. The threat of steep penalties or automatic consideration for debarment so soon after new rules go into effect could push properties to rush implementation, ultimately hurting low-income tenants. Property owners, wishing to avoid a finding of noncompliance, may rush or take an overly aggressive approach to implementation which could result in devastating losses to program-eligible tenants who could lose their housing as a result. Commenter 1 opposes the addition of four new PRWORA-related noncompliance events at this time and proposes delaying events of noncompliance updates until TDHCA rulemaking setting the base requirements for PRWORA compliance are finalized and further federal guidance is available.

Commenter 2 understands that the Department must establish compliance monitoring events related to PRWORA requirements and gives comments to ensure that the new events are clear, proportional and tied to matters within an Owner's control.

Staff Response: Staff does not recommend withdrawing the rule, as the federal guidance to date has provided sufficient guidance for the Department to proceed with this rule. Should additional federal guidance be issued, the Department will respond compliantly.

Nonrenewal:
Commenter 2 recommends that a nonrenewal issued under this section not create a separate Event of Noncompliance for termination or nonrenewal without good cause.
Staff Response: Staff has clarified the requirement.

Pending, delayed or inconclusive results:
Commenter 2 requests that clarification be added that An Owner not receive a finding for failure to obtain supporting documentation when verification results are pending, delayed, or inconclusive for reasons outside the Owner's control, provided the Owner is timely pursuing verification.
Staff Response: Staff concurs when results are pending or delayed that further information on what were the Owner's responsibilities were needed and has added clarifying language to 10 TAC §10.802.. However, inconclusive results that are no longer pending further determination should still be included as documentation in the tenant file that a household member was not able to have qualified status confirmed.

Unit of Violation:

A violation should be assessed per lease, not per signer. Without this clarification, one household file issue could be multiplied by the number of lease signers.
Staff Response: Staff concurs in adding this clarification.

Attestation documentation:
The attestation is either executed or not executed. If the Owner requested the attestation, provided the opportunity required under §10.802(l), and documented the household's failure or refusal to execute it, the Owner should not be treated as having simply failed to obtain the attestation.
Staff Response: A household's failure to execute the attestation would result in the household being denied tenancy. Files must have the attestation, therefore, an Owner must ensure it is included.

SAVE System Agreement applicability.
SAVE-related findings should apply only where the Owner is required to execute or comply with the agreement under the applicable verification pathway.
Staff Response: Staff concurs with adding this clarification.

STATUTORY AUTHORITY. The adoption of the amendment is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amendment affects no other code, article, or statute.

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§10.625. Events of Noncompliance.

Figure: 10 TAC §10.625 lists events for which a multifamily rental Development may be found to be in noncompliance for compliance monitoring purposes. This list is not an exclusive list of events and issues for which an Owner may be subject to an administrative penalty, debarment or other enforcement action. The first column of the chart identifies the noncompliance event. The second column indicates to which program(s) the noncompliance event applies. The last column indicates whether the issue is reportable on IRS Form 8823 for HTC Developments.

Figure: 10 TAC §10.625

Noncompliance Event	Program(s)	If HTC, on Form 8823?
Violations of the National Standards for the Physical Inspection of Real Estate or Local Codes	All Programs	Yes
Noncompliance related to Affirmative Marketing Requirements	All Programs	No
Development is not available to the general public because of leasing issues	HTC, TCAP, and Exchange	Yes

TDHCA has received notice of possible Fair Housing Act Violation from HUD or DOJ and reported general public use violation in accordance with IRS 8823 Audit Guide Chapter 13	HTC	Yes
TDHCA has referred unresolved Fair Housing Design and Construction issue or other Fair Housing noncompliance to the Texas Workforce Commission	All programs	No
Development has gone through a deed in lieu of foreclosure or foreclosure	All programs	Yes
Development is never expected to comply due to failure to report or allow monitoring	All programs	Yes
Owner did not allow on-site monitoring or physical inspection and/or failed to notify residents resulting in inspection cancelation	All programs	Yes
LURA not in effect	All programs	Yes
Project failed to meet minimum set aside	HTC, TCAP, Exchange and Bonds	Yes
No evidence of, or failure to certify to material participation of a non-profit or HUB, if required by LURA	HTC, TCAP and Exchange	Yes, if non-profit issue, No, if HUB issue
Development failed to meet additional state required rent and occupancy restrictions	All programs	No
Noncompliance with social service requirements	All programs	No
Development failed to provide housing to the elderly as promised at application	All programs	No
Failure to provide special needs housing as required by LURA	All programs	No
Changes in Eligible Basis or Applicable percentage	HTC, TCAP, and Exchange	Yes
Failure to submit all or parts of the Annual Owner's Compliance Report	All programs	Yes for part A, No for other parts
Failure to submit reports or notices as required by §10.607 of this subchapter	All programs	No

Noncompliance with utility allowance requirements described in §10.614 of this subchapter and/or Treasury Regulation §1.42-10	All programs	Yes, if rent exceeds limit, no if related to noncompliance with other requirements, such as posting, updating etc.
Noncompliance with lease requirements described in §10.613 and/or §10.624 of this subchapter	All programs	No
Asset Management Division has reported that Development has failed to establish and maintain a reserve account in accordance with §10.404 of this Chapter	All programs	No
Failure to provide a notary public as promised at application	HTC, TCAP, and Exchange	No
Violation of the Unit Vacancy Rule	HTC, TCAP, and Exchange	Yes
Casualty Loss	All programs	Yes
Failure to provide monitoring and/or physical inspection documentation	All programs	No
Failure to provide amenity as required by LURA	All programs	No
Failure to pay asset management, compliance monitoring or other required fee	HTC, TCAP, ERA, Bond, NHTF, TCAP-RF, Exchange, HOME-ARP, HOME Match, and HOME/NSP Developments committed funds after August 23, 2013	No
Change in ownership without Department approval (other than removal of a general partner in accordance with §10.406 of this chapter)	All programs	No

Noncompliance with written policy and procedure requirements	All programs	No, unless finding is because Owner refused to lease to Section 8 households
Program Unit not leased to Low-Income household/ Household income above income limit upon initial Occupancy	All programs	Yes
Program unit occupied by nonqualified students	HTC, TCAP, and Exchange during the Compliance Period, Bond, HOME, 811 PRA, and HOME-ARP Developments	Yes
Low Income Units used on a transient basis	HTC, TCAP, Exchange and Bond	Yes
Violation of the Available Unit Rule	All programs, but only during the Compliance Period for HTC, TCAP, and Exchange	Yes

Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	All programs	Yes
Failure to provide Tenant Income Certification and documentation	All programs	Yes
Unit not available for rent	All programs	Yes
Failure to collect data required by §10.612	All programs	No
Development evicted or terminated the tenancy of a low-income tenant for other than good cause. A properly documented nonrenewal as outlined in §10.802 of this title will be not be cited for HOME, HOME-ARP, and NHTF Developments with floating Units and HOME, HOME -ARP, and NHTF Developments with fixed Units	HTC, TCAP, Exchange, HOME, HOME- ARP, ERA, HOME Match, TCAP- RF, NHTF, and NSP	Yes
Household income increased above 80 percent at recertification and Owner failed to properly determine rent	HOME, TCAP-RF, HOME Match, ERA, and HOME ARP	No
Violation of the Integrated Housing Rule	All programs	No

Failure to resolve final construction deficiencies within the corrective action period	All programs	No
Noncompliance with the required accessibility requirements such as §504 of the Rehabilitation Act of 1973, the 2010 ADA standards as modified in the Department rules, or other accessibility related requirements of a Department rule, or as reflected in a Contract or LURA	All programs	No
Noncompliance with the notice to the Department requirements described in §10.609 of this subchapter	All programs	No
Failure to reserve Units for Section 811 participants	811 PRA	No
Failure to notify the Department of the availability of units, notices of termination, and outcomes of referred applications as described in accordance with §8.6 of this title.	811 PRA	No
Owner failed to check required criminal history	811 PRA	No
Failure to properly use or document Enterprise Income Verification System as required for 811 PRA	811 PRA	No
Failure to provide or document HUD forms required for Section 811 PRA	811 PRA	No
Failure to report an inoperable elevator within required timeframe	All programs	No
Accepted funding that limits Section 811 participation	811 PRA	No
Failure to document, calculate, or collect income and/or rent as required	811 PRA, HOME ARP	No
Failure to use HUD model lease or HUD Tenant Addendum, as required by the federal program	811 PRA , a Development subject to the 2025 HOME Final Rule, a Development with Department issued Project-Based Vouchers	No
Failure to meet, maintain, or disperse Section 811 units	811 PRA	No
Failure to conduct interim certifications	811 PRA	No
Failure to conduct annual income recertification	811 PRA	No
Asset Management Division has reported that Owner has failed to submit rents on an annual basis in accordance with §10.403 of this chapter	HOME, NSP, TCAP RF, HOME Match, HOME-ARP, and NHTF	No

Failure to document or comply with eligibility requirements for 811 PRA	811 PRA	No
Noncompliance with CHDO Requirements	HOME (inclusive of ROFR Purchases of HOME Developments completed on or after April 30, 2026	No
Failure to disperse unit designations across all Unit Types – Average Income only	HTC, TCAP and Exchange	No
Household income designations was improperly changed or removed	All programs	No
Failure to maintain the specific unit mix required in the Contract or Land Use Restriction Agreement (LURA)	HOME, HOME-ARP, ERA, HOME Match, 811 PRA, TCAP-RF, HTF, NSP, Section 8 Project Based Vouchers, and NHTF	No
Increased a household's rent more than one time during a 12-month period	All programs	No
Failure to issue a notice of rent increase in accordance with §10.622 of this subchapter	All programs	No
Failure to market to veterans and/or Public Housing Authority (PHA) waitlist as required in the LURA or application	All programs	No
Failure to follow a contractual condition (not otherwise described in 10.625) including but not limited to (as applicable by program) Build America Buy America Act, Uniform Relocation Assistance and Real Property Act, Section 104(d), Davis-Bacon and Related Acts, Violence Against Women Act, Lead-Based Paint, and Conflict of Interest Provisions	TCAP, HOME, HOME-ARP, ERA, HOME Match, TCAP- RF, NHTF, 811 PRA, Section 8 Project Based Vouchers, and NSP	No
Failure to include veteran statement in the application	All programs	No
Failure to accept rent that was paid on time and in full	All programs	No
Terminated utilities controlled by the Development Owner during a period prohibited by the applicable federal program or under state law	All programs	No

Failure to calculate, charge, collect, or refund a security or pet deposit as required for 811 PRA	811 PRA	No
A fee or deposit was charged that is impermissible for 811 PRA	811 PRA	No
Failure to issue utility allowance reimbursement in accordance with Section 811 only	811 PRA	No
Failure to provide or document initial or reminder notices for recertification as required for 811 PRA	811 PRA	No
Failure to document or comply with unit inspection file requirements for 811 PRA	811 PRA	No
Failure to conduct move-in or initial certification for 811 PRA	811 PRA	No
Failure to provide or document notice of change in tenant rent or utility reimbursement for 811 PRA	811 PRA	No
Failure to document or comply with move-out requirements for 811 PRA	811 PRA	No
Failure to conduct a transfer, gross rent change, move-out, change in household or Non-interim certification as required for 811 PRA	811 PRA	No
Failure to terminate assistance or tenancy as required for 811 PRA	811 PRA	No

Failure to submit completed IRS Form(s) 8609 with Part II completed by the second monitoring review	HTC, Exchange, and TCAP	No
Failure to provide notice to applicants and households prior to the LURA term ending	All programs	No
Failure to maintain and/or provide evidence of insurance, including but not limited to, builder's risk during construction, property insurance, general liability, fidelity bonds, and flood insurance, as applicable	All programs	No
Failure to timely pay all property taxes, or maintain applicable exemptions to limit property taxes, resulting in a property tax lien and/or property tax suit	HOME, HOME-ARP, ERA, TCAP, TCAP-RF, NHTF, and NSP	No
Failure to display Fair Housing poster as required for 811 PRA	811 PRA	No
Failure to respond to a reasonable accommodation request per 10 TAC §1.204(d)	All programs	No
Failure to document or comply with occupancy requirements for 811 PRA	811 PRA	No
Noncompliance with the Mitigation for Schools requirement of the LURA or application	All programs	No
Failure to obtain supporting documentation of qualified legal status for all persons signing a lease per 10 TAC §10.612. A violation is assessed per Unit.	HOME, HOME ARP, and NHTF	No
Failure to obtain the executed attestation required by 10 TAC §10.612(a)(6) for each person signing the lease. A violation is assessed per Unit.	HOME, HOME ARP, and NHTF	No
Owner fails to timely sign agreement or Contract Amendment to access the SAVE system as described in 10 TAC §10.628, and as required under §10.628(f)(2) and (g).	HOME, HOME ARP, and NHTF	No
Failure to comply with requirements of the SAVE System Agreement as required under §10.628(f)(2) and (g).	HOME, HOME ARP, and NHTF	No

TEXAS AFFILIATION OF AFFORDABLE HOUSING PROVIDERS
2401 E 6th St, Ste 3037, PMB 153, Austin, TX 78702
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June 22, 2026

Ms. Brooke Boston
Deputy Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711

Re: Public Comment on Proposed Amendments to 10 TAC §10.625, Events of Noncompliance

Dear Ms. Boston:

On behalf of the Texas Affiliation of Affordable Housing Providers (TAAHP), thank you for the opportunity to submit comments on the proposed amendments to 10 TAC §10.625, Events of Noncompliance for multifamily HOME, HOME-ARP Rental, and National Housing Trust Fund (NHTF) developments.

TAAHP understands that the Department must establish compliance-monitoring events related to the PRWORA requirements adopted in 10 TAC §10.612 and §10.628. Our comments are limited to ensuring that the new events are clear, proportional, and tied to matters within an Owner's control.

Recommended Changes

TAAHP recommends limited edits to the proposed PRWORA-related Events of Noncompliance to address the following issues:

1. **Nonrenewals under §10.802(l).** A nonrenewal issued under the PRWORA process in §10.802(l) should not create a separate Event of Noncompliance for termination or nonrenewal without good cause.

2. **Pending, delayed, or inconclusive results.** An Owner should not receive a finding for failure to obtain supporting documentation when verification results are pending, delayed, or inconclusive for reasons outside the Owner's control, provided the Owner is timely pursuing verification.

3. **Unit of violation.** A violation should be assessed per lease, not per signer. Without this clarification, one household file issue could be multiplied by the number of lease signers.

4. **Attestation documentation.** The attestation is either executed or not executed. If the Owner requested the attestation, provided the opportunity required under §10.802(l), and documented the household's failure or refusal to execute it, the Owner should not be treated as having simply failed to obtain the attestation.

5. **SAVE System Agreement applicability.** SAVE-related findings should apply only where the Owner is required to execute or comply with the agreement under the applicable verification pathway.

Proposed Redline

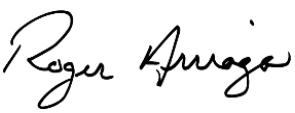
TAAHP recommends the following edits to the proposed PRWORA-related Events of Noncompliance:

Noncompliance Event	Program(s)	If HTC, on Form 8823?
Development evicted or terminated the tenancy of a low-income tenant for other than good cause. This does not include a nonrenewal under §10.802(l).	HTC, TCAP, Exchange, HOME, HOME-ARP, ERA, HOME Match, TCAP-RF, NHTF, and NSP	Yes
Failure to obtain supporting documentation of qualified legal status for all persons signing a lease per 10 TAC §10.612. This excludes pending, delayed, ongoing or inconclusive results outside the Owner's control. A violation is assessed per lease.	HOME, HOME ARP, and NHTF	No
Failure to obtain the executed attestation required by 10 TAC §10.612(a)(6) ~~for each person signing the~~ per lease, unless the Owner requested the attestation, provided the opportunity under §10.802(l), and documented the household's failure or refusal to execute it.	HOME, HOME ARP, and NHTF	No
Owner fails to timely sign agreement or Contract Amendment to access the SAVE system as described in 10 TAC §10.628, if required under §10.628(f)(2)(A) or (C).	HOME, HOME ARP, and NHTF	No
Failure to comply with requirements of the SAVE System Agreement, if applicable under §10.628(f)(2)(A) or (C), excluding delays, outages, or failures outside the Owner's control.	HOME, HOME ARP, and NHTF	No

Overall, TAAHP's proposed edits preserve the Department's ability to enforce PRWORA requirements while ensuring that Events of Noncompliance are tied to final, actionable issues within the Owner's control. These revisions will help avoid findings based on pending results, duplicate file issues, or requirements that do not apply to a particular verification pathway.

Thank you for considering these comments.

Sincerely,



Roger Arriaga
TAAHP Executive Director

CC: Kathryn Saar, President-Elect
Bobby Wilkinson, Executive Director, TDHCA

TEXAS HOUSERS
TEXAS LOW INCOME HOUSING INFORMATION SERVICE

1800 W 6th Street
Austin, TX 78703

TexasHousers.org

June 22, 2026

Attn: Brooke Boston
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: Proposed 10 TAC §10.625 Events of Noncompliance and §10.802 Written Policies and Procedures

To whom it may concern:

Thank you for the opportunity to comment on the agency's proposed rules regarding events of noncompliance and written documentation at TDHCA-monitored multifamily rental properties.

The following comments detail Texas Housers' concerns.

Thank you,

Sidney Beaty
Research Analyst
Texas Housers
sidney@texashouing.org

Texas Housers is a 501(c)(3) nonprofit organization founded in 1988 to work for housing justice and fair and equal treatment by government of communities. Our mission is to support low-income Texans' efforts to achieve the American dream of a decent, affordable home in a quality neighborhood of their choosing. We work toward these goals through research, policy, and collaboration with community organizations.

General

Texas Housers maintains that rulemaking to implement PRWORA requirements across TDHCA programs is premature.

Both the July HHS and November HUD PRWORA notices acknowledge that further guidance is necessary to fully implement new legal status verification requirements. The HUD notice explicitly references expected HUD and DHS guidance: "HUD will be issuing new guidelines related to the verification for benefits provided through its housing assistance and grant programs, including for benefits distributed by charitable non-profit organizations. HUD will be relying in [sic] guidance issued by the Department of Homeland Security once that is published." As such, TDHCA should delay the adoption of PRWORA-related rulemaking until expected HUD and DHS guidance is published.

The National Housing Law Project's brief on immigration requirements in housing programs cautions that "If a benefits granting agency engages in the improper application of PRWORA's verification requirements, they could be subject to discrimination claims under federal civil rights laws as well as any applicable state or local laws." Texas is so far the only state to update rules ahead of additional guidance needed for implementation. By moving too quickly ahead of forthcoming federal guidance, the agency exposes residents, providers, and the agency itself to unnecessary risk and harm.

TDHCA should exercise extreme caution in implementing punitive enforcement policies for legal status verification requirements, given that they are so new and untested. Rule changes to 10 TAC §§10.612 and 10.628 incorporating verification requirements at many TDHCA-monitored properties were only recently finalized. Changes to 10 TAC §10.802 that are necessary to guide property-level implementation of new requirements have just been proposed. Future federal guidance will likely require additional future rulemaking. It is too early to begin enforcement of these policies that must be handled with care to avoid harm to low-income tenants.

If TDHCA must proceed with rulemaking, we urge the Department to implement rules in ways that protect low-income tenants as much as possible. The potential impact is not small – Texas Housers' review of TDHCA-assisted properties found that TDHCA's PRWORA rules impact 28,795 units at 389 properties in 128 counties.[1] The threat of steep penalties or automatic consideration for debarment so soon after new rules go into effect could push properties to rush implementation, ultimately hurting low-income tenants. Property owners, wishing to avoid a finding of noncompliance, may rush or take an overly aggressive approach to implementation which could result in devastating losses to program-eligible tenants who could lose their housing as a result.

[1] Based on data received in response to PIR. Two properties, Samano in Brownsville (CMTS #5624) and Burnet Place Apartments in Austin (CMTS #5631), have both HOME-ARP and NHTF units.

Texas Housers generally supports TDHCA's proposed rulemaking under 10 TAC §10.802 Written Policies and Procedures, but opposes enforcement-related proposed rulemaking under 10 TAC §10.625.

PRWORA-related verification requirements are new for many recipients of TDHCA funding. Properties are still developing the processes necessary to come into compliance with these new rules. TDHCA should fully implement basic program rules and provide properties adequate time to adjust before finalizing penalties and debarment policies. This ensures the best chance of properties remaining in compliance with minimal disruption to low-income tenants' lives.

10 TAC §10.625: Events of Noncompliance

Texas Housers opposes the addition of four new PRWORA-related noncompliance events at this time. We propose delaying events of noncompliance updates until TDHCA rulemaking setting the base requirements for PRWORA compliance are finalized and further federal guidance is available.

10 TAC §10.802: Written Policies and Procedures

Texas Housers supports the addition of specific timelines in 10 TAC §10.802 and appreciates that the proposed rules provide tenants with reasonable opportunities to address issues that might arise during the verification process.

We recommend editing 10 TAC §10.802(l)(1) and (2) for clarity. The current language and formatting makes timelines a bit hard to piece together and there are slight differences in language across the two subsections despite seemingly similar purposes. We suggest the following changes:

(1) For an existing tenant household that has not been verified for legal status~~,~~:

(A) T~~t~~he Owner must initiate a household's eligible legal status at least 90 days prior to lease renewal.

(B) If an existing tenant household is unable to be verified or verification results are inconclusive~~ based on the results of the verification process~~, the Owner must provide written notice within two business days of the ~~when that~~ determination ~~is made~~ and at least 60 days prior to lease renewal. Such notice must meet the criteria in paragraph (3) of this subsection.~~, during which t~~ The tenant household may seek to obtain adequate documentation or correct status with applicable agencies.~~ Such notice must meet the criteria in paragraph (3) of this subsection.~~ If the household seeks to appeal or correct records in response to the notice, the Owner must allow the household 30 days from the date of notification before seeking to reverify the household.

(C) If upon receipt of further documentation from the household, the household still is unable to be verified or the household has not signed the required attestation, the Owner must provide the household with at least 30 days notice of nonrenewal.

(2) For a new applicant household that has not been verified for legal status:

(A) If a new applicant household is unable to be verified or verification results are inconclusive~~ based on the results of the verification process~~, the Owner must provide written notice to the applicant within two business days of the determination~~ and s~~. Such notice must meet the criteria in paragraph (3) of this subsection. If the household seeks to appeal or correct records in response to the notice~~In response to the notice, if the household seeks to appeal, or seeks to correct records~~, the Owner must allow the household 30 days from the date of notification before seeking to reverify the household.

(B) Unless a federal program requires another method for Waiting List Management, during the applicant verification process the Owner ~~may elect to~~must either hold the Unit vacant or ~~must~~ place that applicant household at the top of the Waiting List and proceed to the next applicant on the Waiting List. The policies and procedures must describe how the Waiting List will be handled, and if holding a Unit vacant, the procedures must specify the number of days a Unit will be held. The policies and procedures must denote if an extension beyond 30 days at the top of the Waiting List will be permitted and under what circumstances. Additionally, if another federal program requires a different method of Waiting List Management, those requirements must be available for review by the Department or must be reviewed by the Department (if required by programmatic requirements).

Texas Housers further recommends adding a requirement to 10 TAC §10.802(l)(3) that the notice of failure to verify includes a specific timeline for how long the household has to appeal or correct records before the owner seeks reverification. This mimics language already in §10.802(l)(2) and ensures that tenants or applicants understand process timelines.

The appeals requirements at 10 TAC §10.802(l)(4) should include additional requirements for what the notification of the final decision must include to ensure that tenants and applicants understand the results of their appeal and how to proceed. Texas Housers recommends the following edits to §10.802(l)(4)(A): "An investigation and final decision by the Owner or Management Company, with notification of completion including the results of the investigation, reasoning for the final decision, and instructions for how to file an appeal with the Department delivered to the tenant ~~completed~~ within 10 days of appeal receipt~~, by the Owner or Management Company~~; and"

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1499 **Agenda Date:** 7/9/2026 **Agenda #:** 17.

Quarterly Voluntary Non-Participation Agreement Report, July 2026

BACKGROUND

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TDHCA VOLUNTARY NON-PARTICIPATION AGREEMENTS
QUARTERLY REPORT
July 2026

In accordance with 10 TAC §2.401(j), TDHCA is required to provide a quarterly report to the Board regarding any Voluntary Non-participation Agreements (VNA's) that have been entered into during the previous quarter. The terms of a VNA are not appealable to the Board.

The following VNA's have been signed during the last quarter:

Affected Parties	Details of Affected Property or Contract	Violation	VNA Signature Date	VNA Term	VNA Expiration Date
Ricardo Pagan Northshore Associates, LLC	Havenwood Apartments (HTC 07605 / Bond 07605B / CMTS 4428). 291 units located at 333 Uvalde Road, Houston, Texas, of which 262 units were restricted at 60% AMI, with 30-year Bond and HTC LURAs originally set to expire on June 30, 2037, and December 31, 2038, respectively. The HTC Compliance Period expired December 31, 2023, and the Bonds have been repaid and are no longer outstanding.	Foreclosure on May 6, 2025, with mitigating circumstances relating to severe damage caused by Hurricane Beryl, which had occurred shortly after a full rehabilitation was completed using non-TDHCA financing. Foreclosure terminated the HTC and Bond LURAs, except for a three-year safe harbor period for existing low-income residents.	June 9, 2026	1 year	June 9, 2027
Elvisha Brightman	HOME Investment Partnerships Program Reservation System Participant Agreement #2023-0033 with Tracy Andrus Foundation (TAF).	Former employee of TAF who alleged that in her role as a case manager at TAF, she submitted altered documentation to the Department on behalf of TAF at the direction of her supervisor, drawing a direct personal benefit.	June 10, 2026	5 years	June 10, 2031

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1517 **Agenda Date:** 7/9/2026 **Agenda #:** 18.

Media Analysis and Outreach Report, May 2026

Report follows this page.

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TDHCA Outreach and Media Analysis, May 2026

A compilation of TDHCA media analysis designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public, and outreach activities, such as trainings and webinars. The following is an analysis of print, online and broadcast news, and social media reporting for the time period of May 1-31, 2026 (news articles that specifically mentioned TDHCA generally or along with Department programs).

Total number of articles referencing TDHCA: 20
Breakdown by Medium:[1]

- Print: 3 (Editorials/Columnists = 2)
- Broadcast: 2
- Trade, Government or Internet-Based Publications: 15

Figure 1 News Tone

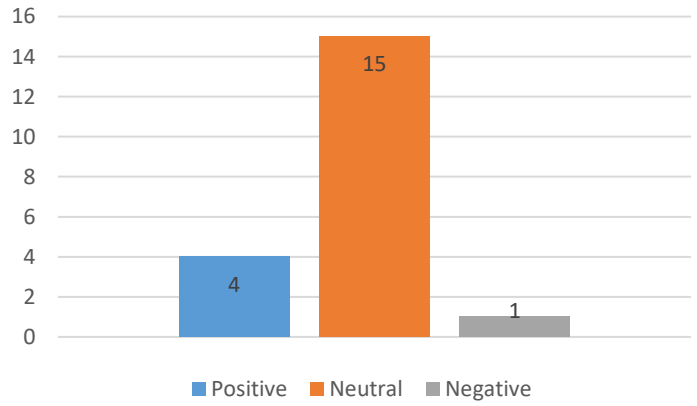
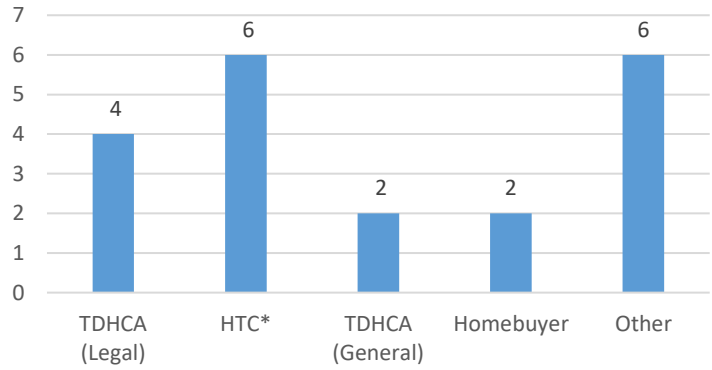
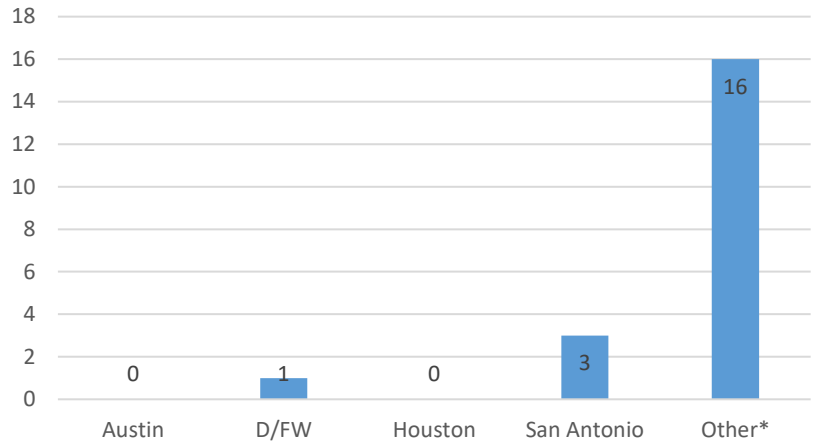


Figure 2 News Topic[2]



[1] *Broadcast numbers may represent times in which TDHCA was referenced on a television or radio station's website, rather than in a broadcast segment.* [2] *News Topics: Programs include Housing Tax Credit.*

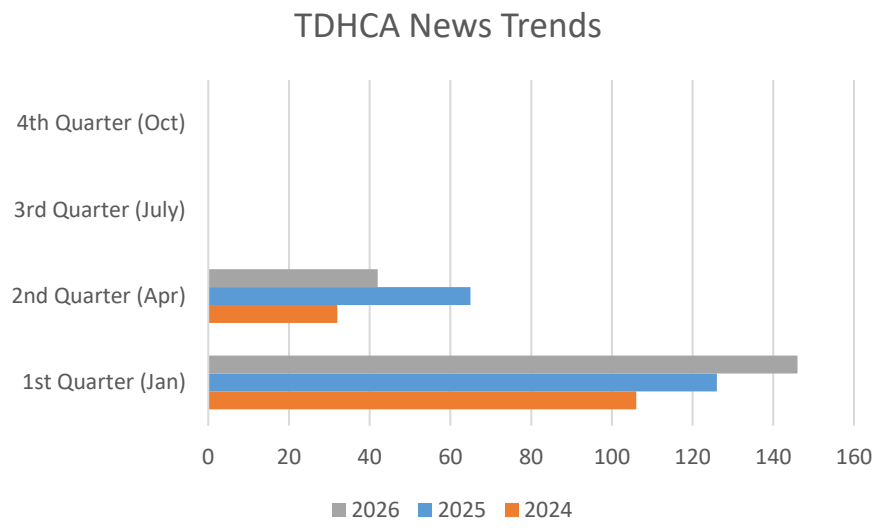
Figure 3 Media Market



Summary:
Reporting on TDHCA activities by the news media totaled 20 references in May 2026. Housing Tax Credit properties, with ground breakings and grand openings, made up a majority of the news mentions.

News mentions during the month were lower than May 2025 (36 total).

The following table illustrates the number of news mentions during each month or quarter of 2026 compared to 2025 and 2024. Through the second month of the second quarter of 2026 (January through May; 188 total), total news mentions tracked slightly lower than 2025 (191 total) and higher than 2024 (138 total).



Social media:
Through May 2026, TDHCA has 3,745 followers to its X account (same from April 2026), and 8,345 followers to its Facebook page (a slight uptick from April 2026). Top FB posts were related to homeownership messaging and spotlight article (Cabana Lofts opening). TDHCA Instagram account (@txdhca) has garnered 60 followers since its debut (April 22). TDHCA's YouTube channel had 7,757 views in May. The following is a summary analysis of TDHCA's efforts to inform stakeholders and the public on federal and state resources, initiatives, and programs.

Month/Yr	Posts	Clicks	Engagements	Shared posts	Reactions
January 2026	48	71	50 (includes Comments)	4	45
February 2026	52	141	62 (includes Comments)	6	34
March 2026	50	73	105 (includes Comments)	5	25
April 2026	66	131	58 (includes Comments)	10	43
May 2026	106	25	68 (includes Comments)	16	47

* Clicks = number of times an individual clicked on a link provided in a post; however, FB only tracks clicks for posts that reach a minimum engagement level of 30. Engagements = any action a person takes on our post including shares, comments and reactions.

Month/Yr	Posts	Clicks	Engagements	Retweets	Liked posts
January 2026	50	27	6	2	4
February 2026	52	0	23 (includes Comments)	6	16
March 2026	46	0	8 (includes Comments)	0	7
April 2026	57	0	14 (includes Comments)	3	9
May 2026	50	0	11 (No Comments)	3	8
May 2026	50	0	11 (includes Comments)	2	8

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

Month/Yr	Posts	Clicks	Engagements	Comments	Liked posts
April 2026	6	0	0	0	26
May 2026	5	0	0	0	12

YouTube

Month	Views	Watch time (hours)	Avg. view duration	Avg. % viewed	Unique viewers
January 2026	8,068	670.3	4:59	22.1%	6,011
February 2026	7,795	696.6	5:21	20%	5,686
March 2026	9,128	889.7	5:50	20.7%	6,616
April 2026	8,639	1,001.0	6:42	21.9%	6,412
May 2026	7,757	765.8	5:40	20.8%	6,152

Understanding the YouTube Analytics

- **Views:** number of times your videos were viewed
- **Watch Time:** total number of hours your videos were watched by viewers
- **Average View Duration:** total watch time of your video divided by the total number of video plays, including replays. This metric measures your video's ability to engage viewers. The higher the view duration, the more engaging the videos.
- **Average Pct Viewed:** the percent of each video the average viewer watched. It measures your video's ability to hold viewers' attention for its entirety. YouTube generally rewards videos that can hold people's attention with higher search and recommendation rankings.
- **Unique viewers:** the estimated number of individuals who watch your videos over a certain period of time. It helps determine the size of our audience.

Top 25 videos for May 2026

Content / Duration / Publish date	Views ↓	Watch time (hours)	Average view duration	Average per-centage viewed	Unique viewers
Total	**7,757**	**765.8**	**5:40**	**20.8%**	**6,152**
3:24 Help For Texans	3,692 47.6%	95.9 12.5%	1:33	45.8%	3,414 55.5%
4:09 Reasonable Accommodations in Texas	1,372 17.7%	72.1 9.4%	3:09	76.0%	1,296 21.1%
6:18 Assistance Animals in Texas	1,304 16.8%	93.1 12.2%	4:17	68.0%	1,198 19.5%
0:52 Texas Homebuyer Program introduction	273 3.5%	3.4 0.4%	0:44	85.6%	264 4.3%
1:53 First Time Homebuyers…Save Money on your Income T…	186 2.4%	4.6 0.6%	1:29	79.3%	174 2.8%
6:04:10 Housing Tax Credit Training	112 1.4%	85.9 11.2%	46:01	12.6%	47 0.8%
5:38:57 Income Determination Training	96 1.2%	39.9 5.2%	24:55	7.4%	64 1.0%
37:47 May Coffee Chat - May 19, 2026	62 0.8%	17.0 2.2%	16:26	43.5%	54 0.9%
57:53 Assistance Animals and Fair Housing Refresher	47 0.6%	5.7 0.7%	7:13	12.5%	32 0.5%

	Fair Housing 101: An Overview of Fair Housing in Texa...	43	0.6%	9.9	1.3%	13:49	13.5%	27	0.4%
	Fair Housing Month 2026: Overview of Fair Housing	38	0.5%	6.2	0.8%	9:43	10.7%	29	0.5%
	Fair Housing Month 2026: Reasonable Accommodatio...	35	0.5%	6.6	0.9%	11:23	10.5%	29	0.5%
	Fair Housing 101: The Basics of Fair Housing in Texas	34	0.4%	5.1	0.7%	8:58	8.5%	14	0.2%
	HFC Lunch and Learn Session 1: Definitions and Repor...	34	0.4%	5.0	0.7%	8:47	11.6%	29	0.5%
	2025 Income Determination Training	32	0.4%	17.4	2.3%	32:42	10.5%	24	0.4%
	Income Determination Training Webinar - Jan. 4, 2024	28	0.4%	56.3	7.4%	2:00:34	35.1%	9	0.2%
	Tax Exempt Bond Program (BOND) Training	27	0.4%	21.9	2.9%	48:42	29.3%	7	0.1%
	April Coffee Chat	27	0.4%	6.0	0.8%	13:24	40.8%	23	0.4%
	Office Hours - Housing Finance Corporation (HFC) upd...	26	0.3%	16.1	2.1%	37:09	41.4%	16	0.3%
	HFC Lunch and Learn Session 3 - Audit Report Require...	23	0.3%	2.1	0.3%	5:21	8.0%	21	0.3%
	Office Hours: A Discussion about Rule Changes and H...	22	0.3%	6.8	0.9%	18:25	21.0%	17	0.3%
	811 PRA: Written Policies and Procedures training	21	0.3%	7.3	1.0%	20:49	17.3%	13	0.2%
	Service Animals, Emotional Support Animals and the F...	20	0.3%	3.3	0.4%	9:48	12.1%	16	0.3%
	Adjusted Income Webinar - Jan. 12, 2024	20	0.3%	17.8	2.3%	53:26	62.6%	6	0.1%
	Supportive Services, LURA discussion webinar	19	0.2%	7.5	1.0%	23:31	25.7%	12	0.2%

TDHCA Outreach May 2026

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

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
Compliance	May 6	HFC Lunch and Learn Session 1	85
Compliance	May 8	Office Hours: Rule Changes and HOME 2025	99
Compliance	May 13	HFC Lunch and Learn Session 2	65
Compliance	May 20	HFC Lunch and Learn Session 3	57

Compliance	May 27	HFC Lunch and Learn Session 4	73

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1508 **Agenda Date:** 7/9/2026 **Agenda #:** 19.

Executive Director’s Report

ORAL PRESENTATION

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1525 **Agenda Date:** 7/9/2026 **Agenda #:** 20.

Presentation, discussion, and possible action on State Fiscal Year 2027 Homeless Housing and Services Program Awards.

RECOMMENDED ACTION

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

WHEREAS, the Texas Legislature has, through the enactment of House Bill (HB) 1 (89th Legislature), provided General Revenue funds of $6,299,984 each year of the biennium for HHSP;

WHEREAS, HB 1 included Rider 14, designating $1,500,000 of HHSP funds each year of the biennium to provide services to unaccompanied homeless youth and homeless young adults 24 years of age and younger to be distributed through a youth set-aside within HHSP;

WHEREAS, after a reduction of $72,000 for annual Department administrative expenses, funds in the amount of $4,727,984 are available for award for the HHSP general set-aside;

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

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

WHEREAS, the City of San Antonio did not timely submit the resolution required by 10 TAC §7.22 designating Haven for Hope as the administrator of the City's SFY 2027 HHSP General Set-Aside allocation; therefore, the City's General Set-Aside allocation is not included in this recommended award and may be presented to the Board for consideration upon receipt of the required resolution; and

WHEREAS, as of the date of this action, the cities of Austin, Dallas, and Houston have not submitted the resolutions required by 10 TAC §7.22;

WHEREAS, the Previous Participation Review Approval Process (PPRAP) included a review of award and compliance history, and recommends approval of the 2027 HHSP awards to the City of Arlington, City of Corpus Christi, City of El Paso, City of Fort Worth, and City of Plano, with no conditions; and

WHEREAS, the PPRAP included a review of the award and compliance history, and recommends approval of the 2027 HHSP awards to the City of Austin, City of Dallas, and City of Houston conditioned upon submission of a resolution, in accordance with 10 TAC §7.22, no later than August 31, 2026;

NOW, therefore, it is hereby

RESOLVED, that the Director and his designees be, and each of them hereby is, authorized, empowered, and directed, for and on behalf of the Department, to take any and all actions necessary or advisable to effectuate the award of SFY 2027 HHSP funds in the amounts reflected in Attachment A to the cities of Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Plano, and San Antonio, or their designee.

BACKGROUND

HHSP funding is allocated to municipalities with a population of 285,500 or greater for the provision of homeless assistance and homeless prevention activities. HB 1 passed in Regular Session by the 89th Texas Legislature authorized state general revenue funding totaling $12,599,968 over the biennium for HHSP. Rider 14 requires that of the total authorized funds, $3,000,000 is set-aside for provision of HHSP homeless assistance to youth under the age of 25. The Department programmed $9,455,968 of the funds to be awarded to HHSP eligible Subrecipients and retained the remaining $144,000 ($72,000 per year) for its administration.

The Department administers HHSP in accordance with Tex. Gov't Code §2306.2585 and 10 TAC Chapters 1 and 2, and Chapter 7, Subchapters A and B. Allowable activities include case management for households experiencing or at-risk of homelessness; construction, conversion, or rehabilitation of structures targeted to serving Homeless persons or persons at-risk of homelessness; essential services for Homeless persons or persons at risk of homelessness; provision of direct services; operation of emergency shelters or administrative facilities; and other Homeless-related activity, as approved by the Department in writing. For the HHSP youth set aside funds, Rider 14 specifically lists eligible services as case management, emergency

shelter, street outreach, and transitional living.

In accordance with 10 TAC §7.21, Purpose and Use, HHSP provides funding to municipalities eligible for an award based on their population, as determined by the most recent available One Year American Community Survey (ACS). HHSP is allocated to Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Plano, and San Antonio. The allocation formula outlined in 10 TAC §7.23 resulted in the allocations shown in Attachment A. The most recent full Point-In-Time Count as referenced in 10 TAC §7.23, which includes a full demographic count for sheltered and unsheltered persons, was conducted in 2024; therefore, the Department utilized the 2024 Point-In-Time Count in allocating the HHSP funds.

In accordance with 10 TAC §7.22, a municipality eligible for an HHSP allocation may designate a nonprofit organization to administer HHSP funds on its behalf. The City of San Antonio has designated Haven for Hope to administer its SFY 2027 General Set-Aside allocation; however, the required resolution was not submitted to the Department timely for previous participation to be conducted prior to this meeting. Therefore, the Department is not recommending award of the City's General Set-Aside allocation at this time. The allocation will be held pending receipt and approval of the required documentation. The City of San Antonio will administer its Youth Set-Aside allocation directly.

In accordance with the Previous Participation Rule at 10 TAC §1.302, all HHSP applicants underwent a review of compliance history and prior program performance before being presented for Board consideration. Based on that review, the PPRAP recommends approval of awards to the City of Arlington, City of Corpus Christi, City of El Paso, City of Fort Worth, and City of Plano with no conditions. The PPRAP also recommends approval of awards to the City of Austin, City of Dallas, City of El Paso, City of Houston, and the City of San Antonio’s Youth Set-Aside allocation each with the condition described herein.

The effective contract term for both HHSP general funds and HHSP youth set-aside funds will be September 1, 2026, through August 31, 2027, unless an alternative term is requested by the Subrecipient and approved by the Department. In all cases, contracts must be executed and begin no later than November 30, 2026.

ATTACHMENT A

2027 Homeless Housing and Services Program Award Log

	HHSP Subrecipient	General Set-Aside	Youth Set-Aside	Award Total
1	City of Arlington	$ 188,955.00	$ 63,982.00	$ 252,937.00
2	City of Austin	$ 558,993.00	$ 165,412.00	$ 724,405.00
3	Corpus Christi	$ 204,289.00	$ 53,806.00	$ 258,095.00
4	City of Dallas	$ 677,635.00	$ 211,413.00	$ 889,048.00
5	City of El Paso	$ 352,693.00	$ 127,778.00	$ 480,471.00
6	City of Fort Worth	$ 475,534.00	$ 161,373.00	$ 636,907.00
7	City of Houston	$ 1,280,055.00	$ 409,258.00	$ 1,689,313.00
8	City of Plano	$ 121,118.00	$ 37,516.00	$ 158,634.00
9	City of San Antonio		$ 269,462.00	$ 269,462.00
	Total	**$ 3,859,272.00**	**$ 1,500,000.00**	**$ 5,359,272.00**

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1504 **Agenda Date:** 7/9/2026 **Agenda #:** 21.

Report on the issuance of TDHCA Residential Mortgage Revenue Bonds 2026 Series B (Non-AMT)

BACKGROUND

On October 9, 2025, the TDHCA Governing Board approved Resolution 26-01 authorizing the issuance of Mortgage Revenue Bonds for Fiscal Year 2026, in an amount not to exceed $1.1 billion.

RMRB 2026 B Bonds

The Department issued $250 million Residential Mortgage Revenue Bonds Series 2026 B.

April 24, 2026	Preliminary Official Statement Released
May 4, 2026	Bonds Priced and Bond Purchase Agreement Executed
May 11, 2026	Official Statement Released
June 9, 2026	Bond Closing

Premium & Issuer Contribution

Premium received was $8,623,220 for total bond proceeds of $265,362,519.99. The premium will fund down payment and closing cost assistance for loans originated through this bond issuance, as well as a portion of the lender compensation. Issuer Contribution was $6,739,299.99

Recycled Volume Cap

The Department utilized $47,225,000 in recycled volume cap and that portion of the proceeds was used to repay amounts owed under the Advances and Security Agreement between the Federal Home Loan Bank and the Department representing recycled repayments from January 1, 2026, through April 1, 2026.

Use of Proceeds

The proceeds of the RMRB Series 2026 B Bonds will be used to finance the purchase of tax-exempt eligible mortgage loans, including down payment assistance second loans, made to low to moderate income first-time homebuyers and veterans, and to pay a portion of the costs of issuance of the RMRB Series 2026 B Bonds.

Bond Structure

The 2026B Non-AMT bonds are structured with semi-annual par serial bonds from 7/1/2027 through 7/1/2038, par term bonds due in 2041, 2046, 2051 and 2056, and a 6.0 year average life Premium PAC bond structured pro rata @ 50% - 500% PSA to yield 3.72%.

Ratings

Moody's: Aa1
S&P: AA+

Borrowing Costs
Net NIC 4.957389%
Net TIC 4.846460%

2026 A Mortgage Loans
Mortgage loans will be 30-year, fixed rate loans guaranteed by FHA, VA, or USDA and pooled into Ginnie Mae MBS.

Down Payment Assistance
Borrowers have the choice of unassisted loans with no down payment assistance (DPA), or three points of DPA, or four points of DPA. DPA is offered as a 0% interest, non-amortizing, 30-year repayable second mortgage loan that is due on sale, refinance, or pay-off of the first loan.

Rates
Unassisted first mortgage loans from this transaction are currently offered at 5.750%, while 3% repayable DPA loans are 6.000% and 4% repayable DPA loans are 6.125%. Targeted Area loans are offered 1/8th lower.

Financing Team
The financing team consisted of Bracewell LLP as Bond Counsel; McCall, Parkhurst & Horton, L.L.P. as Disclosure Counsel; CSG Advisors as Financial Advisor; and an underwriting team led by RBC Capital Markets as Book Running Senior Manager, Morgan Stanley, and Jefferies as co-senior managers, with Ramirez & Co., Inc., Wells Fargo Securities, J.P. Morgan, and Loop Capital Markets LLC, Fidelity and Bank of America Securities as co-managers.

As of May 28, 2026, these funds were fully reserved.

Exhibits
Attached is a detailed summary of the pricing that was prepared by RBC Capital Markets.

$250,000,000

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds

Series 2026B (Non-AMT)

Final Pricing Book

Retail Pricing: May 4, 2026
Institutional Pricing: May 4, 2026
Closing: June 9, 2026

Prepared By

RBC Capital Markets

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SECTION 1
Overview of Financing

EXECUTIVE SUMMARY

Timing and Underwriting	**Retail Order Period:**	Monday, May 4, 2026
	Institutional Pricing:	Monday, May 4, 2026
	Closing Date:	Tuesday, June 9, 2026
	Method of Sale:	Negotiated
Underwriters	**Senior Manager:**	RBC Capital Markets, LLC
	Co-Senior Managers:	Jefferies LLC Morgan Stanley
	Co-Managers:	J.P. Morgan Loop Capital Markets Ramirez & Co., Inc. Fidelity Capital Markets Wells Fargo Securities BofA Securities Inc.

Use of Proceeds

The Series 2026B Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates, including providing down payment and closing cost assistance for Assisted Mortgage Loans, and repaying and/or currently refunding the repaid FHLB advances. The Mortgage Certificates purchased with the proceeds of the Series 2026B Bonds will be guaranteed as to timely payment of principal and interest by Government National Mortgage Association.

Bond Structure

The 2026B Non-AMT bonds are structured with semi-annual par serial bonds from 7/1/2027 through 7/1/2038, par term bonds due in 2041, 2046, 2051 and 2056, and a 6.0 year average life Premium PAC bond structured pro rata @ 50% - 500% PSA to yield 3.72%.

Ratings

Moody's: Aa1
S&P: AA+

Bondholder Security

Principal or Redemption Price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money and Investment Securities held in the Funds (excluding the Rebate Fund), and other property pledged under the Trust Indenture and any Supplemental Indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees) which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any Supplemental Indenture. Revenues do not include payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to

be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Master Servicer to the Department in connection with a commitment to sell and deliver Mortgage Loans (including Mortgage Certificates) to the Department.

Investment of Proceeds

Moneys in all Funds will be invested pursuant to the Depository Agreement with the Texas Treasury Safekeeping Trust Company in Investment Securities. Moneys held or invested in all Funds and Accounts under the Trust Indenture (other than the Rebate Fund) are for the equal and ratable benefit of all owners of the Bonds.

Results of Sale

Bond Issue Component Series 2026B		**Buyer Profile by Allotments**
$33,940,000 7/2027 – 7/2038 Par Serial Bonds	Retail: Institutional:	88% 12%
$ 13,855,000 7/2041 Term Bonds	Retail: Institutional:	22% 78%
$29,975,000 7/2046 Par Term Bonds	Retail: Institutional:	49% 51%
$41,315,000 7/2051 Term Bonds	Retail: Institutional:	1% 99%
$56,915,000 7/2056 Term Bonds	Retail: Institutional:	9% 91%
$74,000,000 1/2057 Premium PAC Bonds	Retail: Institutional:	0% 100%

Borrowing Cost

Bond Arbitrage Yield
Series 2026B 4.3464%

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 24, 2026

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS
Moody's: "Aa1"
S&P: "AA+"
(See "RATINGS" herein)

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, interest on the Series 2026B Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2026B BONDS" herein, including information regarding potential alternative minimum tax consequences for corporations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$250,000,000*
Residential Mortgage Revenue Bonds,
Series 2026B
("Series 2026B Bonds")

Dated Date/Delivery Date:	June 9, 2026*
Due:	July 1 and January 1, as shown on the inside cover.
Interest Payment Dates:	Interest accrued on the Series 2026B Bonds (the "Series 2026B Bonds") will be payable on each July 1 and January 1, commencing January 1, 2027* as described herein.
Interest Rates:	Payable at the rates as shown on the inside cover.
Redemption:	The Series 2026B Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2026B BONDS – Redemption Provisions."
Denominations:	The Series 2026B Bonds will be available to purchasers in book-entry form only in denominations of $5,000 or any integral multiple thereof as described herein.
Tax Matters:	Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2026B Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2026B Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2026B BONDS" herein.
Purpose:	The Series 2026B Bonds are being issued for the primary purpose of (i) acquiring Mortgage Loans (as defined herein), or participations therein, through the purchase of mortgage-backed, pass-through certificates (the "2026B Mortgage Certificates"), including providing down payment and closing cost assistance for Assisted Mortgage Loans (as defined herein), (ii) paying lender compensation related to the 2026B Mortgage Loans (as defined herein), (iii) repaying and/or currently refunding the Repaid FHLB Advances (as defined herein), thereby providing funds for purposes (i)-(ii), and (iv) paying Costs of Issuance (as defined herein). The 2026B Mortgage Certificates will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See "APPENDIX B-1 – GNMA AND THE GNMA CERTIFICATES."
Security:	The Series 2026B Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture (as defined herein) are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. The Series 2026B Bonds are limited obligations of the Texas Department of Housing and Community Affairs (the "Department") and are payable solely from the revenues and funds pledged for the payment thereof as more fully described herein. Neither the State of Texas (the "State") nor any agency of the State, other than the Department, nor the United States of America or any agency, department or other instrumentality thereof, including Ginnie Mae, is obligated to pay the principal or Redemption Price of or interest on the Series 2026B Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae guarantees only the payment of the principal of and interest on the Ginnie Mae Certificates when due and does not guarantee the payment of the Series 2026B Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."
Book-Entry Only System:	The Series 2026B Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX G – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel:	Bracewell LLP
Disclosure Counsel:	McCall, Parkhurst & Horton L.L.P.
Underwriters' Counsel:	Chapman and Cutler LLP
Municipal Advisor:	CSG Advisors

RBC Capital Markets

Morgan Stanley **Jefferies**

J.P. Morgan **Loop Capital Markets** **Ramirez & Co., Inc.**

Wells Fargo Securities **Fidelity Capital Markets** **BofA Securities, Inc.**

* Preliminary, subject to change.

MATURITY SCHEDULE*

$33,940,000 Series 2026B Serial Bonds

Maturity Date	Principal Amount ($)	Interest Rate	Price	CUSIP(1)
July 1, 2027	1,010,000			
January 1, 2028	1,040,000			
July 1, 2028	1,075,000			
January 1, 2029	1,110,000			
July 1, 2029	1,150,000			
January 1, 2030	1,190,000			
July 1, 2030	1,225,000			
January 1, 2031	1,270,000			
July 1, 2031	1,310,000			
January 1, 2032	1,350,000			
July 1, 2032	1,395,000			
January 1, 2033	1,445,000			
July 1, 2033	1,490,000			
January 1, 2034	1,540,000			
July 1, 2034	1,590,000			
January 1, 2035	1,640,000			
July 1, 2035	1,695,000			
January 1, 2036	1,750,000			
July 1, 2036	1,810,000			
January 1, 2037	1,870,000			
July 1, 2037	1,930,000			
January 1, 2038	1,995,000			
July 1, 2038	2,060,000			

$13,855,000 _____% Series 2026B Term Bond due July 1, 2041 Price _____% CUSIP(1) _____

$29,975,000 _____ % Series 2026B Term Bond due July 1, 2046 Price _____% CUSIP(1) _____

$41,315,000 _____% Series 2026B Term Bond due July 1, 2051 Price _____% CUSIP(1) _____

$56,915,000 _____% Series 2026B Term Bond due July 1, 2056 Price _____% CUSIP(1) _____

$74,000,000 _____% Series 2026B Premium PAC Term Bond due January 1, 2057 Price _____% CUSIP(1) _____

(Interest Accrues from Date of Delivery)

* *Preliminary, subject to change.*

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Department, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

OFFICIAL STATEMENT DATED MAY 4, 2026

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS
Moody's: "Aa1"
S&P: "AA+"
(See "RATINGS" herein)

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, interest on the Series 2026B Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2026B BONDS" herein, including information regarding potential alternative minimum tax consequences for corporations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$250,000,000
Residential Mortgage Revenue Bonds,
Series 2026B
("Series 2026B Bonds")

Dated Date/Delivery Date:	June 9, 2026
Due:	July 1 and January 1, as shown on the inside cover.
Interest Payment Dates:	Interest accrued on the Series 2026B Bonds will be payable on each July 1 and January 1, commencing January 1, 2027 as described herein.
Interest Rates:	Payable at the rates as shown on the inside cover.
Redemption:	The Series 2026B Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2026B BONDS – Redemption Provisions."
Denominations:	The Series 2026B Bonds will be available to purchasers in book-entry form only in denominations of $5,000 or any integral multiple thereof as described herein.
Tax Matters:	Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2026B Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2026B Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2026B BONDS" herein.
Purpose:	The Series 2026B Bonds are being issued for the primary purpose of (i) acquiring Mortgage Loans (as defined herein), or participations therein, through the purchase of mortgage-backed, pass-through certificates (the "2026B Mortgage Certificates"), including providing down payment and closing cost assistance for Assisted Mortgage Loans (as defined herein), (ii) paying lender compensation related to the 2026B Mortgage Loans (as defined herein), (iii) repaying and/or currently refunding the Repaid FHLB Advances (as defined herein), thereby providing funds for purposes (i)-(ii), and (iv) paying Costs of Issuance (as defined herein). The 2026B Mortgage Certificates will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See "APPENDIX B-1 – GNMA AND THE GNMA CERTIFICATES."
Security:	The Series 2026B Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture (as defined herein) are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. The Series 2026B Bonds are limited obligations of the Texas Department of Housing and Community Affairs (the "Department") and are payable solely from the revenues and funds pledged for the payment thereof as more fully described herein. Neither the State of Texas (the "State") nor any agency of the State, other than the Department, nor the United States of America or any agency, department or other instrumentality thereof, including Ginnie Mae, is obligated to pay the principal or Redemption Price of or interest on the Series 2026B Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae guarantees only the payment of the principal of and interest on the Ginnie Mae Certificates when due and does not guarantee the payment of the Series 2026B Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."
Book-Entry Only System:	The Series 2026B Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX G – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel:	Bracewell LLP
Disclosure Counsel:	McCall, Parkhurst & Horton L.L.P.
Underwriters' Counsel:	Chapman and Cutler LLP
Municipal Advisor:	CSG Advisors

RBC Capital Markets

Morgan Stanley **Jefferies**

J.P. Morgan **Loop Capital Markets** **Ramirez & Co., Inc.**

Wells Fargo Securities **Fidelity Capital Markets** **BofA Securities, Inc.**

MATURITY SCHEDULE

$33,940,000 Series 2026B Serial Bonds

Maturity Date	Principal Amount ($)	Interest Rate	Price	CUSIP[1]
July 1, 2027	1,010,000	2.700%	100.000%	882750T44
January 1, 2028	1,040,000	2.800%	100.000%	882750T51
July 1, 2028	1,075,000	2.850%	100.000%	882750T69
January 1, 2029	1,110,000	2.900%	100.000%	882750T77
July 1, 2029	1,150,000	2.950%	100.000%	882750T85
January 1, 2030	1,190,000	3.000%	100.000%	882750T93
July 1, 2030	1,225,000	3.050%	100.000%	882750U26
January 1, 2031	1,270,000	3.050%	100.000%	882750U34
July 1, 2031	1,310,000	3.100%	100.000%	882750U42
January 1, 2032	1,350,000	3.250%	100.000%	882750U59
July 1, 2032	1,395,000	3.300%	100.000%	882750U67
January 1, 2033	1,445,000	3.350%	100.000%	882750U75
July 1, 2033	1,490,000	3.400%	100.000%	882750U83
January 1, 2034	1,540,000	3.500%	100.000%	882750U91
July 1, 2034	1,590,000	3.550%	100.000%	882750V25
January 1, 2035	1,640,000	3.600%	100.000%	882750V33
July 1, 2035	1,695,000	3.700%	100.000%	882750V41
January 1, 2036	1,750,000	3.750%	100.000%	882750V58
July 1, 2036	1,810,000	3.800%	100.000%	882750V66
January 1, 2037	1,870,000	3.850%	100.000%	882750V74
July 1, 2037	1,930,000	3.950%	100.000%	882750V82
January 1, 2038	1,995,000	4.000%	100.000%	882750V90
July 1, 2038	2,060,000	4.000%	100.000%	882750W24

$13,855,000 4.250% Series 2026B Term Bond due July 1, 2041 Price 100.000% CUSIP[1] 882750W32
$29,975,000 4.700 % Series 2026B Term Bond due July 1, 2046 Price 100.000% CUSIP[1] 882750W40
$41,315,000 4.750% Series 2026B Term Bond due July 1, 2051 Price 100.000% CUSIP[1] 882750W57
$56,915,000 4.800% Series 2026B Term Bond due July 1, 2056 Price 100.000% CUSIP[1] 882750W65
$74,000,000 6.000% Series 2026B Premium PAC Term Bond due January 1, 2057 Price 111.653% CUSIP[1] 882750W73

(Interest Accrues from Date of Delivery)

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MARKET CONDITIONS AND COMMENTARY

Market Conditions

- On the day of pricing, May 4, 2026, bond market conditions remained volatile as uncertainty stemming from the war in Iran and the prolonged closure of the Strait of Hormuz continued to drive tenuous investor sentiment.
- US equities rallied the week prior, propelled by strong corporate earnings and positive sentiment around AI investment.
- The DJIA rose 0.6%, while the S&P500 and Nasdaq closed out the week at new historic highs, gaining 0.9% and 1.1%, respectively.
- A divided FOMC left rates unchanged on the Wednesday prior to pricing, with four officials dissenting – the highest since 1992.
- First-quarter GDP grew at an annual rate of 2.0%, below the Bloomberg consensus of 2.3% but up from 0.5% during Q4 ’25.
- Municipal primary supply totaled $9.1bn the week prior to pricing, and pricing results were inconsistent; the 2-9 year range continued to struggle on many transactions.
- TDHCA had a bit of company the week it priced including Iowa, Nebraska, Washington and Minnesota with single family bond issues and Florida and Jefferson County with multifamily / short term bonds.

Commentary

- RBC entered the market on Monday, May 4th with a retail order period and was greeted with a positive reception, especially for the early serials, which was encouraging given the struggle the prior week for that front end of the curve.
- Given the healthy response from investors during the retail order period coupled with the growing concern of how markets would respond to the potential breakdown of negotiations with Iran and continued closure of the Strait, RBCCM recommended to accelerate into an institutional order period that afternoon.
- The 2026B Bonds were roughly 1.95x oversubscribed (excluding member orders), generating $465MM in orders in which 36 different institutional investors participated along with individual investors.
- $47.75MM of retail orders were placed, including $11MM of Texas retail.
- The long term bonds were on average 2.9x oversubscribed.
- The 2026B PAC bond was 1.2x oversubscribed with 6 investors.
- The resulting overall bond yield allowed TDHCA to offer a base mortgage rate of 5.839% and offer a competitive loan program throughout 2026.

PARTICIPANTS

Issuer	Texas Department of Housing and Community Affairs
Bond Counsel	Bracewell LLP
Disclosure Counsel	McCall, Parkhurst & Horton, L.L.P.
Financial Advisor	CSG Advisors
Senior Manager	RBC Capital Markets, LLC
Co-Senior Managers	Jefferies LLC Morgan Stanley
Co-Managers	J.P. Morgan Loop Capital Markets Ramirez & Co. Inc. Wells Fargo Securities Fidelity Capital Markets BofA Securities Inc.
Underwriter's Counsel	Chapman and Cutler LLP
Trustee	The Bank of New York Mellon Trust Company, N.A.
Trustee's Counsel	McGuire, Craddock & Strother, P.C.
Master Servicer	The Money Source, Inc. (TMS)
Rating Agencies	Moody's Investors Service Standard & Poor's Rating Services
Printer	ImageMaster

GROSS SPREAD

	2026B	TOTAL/BOND
	$250,000,000	
Management Fee Schedule		
Underwriting Fee		
Takedown	1,439,287.50	5.757
Management Fee	125,000.00	0.500
Expenses	86,482.49	0.346
Total UW Fee	**$1,650,769.99**	**$6.603**

BREAKDOWN OF SYNDICATE EXPENSES

	2026B	TOTAL/BOND
	$250,000,000	
Underwriting Expense Schedule		
Day Loan	**6,944.44**	**0.03**
CUSIP	**1,163.00**	**0.00**
Ipreo	**25,600.05**	**0.10**
DTC Fees	**975.00**	**0.00**
UW Counsel	**50,000.00**	**0.20**
DAC Fee	**800.00**	**0.00**
T&E& Misc.	**1,000.00**	**0.00**
Total Underwriter Expenses	**$86,482.49**	**$0.346**

SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	
	2026B
Par Amount of Bonds - New Allocatoin	$ 202,775,000.00
Par Amount of Bonds - Recycled Volume Cap	47,225,000.00
Bond Premium	8,623,220.00
Issuer Contribution	6,739,299.99
TOTAL SOURCES	**$ 265,362,519.99**
USES OF FUNDS	
Mortgage Loan Account for MBS Purchase	$ 250,000,000.00
Mortgage Loan Account for 2nd Mortgage Loans	7,650,000.00
Lender Compensation	5,000,000.00
Servicing of Second Mortgage Loans	103,750.00
Underwriter Compensation	1,650,769.99
Costs of Issuance	958,000.00
TOTAL USES	**$ 265,362,519.99**

SECTION 2
Pricing Information

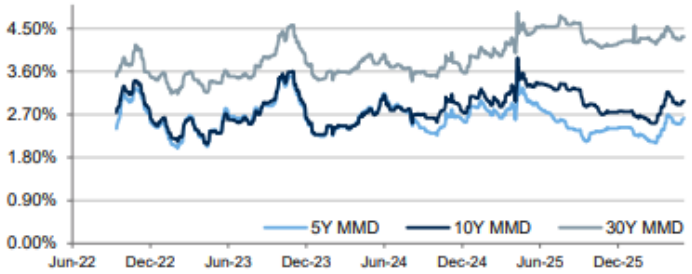
RBC Capital Markets - Municipal Markets Daily

May 4, 2026

MMD Change

Change in MMD

	5/4/2026	Daily Δ (bps)	Weekly Δ (bps)
3yr MMD	2.49	2	12
5yr MMD	2.62	2	11
7yr MMD	2.75	1	11
10yr MMD	2.98	0	7
30yr MMD	4.33	0	6



Market Commentary

- USTs and equity indices struggled today as conflict in the Middle East resumed with the US and Iran exchanging fire in the Persian Gulf, driving oil prices higher and renewing inflationary concerns.
- Tax-exempt benchmark yields fell 1bp in 2027, were unchanged in 2028, rose 2bps in 2029-2031, rose 1bp in 2032-2034, and were unchanged in 2035-2056.
- The municipal primary market saw limited issuance on Monday, but high-grade deals were well-received despite the weaker tone in USTs. Tuesday's calendar is expected to total $6.8bn, the heaviest day in a $13bn week of supply.
- Municipal secondary trading saw lighter flows with most investors concentrated on heavier primary supply expected in the coming days. The market exhibited a weaker tone given the sharp selloff in government bonds.
- EPFR reported roughly $1.4 billion of aggregate daily inflows, as of 5/01. All fund categories saw inflows.

U.S. Treasury Rates

Change in Treasuries

	5/4/2026	Daily Δ (bps)	Weekly Δ (bps)
3yr UST	3.98	7	15
5yr UST	4.08	6	14
7yr UST	4.26	6	12
10yr UST	4.45	6	10
30yr UST	5.02	5	8

Change in MMD/UST Ratio

	5/4/2026	Daily Δ (%)	Weekly Δ (%)
3yr Ratio	63%	-1%	1%
5yr Ratio	64%	0%	1%
7yr Ratio	65%	-1%	1%
10yr Ratio	67%	-1%	0%
30yr Ratio	86%	-1%	0%

Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
Factory Orders	International Trade in Goods and Services	MBA Mortgage Applications	Challenger Job-Cut Report	Employment Situation
	PMI Composite Final	ADP Employment Report	Jobless Claims	Consumer Sentiment
	ISM Services Index	Treasury Refunding Announcement	Productivity and Costs	Baker Hughes Rig Count
	JOLTS	EIA Petroleum Status Report	EIA Natural Gas Report	
			Consumer Credit	
			Fed Balance Sheet	

Market Moving Indicators

MMD stands for Municipal Market Data; which is the daily index off of which all municipal bonds are priced.

Sources: RBC Capital Markets as of May 4, 2026, Refinitiv, Bloomberg, https://www.treasury.gov/resource-center, https://us.econoday.com/byweek.asp?cust=us

RBC Capital Markets

Disclaimer

Sources include: https://www.rbccm.com/assets/rbccm/docs/uploads/2022/RBCCM_Muni_Markets_Weekly_Newsletter.pdf, http://www.rbc.com/economics/, RBC Capital Markets.

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RBC Capital Markets

$250MM TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SERIES 2026B

			RBC		MS		Jeff		JPM		Loop		Ramirez		Wells		Fidelity		BOFA		Consensus	
Maturity	**Structure**	**5/1 MMD**	**Yield**	**Spread**	**Yield**	**Spread**	**Yield**	**Spread**	**Yield**	**Spread**	**Yield**	**Spread**	**Yield**	**Spread**	**Yield**	**Spread**	**Yield**	**Spread**	**Yield**	**Spread**	**Yield**	**Spread**
7/1/2027	1,010	2.550	2.750	0.200	2.800	0.250	2.750	0.200	2.800	0.250	2.750	0.200	2.750	0.200	2.750	0.200	2.750	0.200	2.800	0.250	2.750	0.200
1/1/2028	1,040	2.470	2.800	0.330	2.850	0.380	2.800	0.330	2.850	0.380	2.800	0.330	2.800	0.330	2.800	0.330	2.800	0.330	2.850	0.380	2.800	0.330
7/1/2028	1,075	2.470	2.850	0.380	2.900	0.430	2.850	0.380	2.900	0.430	2.850	0.380	2.875	0.405	2.850	0.380	2.850	0.380	2.900	0.430	2.850	0.380
1/1/2029	1,110	2.470	2.900	0.430	2.950	0.480	2.900	0.430	2.900	0.430	2.900	0.430	2.900	0.430	2.900	0.430	2.850	0.380	2.950	0.480	2.900	0.430
7/1/2029	1,150	2.480	2.950	0.470	2.950	0.470	2.950	0.470	2.950	0.470	2.950	0.470	2.950	0.470	2.950	0.470	2.900	0.420	3.000	0.520	2.950	0.470
1/1/2030	1,190	2.500	3.000	0.500	3.000	0.500	3.000	0.500	3.000	0.500	3.000	0.500	3.000	0.500	3.000	0.500	2.950	0.450	3.050	0.550	3.000	0.500
7/1/2030	1,225	2.540	3.050	0.510	3.050	0.510	3.100	0.560	3.050	0.510	3.050	0.510	3.050	0.510	3.100	0.560	3.000	0.460	3.150	0.610	3.050	0.510
1/1/2031	1,270	2.580	3.100	0.520	3.100	0.520	3.150	0.570	3.100	0.520	3.100	0.520	3.100	0.520	3.150	0.570	3.100	0.520	3.200	0.620	3.100	0.520
7/1/2031	1,310	2.610	3.125	0.515	3.150	0.540	3.200	0.590	3.150	0.540	3.150	0.540	3.150	0.540	3.200	0.590	3.150	0.540	3.250	0.640	3.125	0.515
1/1/2032	1,350	2.640	3.250	0.610	3.250	0.610	3.300	0.660	3.250	0.610	3.300	0.660	3.300	0.660	3.300	0.660	3.300	0.660	3.350	0.710	3.250	0.610
7/1/2032	1,395	2.700	3.300	0.600	3.300	0.600	3.350	0.650	3.350	0.650	3.350	0.650	3.350	0.650	3.350	0.650	3.350	0.650	3.400	0.700	3.300	0.600
1/1/2033	1,445	2.730	3.350	0.620	3.350	0.620	3.400	0.670	3.400	0.670	3.400	0.670	3.400	0.670	3.400	0.670	3.500	0.770	3.450	0.720	3.350	0.620
7/1/2033	1,490	2.740	3.400	0.660	3.400	0.660	3.450	0.710	3.450	0.710	3.450	0.710	3.450	0.710	3.450	0.710	3.450	0.710	3.500	0.760	3.400	0.660
1/1/2034	1,540	2.770	3.500	0.730	3.500	0.730	3.550	0.780	3.550	0.780	3.550	0.780	3.550	0.780	3.550	0.780	3.550	0.780	3.600	0.830	3.500	0.730
7/1/2034	1,590	2.810	3.550	0.740	3.550	0.740	3.650	0.840	3.650	0.840	3.600	0.790	3.600	0.790	3.600	0.790	3.600	0.790	3.650	0.840	3.550	0.740
1/1/2035	1,640	2.870	3.600	0.730	3.600	0.730	3.700	0.830	3.750	0.880	3.650	0.780	3.650	0.780	3.700	0.830	3.650	0.780	3.700	0.830	3.600	0.730
7/1/2035	1,695	2.910	3.700	0.790	3.700	0.790	3.750	0.840	3.800	0.890	3.750	0.840	3.750	0.840	3.750	0.840	3.750	0.840	3.750	0.840	3.700	0.790
1/1/2036	1,750	2.950	3.750	0.800	3.750	0.800	3.850	0.900	3.850	0.900	3.800	0.850	3.800	0.850	3.800	0.850	3.800	0.850	3.850	0.900	3.750	0.800
7/1/2036	1,810	3.000	3.800	0.800	3.800	0.800	3.900	0.900	3.900	0.900	3.850	0.850	3.850	0.850	3.850	0.850	3.850	0.850	3.900	0.900	3.800	0.800
1/1/2037	1,870	3.040	3.850	0.810	3.850	0.810	3.950	0.910	3.950	0.910	3.900	0.860	3.900	0.860	3.900	0.860	3.875	0.835	3.950	0.910	3.850	0.810
7/1/2037	1,930	3.060	3.950	0.890	3.950	0.890	4.000	0.940	4.000	0.940	3.950	0.890	3.950	0.890	3.950	0.890	3.900	0.840	4.000	0.940	3.950	0.890
1/1/2038	1,995	3.110	4.000	0.890	4.000	0.890	4.050	0.940	4.050	0.940	4.050	0.940	4.000	0.890	4.000	0.890	4.000	0.890	4.050	0.940	4.000	0.890
7/1/2038	2,060	3.140	4.000	0.860	4.000	0.860	4.050	0.910	4.050	0.910	4.050	0.910	4.000	0.860	4.000	0.860	4.000	0.860	4.050	0.910	4.000	0.860
7/1/2041	13,855	3.380	4.250	0.870	4.250	0.870	4.250	0.870	4.250	0.870	4.250	0.870	4.250	0.870	4.250	0.870	4.250	0.870	4.250	0.870	4.250	0.870
7/1/2046	29,975	3.950	4.700	0.750	4.700	0.750	4.700	0.750	4.700	0.750	4.700	0.750	4.700	0.750	4.700	0.750	4.650	0.700	4.700	0.750	4.700	0.750
7/1/2051	41,315	4.230	4.750	0.520	4.750	0.520	4.750	0.520	4.750	0.520	4.750	0.520	4.750	0.520	4.750	0.520	4.750	0.520	4.750	0.520	4.750	0.520
7/1/2056	56,915	4.330	4.800	0.470	4.800	0.470	4.800	0.470	4.800	0.470	4.800	0.470	4.800	0.470	4.800	0.470	4.800	0.470	4.800	0.470	4.800	0.470
1/1/2057	74,000	2.660	3.590	0.930	3.580	0.920	3.610	0.950	3.600	0.940	3.550	0.890	3.500	0.840	3.610	0.950	3.590	0.930	3.640	0.980	3.590	0.930
5.9yr AL PAC																						
	250,000																					

RE: $ 250,000,000*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE BONDS
SERIES 2026B

WE HAVE A RELEAE FOR THE RETAIL ORDER PERIOD UNTIL 4:00PM ET.

FOR ORDERS RECEIVED DURING THE RETAIL ORDER PERIOD, THE ISSUER RESERVES THE RIGHT TO LIMIT THE RETAIL ALLOTMENTS ON ALL MATURITIES (EXCPECT THE PAC) TO 50% OF THE AGGREGATE PAR VALUE OF SUCH MATURITIES AT THE FINAL PRICE.

THE ISSUER RESERVES THE RIGHT TO ACCELERATE PRICING BASED ON MARKET CONDITIONS.

POS LINK: http://www.munios.com/e/M71V6/wavUY02

MOODY'S: Aa1 S&P: AA+
FITCH: KROLL:

DATED:06/09/2026 FIRST COUPON:01/01/2027

DUE: 01/01 & 07/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)	
07/01/2027	1,010M	2.75%	100.00	1/4	
01/01/2028	1,040M	2.80%	100.00	1/4	
07/01/2028	1,075M	2.85%	100.00	1/4	
01/01/2029	1,110M	2.90%	100.00	3/8	
07/01/2029	1,150M	2.95%	100.00	3/8	
01/01/2030	1,190M	3.00%	100.00	1/2	
07/01/2030	1,225M	3.05%	100.00	1/2	
01/01/2031	1,270M	3.10%	100.00	1/2	
07/01/2031	1,310M	3.125%	100.00	1/2	
01/01/2032	1,350M	3.25%	100.00	1/2	
07/01/2032	1,395M	3.30%	100.00	1/2	
01/01/2033	1,445M	3.35%	100.00	1/2	
07/01/2033	1,490M	3.40%	100.00	1/2	
01/01/2034	1,540M	3.50%	100.00	5/8	
07/01/2034	1,590M	3.55%	100.00	5/8	
01/01/2035	1,640M	3.60%	100.00	5/8	
07/01/2035	1,695M	3.70%	100.00	5/8	
01/01/2036	1,750M	3.75%	100.00	5/8	
07/01/2036	1,810M	3.80%	100.00	5/8	
01/01/2037	1,870M	3.85%	100.00	5/8	
07/01/2037	1,930M	3.95%	100.00	5/8	
01/01/2038	1,995M	4.00%	100.00	5/8	
07/01/2038	2,060M	4.00%	100.00	5/8	
07/01/2041	13,855M	4.25%	100.00	5/8	
07/01/2046	29,975M	4.70%	100.00	5/8	
07/01/2051	41,315M	4.75%	100.00	5/8	
07/01/2056	56,915M	4.80%	100.00	5/8	
01/01/2057 (PAC)	74,000M	6.00%	3.60	1/2	NO RETAIL

(Avg. Life: 5.90 years over a range of 50.00 to 500.00% of PSA experience)
*APPROXIMATE AVERAGE LIFE DATE: 4/18/2032

CALL FEATURES: Optional call in 07/01/2034 @ 100.00

Projected Weighted Average Life (in Years)
Series 2026B Bonds

SIFMA Prepayment Model	Term due 7/1/2041	Term due 7/1/2046	Term due 7/1/2051	Term due 7/1/2056	Premium PAC 1/1/2057 (Opt Call not Exercised)	Premium PAC 1/1/2057 (Opt Call Exercised)
0%	13.9	17.9	22.9	27.3	14.8	7.3
50%	13.6	16.7	19.3	20.1	5.9	5.5
75%	12.5	14.8	16.5	16.8	5.9	5.5
100%	11.4	13.2	14.3	14.4	5.9	5.5
125%	10.5	11.8	12.5	12.5	5.9	5.5
150%	9.6	10.6	11.0	11.0	5.9	5.5
175%	8.9	9.6	9.8	9.8	5.9	5.5
200%	8.2	8.7	8.8	8.8	5.9	5.5
300%	6.1	6.1	6.1	6.1	5.9	5.5
400%	4.6	4.6	4.6	4.6	5.9	5.5
500%	3.6	3.6	3.6	3.6	5.9	5.5
600%	3.1	3.1	3.1	3.1	5.5	5.3
700%	2.9	2.8	2.8	2.8	5.0	5.0

The 2026B Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after July 1, 2034, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price
July 1, 2034	%
January 1, 2035	%
July 1, 2035	%
January 1, 2036	%
July 1, 2036	%
January 1, 2037	%
July 1, 2037 and thereafter	100.000%

By Lot Sinking Fund Schedule

2041 Term Bond

01/01/2039 2,125M
07/01/2039 2,195M
01/01/2040 2,270M
07/01/2040 2,345M
01/01/2041 2,420M
07/01/2041 2,500M

By Lot Sinking Fund Schedule

2046 Term Bond

01/01/2042 2,580M

07/01/2042 2,670M
01/01/2043 2,750M
07/01/2043 2,845M
01/01/2044 2,940M
07/01/2044 3,035M
01/01/2045 3,130M
07/01/2045 3,235M
01/01/2046 3,340M
07/01/2046 3,450M

By Lot Sinking Fund Schedule

2051 Term Bond

01/01/2047 3,565M
07/01/2047 3,675M
01/01/2048 3,800M
07/01/2048 3,920M
01/01/2049 4,050M
07/01/2049 4,180M
01/01/2050 4,315M
07/01/2050 4,460M
01/01/2051 4,600M
07/01/2051 4,750M

By Lot Sinking Fund Schedule

2056 Term Bond

01/01/2052 4,910M
07/01/2052 5,065M
01/01/2053 5,230M
07/01/2053 5,400M
01/01/2054 5,580M
07/01/2054 5,755M
01/01/2055 5,945M
07/01/2055 6,135M
01/01/2056 6,345M
07/01/2056 6,550M

By Lot Sinking Fund Schedule

2057 Term Bond

07/01/2027 370M
01/01/2028 385M
07/01/2028 395M
01/01/2029 410M
07/01/2029 420M
01/01/2030 435M
07/01/2030 450M
01/01/2031 465M
07/01/2031 480M
01/01/2032 500M
07/01/2032 515M
01/01/2033 530M
07/01/2033 550M
01/01/2034 565M
07/01/2034 585M
01/01/2035 605M
07/01/2035 625M
01/01/2036 645M
07/01/2036 665M
01/01/2037 690M
07/01/2037 710M

01/01/2038	735M
07/01/2038	760M
01/01/2039	785M
07/01/2039	810M
01/01/2040	835M
07/01/2040	860M
01/01/2041	890M
07/01/2041	920M
01/01/2042	950M
07/01/2042	980M
01/01/2043	1,015M
07/01/2043	1,045M
01/01/2044	1,080M
07/01/2044	1,115M
01/01/2045	1,155M
07/01/2045	1,190M
01/01/2046	1,230M
07/01/2046	1,270M
01/01/2047	1,310M
07/01/2047	1,355M
01/01/2048	1,395M
07/01/2048	1,445M
01/01/2049	1,490M
07/01/2049	1,540M
01/01/2050	1,590M
07/01/2050	1,640M
01/01/2051	1,695M
07/01/2051	1,750M
01/01/2052	1,805M
07/01/2052	1,865M
01/01/2053	1,925M
07/01/2053	1,990M
01/01/2054	2,050M
07/01/2054	2,120M
01/01/2055	2,190M
07/01/2055	2,260M
01/01/2056	2,325M
07/01/2056	2,400M
01/01/2057	9,240M

* - APPROXIMATE SUBJECT TO CHANGE

Order period until today 4:00 PM, Eastern, Monday, 05/04/26.
Please use Electronic Order Entry to enter orders or call (312) 559-1631.

The managers reserve the right to terminate or extend the order period prior to or later than the above-mentioned time and date and to confirm bonds at their discretion.

PRIORITY OF ORDERS AS FOLLOWS:
1. Texas Retail
2. National Retail

A "Retail" order is defined as an order placed for the account of an individual, bank trust, or investment advisor acting on behalf of an individual, with a maximum of $1,000,000 per account, or at the discretion of the Department, some larger amount.

Retail orders do not include bank portfolios, insurance companies, bond funds or municipalities. Zip Codes are required with all Retail Orders. The Manager will assume that orders for the serial maturities with the same coupon on either side can be filled in 1/1 or 7/1. Orders placed for the account of bank trust departments, registered investment

advisors or money managers must identify the name of the account (though not the individuals) on whose behalf such orders are submitted.

The compliance addendum MSRB Rule G-11 will apply.

PLEASE BE ADVISED THAT THE HOLD THE OFFERING PRICE RULE WILL APPLY TO THIS TRANSACTION.

****
Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform RBC Capital Markets, LLC at the time any such order is submitted. The Senior Manager requests the identification of all priority orders at the time the orders are entered.
****

The Award is expected on Tuesday, May 5, 2026.

Delivery is expected on Tuesday, June 9, 2026.

This issue is book entry only. This issue is clearing through DTC.

RBC Capital Markets
Morgan Stanley Co. LLC
Jefferies LLC
J.P. Morgan Securities LLC
Loop Capital Markets
Ramirez & Co., Inc.
Wells Fargo Bank, N.A. Municipal Finance Group
Fidelity Capital Markets
BofA Securities

By: RBC Capital Markets Chicago, IL

RE: $ 250,000,000*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE BONDS
SERIES 2026B

WE HAVE THE VERBAL AWARD. PLEASE SEE REPRICE BELOW.

MOODY'S: Aa1 S&P: AA+
FITCH: KROLL:

DATED:06/09/2026 FIRST COUPON:01/01/2027

DUE: 01/01 & 07/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
07/01/2027	1,010M	2.70%	100.00	1/4
01/01/2028	1,040M	2.80%	100.00	1/4
07/01/2028	1,075M	2.85%	100.00	1/4
01/01/2029	1,110M	2.90%	100.00	3/8
07/01/2029	1,150M	2.95%	100.00	3/8
01/01/2030	1,190M	3.00%	100.00	1/2
07/01/2030	1,225M	3.05%	100.00	1/2
01/01/2031	1,270M	3.05%	100.00	1/2
07/01/2031	1,310M	3.10%	100.00	1/2
01/01/2032	1,350M	3.25%	100.00	1/2
07/01/2032	1,395M	3.30%	100.00	1/2
01/01/2033	1,445M	3.35%	100.00	1/2
07/01/2033	1,490M	3.40%	100.00	1/2
01/01/2034	1,540M	3.50%	100.00	5/8
07/01/2034	1,590M	3.55%	100.00	5/8
01/01/2035	1,640M	3.60%	100.00	5/8
07/01/2035	1,695M	3.70%	100.00	5/8
01/01/2036	1,750M	3.75%	100.00	5/8
07/01/2036	1,810M	3.80%	100.00	5/8
01/01/2037	1,870M	3.85%	100.00	5/8
07/01/2037	1,930M	3.95%	100.00	5/8
01/01/2038	1,995M	4.00%	100.00	5/8
07/01/2038	2,060M	4.00%	100.00	5/8
07/01/2041	13,855M	4.25%	100.00	5/8
07/01/2046	29,975M	4.70%	100.00	5/8
07/01/2051	41,315M	4.75%	100.00	5/8
07/01/2056	56,915M	4.80%	100.00	5/8
01/01/2057	74,000M	6.00%	3.72	1/2

(Approx. $ Price 111.653)

(PAC)
(Avg. Life: 5.90 years over a range of 50.00 to 500.00% of PSA experience)
*APPROXIMATE AVERAGE LIFE DATE: 4/18/2032

CALL FEATURES: Optional call in 07/01/2034 @ 100.00

Projected Weighted Average Life (in Years)
Series 2026B Bonds

SIFMA Prepayment Model	Term due 7/1/2041	Term due 7/1/2046	Term due 7/1/2051	Term due 7/1/2056	Premium PAC 1/1/2057 (Opt Call not Exercised)	Premium PAC 1/1/2057 (Opt Call Exercised)
0%	13.9	17.9	22.9	27.3	14.8	7.3
50%	13.6	16.7	19.3	20.1	5.9	5.5
75%	12.5	14.8	16.5	16.8	5.9	5.5
100%	11.4	13.2	14.3	14.4	5.9	5.5
125%	10.5	11.8	12.5	12.5	5.9	5.5
150%	9.6	10.6	11.0	11.0	5.9	5.5
175%	8.9	9.6	9.8	9.8	5.9	5.5
200%	8.2	8.7	8.8	8.8	5.9	5.5
300%	6.1	6.1	6.1	6.1	5.9	5.5
400%	4.6	4.6	4.6	4.6	5.9	5.5
500%	3.6	3.6	3.6	3.6	5.9	5.5
600%	3.1	3.1	3.1	3.1	5.5	5.3
700%	2.9	2.8	2.8	2.8	5.0	5.0

The 2026B Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after July 1, 2034, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

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July 1, 2037 and thereafter	100.000%

By Lot Sinking Fund Schedule

2041 Term Bond

01/01/2039	2,125M
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01/01/2042	2,580M
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01/01/2044	2,940M
07/01/2044	3,035M
01/01/2045	3,130M
07/01/2045	3,235M

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07/01/2046 3,450M

By Lot Sinking Fund Schedule

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01/01/2049 4,050M
07/01/2049 4,180M
01/01/2050 4,315M
07/01/2050 4,460M
01/01/2051 4,600M
07/01/2051 4,750M

By Lot Sinking Fund Schedule

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01/01/2054 5,580M
07/01/2054 5,755M
01/01/2055 5,945M
07/01/2055 6,135M
01/01/2056 6,345M
07/01/2056 6,550M

By Lot Sinking Fund Schedule

2057 Term Bond

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07/01/2032 515M
01/01/2033 530M
07/01/2033 550M
01/01/2034 565M
07/01/2034 585M
01/01/2035 605M
07/01/2035 625M
01/01/2036 645M
07/01/2036 665M
01/01/2037 690M
07/01/2037 710M
01/01/2038 735M
07/01/2038 760M
01/01/2039 785M
07/01/2039 810M
01/01/2040 835M
07/01/2040 860M
01/01/2041 890M

07/01/2041	920M
01/01/2042	950M
07/01/2042	980M
01/01/2043	1,015M
07/01/2043	1,045M
01/01/2044	1,080M
07/01/2044	1,115M
01/01/2045	1,155M
07/01/2045	1,190M
01/01/2046	1,230M
07/01/2046	1,270M
01/01/2047	1,310M
07/01/2047	1,355M
01/01/2048	1,395M
07/01/2048	1,445M
01/01/2049	1,490M
07/01/2049	1,540M
01/01/2050	1,590M
07/01/2050	1,640M
01/01/2051	1,695M
07/01/2051	1,750M
01/01/2052	1,805M
07/01/2052	1,865M
01/01/2053	1,925M
07/01/2053	1,990M
01/01/2054	2,050M
07/01/2054	2,120M
01/01/2055	2,190M
07/01/2055	2,260M
01/01/2056	2,325M
07/01/2056	2,400M
01/01/2057	9,240M

* - APPROXIMATE SUBJECT TO CHANGE

PRIORITY OF ORDERS AS FOLLOWS:
1. Net Designated
(Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member. Please contact the senior manager.)
2. Member

PRIORITY POLICY:

At least 4 firm(s) must be designated.

No firm may receive more than 60.00% of any designation.

Each designee must receive a minimum of 5.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

A "Retail" order is defined as an order placed for the account of an individual, bank trust, or investment advisor acting on behalf of an individual, with a maximum of $1,000,000 per account, or at the discretion of the Department, some larger amount.

Retail orders do not include bank portfolios, insurance companies, bond funds or municipalities. Zip Codes are required with all Retail Orders. The Manager will assume that orders for the serial maturities with the same coupon on either side can be filled in 1/1 or 7/1. Orders placed for the account of bank trust departments, registered investment advisors or money managers must identify the name of the account (though not the individuals) on whose behalf such orders are submitted.

The compliance addendum MSRB Rule G-11 will apply.

PLEASE BE ADVISED THAT THE HOLD THE OFFERING PRICE RULE WILL APPLY TO THIS TRANSACTION.

****
Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform RBC Capital Markets, LLC at the time any such order is submitted. The Senior Manager requests the identification of all priority orders at the time the orders are entered.
****

The Award is expected on Tuesday, May 5, 2026.

Delivery is expected on Tuesday, June 9, 2026.

This issue is book entry only. This issue is clearing through DTC.

RBC Capital Markets
Morgan Stanley Co. LLC
Jefferies LLC
J.P. Morgan Securities LLC
Loop Capital Markets
Ramirez & Co., Inc.
Wells Fargo Bank, N.A. Municipal Finance Group
Fidelity Capital Markets
BofA Securities

By: RBC Capital Markets Chicago, IL

SECTION 3
Financing Results

SUMMARY OF RESULTS

$250,000,000
Texas Department of Housing & Community Affairs
RMRB 2026B
Aa1/AA+
Callable @ Par 7/1/2034
Settlement Date 06/09/2026

Maturity	Approx. Bond Size	Bond Type	CPN	YLD	Px	Takedown
07/01/2027	1,010,000	Par Serial	2.70%	2.70%	100.000	2.50
01/01/2028	1,040,000	Par Serial	2.80%	2.80%	100.000	2.50
07/01/2028	1,075,000	Par Serial	2.85%	2.85%	100.000	2.50
01/01/2029	1,110,000	Par Serial	2.90%	2.90%	100.000	3.75
07/01/2029	1,150,000	Par Serial	2.95%	2.95%	100.000	3.75
01/01/2030	1,190,000	Par Serial	3.00%	3.00%	100.000	5.00
07/01/2030	1,225,000	Par Serial	3.05%	3.05%	100.000	5.00
01/01/2031	1,270,000	Par Serial	3.05%	3.05%	100.000	5.00
07/01/2031	1,310,000	Par Serial	3.10%	3.10%	100.000	5.00
01/01/2032	1,350,000	Par Serial	3.25%	3.25%	100.000	5.00
07/01/2032	1,395,000	Par Serial	3.30%	3.30%	100.000	5.00
01/01/2033	1,445,000	Par Serial	3.35%	3.35%	100.000	5.00
07/01/2033	1,490,000	Par Serial	3.40%	3.40%	100.000	5.00
01/01/2034	1,540,000	Par Serial	3.50%	3.50%	100.000	6.25
07/01/2034	1,590,000	Par Serial	3.55%	3.55%	100.000	6.25
01/01/2035	1,640,000	Par Serial	3.60%	3.60%	100.000	6.25
07/01/2035	1,695,000	Par Serial	3.70%	3.70%	100.000	6.25
01/01/2036	1,750,000	Par Serial	3.75%	3.75%	100.000	6.25
07/01/2036	1,810,000	Par Serial	3.80%	3.80%	100.000	6.25
01/01/2037	1,870,000	Par Serial	3.85%	3.85%	100.000	6.25
07/01/2037	1,930,000	Par Serial	3.95%	3.95%	100.000	6.25
01/01/2038	1,995,000	Par Serial	4.00%	4.00%	100.000	6.25
07/01/2038	2,060,000	Par Serial	4.00%	4.00%	100.000	6.25
07/01/2041	13,855,000	Par Term	4.25%	4.25%	100.000	6.25
07/01/2046	29,975,000	Par Term	4.70%	4.70%	100.000	6.25
07/01/2051	41,315,000	Par Term	4.75%	4.75%	100.000	6.25
07/01/2056	56,915,000	Par Term	4.80%	4.80%	100.000	6.25
PAC Bonds		50% - 500%	CPN	YLD	Px	
01/01/2057	74,000,000	6.0 year PAC	**6.000%**	**3.72%**	111.653	**5.00**
TOTAL	**250,000,000**					**5.7572**

RBC Capital Markets

SECTION 4
Order Book

2026B DESIGNATIONS BY SYNDICATE MEMBER ($000s)			
SYNDICATE MEMBER	MEMBER ORDER REVENUE	NET DESIGNATIONS	TOTAL
RBC Capital Markets		$679,818	$679,818
Morgan Stanley		88,441	88,441
Jefferies		76,217	76,217
J.P. Morgan		88,864	88,864
Loop Capital Markets		18,319	18,319
Ramirez & Co.		23,558	23,558
Wells Fargo		103,621	103,621
Fidelity Capital		809	809
BofA Securities	73,444	56,378	129,822
Total: ($M)	**$73,444**	**$1,136,025.22**	**$1,209,469**

ORDERS AND ALLOTMENTS BY MATURITY ($000s)											
SERIES 2026B		RETAIL - TEXAS		RETAIL- NATIONAL		INSTITUTIONAL		MEMBER		TOTAL	
Maturity	Total Bonds ($M)	ORDERS	ALLOTMENTS	ORDERS	ALLOTMENTS	ORDERS	ALLOTMENTS	ORDERS	ALLOTMENTS	ORDERS	ALLOTMENTS
07/01/2027	1,010	685	505	1,220	-	1,145	505	100	-	3,150	1,010
01/01/2028	1,040	25	40	1,405	1,000	-	-	100	-	1,530	1,040
07/01/2028	1,075	215	215	1,395	860	-	-	100	-	1,710	1,075
01/01/2029	1,110	1,120	1,110	330	-	-	-	100	-	1,550	1,110
07/01/2029	1,150	40	40	1,030	1,030	-	-	100	80	1,170	1,150
01/01/2030	1,190	10	10	2,400	1,180	-	-	100	-	2,510	1,190
07/01/2030	1,225	-	-	1,335	1,225	-	-	100	-	1,435	1,225
01/01/2031	1,270	1,275	635	1,325	-	2,585	635	100	-	5,285	1,270
07/01/2031	1,310	1,310	655	400	-	1,310	655	100	-	3,120	1,310
01/01/2032	1,350	1,350	1,350	-	-	-	-	100	-	1,450	1,350
07/01/2032	1,395	-	-	155	155	25	25	100	1,215	280	1,395
01/01/2033	1,445	-	-	1,170	1,170	-	-	100	275	1,270	1,445
07/01/2033	1,490	-	-	1,395	1,395	50	50	145	45	1,590	1,490
01/01/2034	1,540	100	100	60	60	-	-	100	1,380	260	1,540
07/01/2034	1,590	-	-	415	415	-	-	100	1,175	515	1,590
01/01/2035	1,640	-	-	595	595	-	-	100	1,045	695	1,640
07/01/2035	1,695	250	250	725	725	-	-	100	720	1,075	1,695
01/01/2036	1,750	-	-	195	195	-	-	100	1,555	295	1,750
07/01/2036	1,810	-	-	1,335	1,335	-	-	100	475	1,435	1,810
01/01/2037	1,870	-	-	100	100	-	-	100	1,770	200	1,870
07/01/2037	1,930	190	190	285	285	35	35	100	1,420	610	1,930
01/01/2038	1,995	20	20	280	280	1,695	1,695	100	-	2,095	1,995
07/01/2038	2,060	15	15	495	495	615	615	100	935	1,225	2,060
	-									-	-
07/01/2041	13,855	1,130	1,130	1,860	1,860	10,865	10,865	4,000	-	17,855	13,855
07/01/2046	29,975	2,280	2,280	12,420	12,420	44,090	15,275	13,000	-	71,790	29,975
07/01/2051	41,315	10	10	430	430	68,400	40,875	25,000	-	93,840	41,315
07/01/2056	56,915	960	960	4,045	4,045	196,980	51,910	30,000	-	231,985	56,915
01/01/2057	74,000	-	-	-	-	89,000	74,000	42,500	-	131,500	74,000
Total: ($M)	**250,000**	**10,985**	**9,515**	**36,800**	**31,255**	**416,795**	**197,140**	**116,845**	**12,090**	**581,425**	**250,000**

ORDERS AND ALLOTMENTS BY MANAGER ($000s)										
SERIES 2026B	RETAIL - TEXAS		RETAIL- NATIONAL		INSTITUTIONAL		MEMBER		TOTAL	
Maturity	ORDERS	ALLOT-MENTS	ORDERS	ALLOT-MENTS	ORDERS	ALLOT-MENTS	ORDERS	ALLOT-MENTS	ORDERS	ALLOT-MENTS
RBC Capital Markets	6,275	4,970	15,770	14,405	415,995	196,390	-	-	438,040	215,765
Morgan Stanley	260	260	1,630	1,230	500	500	37,500	-	39,890	1,990
Jefferies					-	-	15,000	-	15,000	-
J.P. Morgan	500	350	5,275	4,575	300	250	-	-	6,075	5,175
Loop Capital Markets					-		10,000	-	10,000	-
Ramirez & Co.					-		10,000	-	10,000	-
Wells Fargo	1,595	1,595	1,635	750	-		20,000	-	23,230	2,345
Fidelity Capital	2,080	2,050	5,985	4,720	-		-	-	8,065	6,770
BofA Securities	310	310	6,470	5,555	-		24,345	12,090	31,125	17,955
Total: ($M)	**11,020**	**9,535**	**36,765**	**31,235**	**416,795**	**197,140**	**116,845**	**12,090**	**581,425**	**250,000**

SECTION 5
Rating Reports

MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Aa1 to TDHCA's Residential Mortgage Revenue Bonds, Series 2026B; outlook stable

06 Apr 2026

New York, April 06, 2026 -- Moody's Ratings (Moody's) has assigned a rating of Aa1 to the proposed Texas Department of Housing and Community Affairs' (TDHCA) $250 million Residential Mortgage Revenue Bonds, Series 2026B. We maintain Aa1 ratings on all outstanding parity debt issued under the Residential Mortgage Revenue Bonds (RMRB) Indenture. The outlook is stable.

RATINGS RATIONALE

The Aa1 rating reflects that the RMRB indenture will continue to maintain its strong credit quality due to the buffer provided by the program asset-to-debt ratio (PADR), which was 1.14x (1.04x excluding all second lien loans) as of August 31, 2025, and solid though variable margins (13% in fiscal year 2025). The first lien loan portfolio consists of essentially all Government National Mortgage Association (Ginnie Mae) mortgage-backed securities (MBS), which compliments the program's sound legal structure, cash flow projections that demonstrate sufficiency under all our stress case scenarios, and the oversight of a solid management team. The program's asset-to-debt ratio has declined in recent years due to strong issuance. Continued active issuance will likely result in future PADR dilution and pressure on margins, however, the full-spread MBS previously added to the portfolio will boost income.

RATING OUTLOOK

The stable outlook reflects RMRB's solid over-collateralization buffer and margins, which will continue.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Material improvement in risk-adjusted PADR.

- Upgrade of the US government rating (Aa1 stable).

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Material decline in risk-adjusted PADR and/or a significant and sustained decline in three-year average margins.

- Downgrade of the US government rating.

PROFILE

The RMRB program was established in 1987. The proceeds of bonds issued under this indenture are used to finance mortgage loans to low and moderate income persons in the State of Texas. All RMRB program bonds are secured equally by all of the mortgage loans and other assets under the indenture.

METHODOLOGY

The principal methodology used in this rating was US Housing Finance Agency Single-Family Housing published in October 2024 and available at https://ratings.moodys.com/rmc-documents/430701. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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Research Update:

Texas Department Of Housing And Community Affairs Series 2026B Revenue Bonds Assigned ‘AA+’ Rating

April 2, 2026

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Overview

- S&P Global Ratings assigned its 'AA+' rating to Texas Department of Housing and Community Affairs (TDHCA)'s $250 million series 2026B residential mortgage revenue bonds (RMRBs).
- We also affirmed our 'AA+' rating on TDHCA's parity debt under the RMRB indenture.
- The outlook is stable.

Rationale

Security

Bonds issued within the RMRB indenture are limited obligations of TDHCA, payable solely from revenue, assets, and money pledged under the master indenture on a parity basis with parity obligations outstanding under the master indenture.

Pledged assets include revenue, mortgages, mortgage loans, investment securities, money held in the funds (excluding the rebate fund), and other property held under the trust estate. The trust estate currently includes mortgage certificates purchased with prior bond proceeds, guaranteed by Ginnie Mae or Fannie Mae.

According to preliminary transaction documents, TDHCA will use bond proceeds to purchase mortgage-backed securities (MBS), fund loans for down payment and closing cost assistance, pay lender compensation related to mortgage loans, and repay Federal Home Loan Bank of Dallas advances to provide funds for the purchase of MBS. Ginnie Mae will guarantee the timely principal and interest payments for the MBS.

The bonds will bear interest payable semiannually on January 1 and July 1, with interest payments starting Jan. 1, 2027. Bonds are subject to special, optional, and mandatory sinking fund redemptions, as described in transaction documents.

Credit highlights

The rating reflects our view of the program's:

- Legal framework that links duties of key transaction parties with the program's proper execution, in alignment with our criteria, coupled with no bankruptcy or other legal risks identified;
- Program management and operational risk assessment, which we consider neutral;
- Overcollateralization and cash flow capable of withstanding our projected loss assumptions based on the asset pool's credit quality in all provided cash-flow stress scenarios, with a minimum stressed projected asset-to-liability parity ratio of 101.0%;
- Sufficient liquidity to cover short-term disruptions in asset cash flows; and
- Market position characteristics in line with the national housing market.

Environmental, social, and governance

We analyzed the program's environmental, social, and governance factors relative to the legal framework, program management and operational risk, asset pool's credit quality, cash flow analysis, liquidity, and market position. In our opinion, the program exhibits social opportunities related to social capital based on the mission to improve housing affordability for low- and moderate-income households. We view environmental and governance factors for the program as neutral in our credit analysis.

Outlook

The stable outlook reflects S&P Global Ratings' opinion of the credit quality of the underlying MBS assets, supported by Ginnie Mae and Fannie Mae, and our assessment of program management and operational risk, albeit with thinning overcollateralization. In addition, we expect our market position modifier assessment will remain neutral.

Downside scenario

We could lower the rating or revise the outlook to negative if our assessment of program management and operational risk changes due to negative assessments, or if the credit quality of the underlying assets deteriorates or parity weakens below our threshold for the current anchor.

Upside scenario

Alternatively, with all other program rating factors remaining the same or improving, we could raise the rating or revise the outlook to positive if consolidated cash flows reflect stressed reinvestment rates in line with the 'AAA' rating requirement while TDHCA meets overcollateralization thresholds and requirements to be rated above the sovereign.

MRB program rating summary

Legal framework	No cap
Program management and operational risk	No cap
Factors constraining the anchor	0
Cash flow analysis	
Overcollateralization	GE/GSE rating (aa+)

MRB program rating summary

Stressed cash flows	aa+
Hedging risk	N/A
HFA general obligation pledge	N/A
Anchor	
Anchor	aa+
Modifiers and holistic analysis	
Liquidity reserves	No modifier
Market position	No modifier
Holistic analysis	No modifier
Stand-alone credit profile	
SACP	aa+
Other applicable criteria	No cap
Final	
Final rating	AA+

N/A--Not applicable. GE -- Governmental entity. GSE -- Government-sponsored enterprise.

Program summary & assumptions

	July 23, 2025
Program assets (% of balance)	
Single-family whole loans	0
Single-family MBS	100
Single-family subordinate loans	0
Multifamily whole loans	0
Multifamily MBS or federally enhanced pass-through	0
Other assets	0
Debt & derivative summary (% of balance)	
Fixed-rate debt (% of balance)	100.0
Hedged variable-rate debt (% of balance)	0
Unhedged variable-rate debt (% of balance)	0.0
Total variable-rate debt (% of balance)	0
Single-family program assumptions	
No. of loans in portfolio	14,252
Total loan balance ($000s)	1,879.6
Loans 30-year fixed (% of balance)	100.0
Loans with balloons or negative amortization (% of balance)	0.0
Loans - other terms (% of balance)	0.0
Weighted average FICO score	678
Weighted average mortgage rate (%)	5.6
Weighted average LTV (%)	0.0
Loan seasoning	
< 5 years (% of balance)	92.9

Program summary & assumptions

	July 23, 2025
5-10 years (% of balance)	7.1
10+ years (% of balance)	0.0
Property type	
Single-family residences (% of balance)	100.0
2-4 family residences (% of balance)	0.0
Condo or cooperative apartment (owner-occupied) (% of balance)	0.0
Other property type (% of balance)	0.0
Delinquency status	
30-59 days (% of balance)	0.0
60-89 days (% of balance)	0.0
90-119 days (% of balance)	0.0
120+ days or in foreclosure (% of balance)	0.0
Insurance/guarantees	
Ginnie Mae (% of balance)	99.8
Fannie Mae (% of balance)	0.2
Freddie Mac (% of balance)	0.0
PMI (% of balance)	0
FHA (% of balance)	0
VA (% of balance)	0
USDA/RD (% of balance)	0
Uninsured (% of balance)	0
Liquidation timeline adjustment (months)	0
Pool level foreclosure frequency adjustment	0

FICO--Fair Isaac Co. LTV--Loan-to-value. PMI--Private mortgage insurance. FHA--Federal Housing Administration. VA--Veterans Administration. USDA/RD--U.S. Department of Agriculture/Rural Development. N/A--Not applicable.

Overcollateralization

	Series 2026B	Series 2026A
Opening asset/liability parity (%)	102.9	102.9
Minimum asset/liability parity (%)	101.0	101.8
Total projected credit loss (%)*	0.0	0.0
Loss/liabilities (%)	0.0	0.0
Net asset/liability parity, after losses (%)	101.0	101.8

*At the highest rating level at which the MRB program's available overcollateralization is sufficient to cover.

Ratings List
New Issue Ratings
US$250,000,000 Texas Department Of Housing & Community Affairs, Texas, Residential Mortgage Revenue & Refunding Bonds, Series 2026B ("Series 2026B Bonds"), dated: Date of delivery, due: January 01, 2057

Ratings List	
Long Term Rating	AA+/Stable
Ratings Affirmed	
Housing	
Texas Department of Housing & Community Affairs Single Family Mortgage Rev Bnd Indenture	AA+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1505 **Agenda Date:** 7/9/2026 **Agenda #:** 22.

Presentation and discussion regarding the issuance of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2026 C (Non-AMT)

BACKGROUND

On October 9, 2025, the Governing Board approved Resolution 26-001 authorizing the issuance of up to $1.1 billion in Mortgage Revenue Bonds for Fiscal Year 2026.

The Department issued $250 million in Residential Mortgage Revenue Bonds, Series 2026 A in January 2026, and $250 million in Residential Mortgage Revenue Bonds, Series 2026 B in May 2026.

The Department continues to operate a continuous lending model, under which bond-funded mortgage loans remain available on an ongoing basis. Pipeline reservations currently total approximately $75 million, to be funded through the Series 2026 C issuance.

Issuance Overview
The Department anticipates issuing Residential Mortgage Revenue Bonds, Series 2026 C, in a maximum par amount of $300 million, with total proceeds, including any premium, expected to be $9.1 million, not to exceed $18 million. This issuance is expected to support approximately $300 million in mortgage loan originations through the Department's bond-funded mortgage program. $34,105,000 of this issuance utilizes recycled volume cap.

Bond Structure and Use of Proceeds
The Series 2026 C Bonds are expected to be structured as traditional Residential Mortgage Revenue Bonds, including par serial bonds, par term bonds, and premium Planned Amortization Class bonds, and will be issued on a fully tax-exempt basis.

Proceeds from the bonds will be used to finance the acquisition of tax-exempt eligible mortgage loans, including down payment assistance second lien loans, and to pay costs of issuance associated with the transaction.

Pending disbursement, bond proceeds may be invested in a Guaranteed Investment Contract or held in overnight investments in accordance with the requirements of the indenture.

Issuer contribution is estimated at approximately $9.7 million and will not exceed $10 million. In addition, capitalized interest may be funded in an amount not to exceed $10 million, with current projections estimating approximately $2 million.

Mortgage Loans and Down Payment Assistance (DPA)

Mortgage rates remain elevated relative to historical lows; however, demand for affordable homeownership among low- and moderate-income borrowers remains strong. The Department's bond-funded mortgage program is currently offering interest rates approximately 37.5 to 50 basis points below those available through the TMP (TBA) program.

Mortgage loans financed through this issuance will consist of 30-year, fixed-rate loans insured or guaranteed by FHA, VA, or USDA and securitized into Ginnie Mae mortgage-backed securities. Borrowers will have the option of unassisted loans as well as loans paired with either 3 percent or 4 percent Down Payment Assistance.

DPA will be structured as a 0 percent interest, non-amortizing second lien with a 30-year term, repayable upon sale, refinance, or payoff of the first mortgage. Based on current market conditions, interest rates are projected to be approximately 5.750% for unassisted loans, 6.000% for loans with 3 percent down payment assistance, and 6.125% for loans with 4 percent down payment assistance, though final rates will be determined at the time of pricing.

Financing Team
Jefferies will serve as book-running senior manager for the transaction, with Morgan Stanley and RBC Capital Markets serving as co-senior managers. Bank of America, Fidelity Capital Markets, Ramirez & Co., JPMorgan Chase, Wells Fargo, and Loop Capital Markets will serve as co-managers. Piper Sandler will participate as a member of the selling group.

Schedule
The preliminary schedule for the Series 2026 C issuance is as follows: the Preliminary Official Statement is expected to be released on July 13, 2026; pricing is anticipated on July 21 and 22, 2026; the Official Statement is expected to be released on July 29, 2026; and closing is anticipated on August 20, 2026.

Summary
The Series 2026 C issuance continues the Department's bond-funded mortgage program consistent with prior series. No material changes to program structure or bond execution are anticipated at this time. Final bond sizing and pricing will be determined based on market conditions at the time of issuance.

Exhibits
Additional materials are available on the Department's Board Meeting Information Center website:
<http://www.tdhca.texas.gov/board/meetings.htm>

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-017 **Agenda Date:** 7/9/2026 **Agenda #:** 23.

Presentation, discussion, and possible action on Resolution No. 26-017 approving Assignment Agreements relating to Private Activity Bond Authority, and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution

BACKGROUND

Chapter 394 of the Texas Local Government Code authorizes the creation of local housing finance corporations (HFCs) to support affordable homeownership through the issuance of Mortgage Revenue Bonds (MRBs) and Mortgage Credit Certificates (MCCs). Federal tax law limits the issuance of MRBs and MCCs through the allocation of private activity bond volume cap. Chapter 1372 of the Texas Government Code (the Allocation Act) establishes the procedures governing the allocation of volume cap in Texas.

Each year through August 7, approximately 33 percent of the state's available volume cap for Sub-Ceiling One - Mortgage Revenue Bonds is reserved for the Texas Department of Housing and Community Affairs (The Department), and 10 percent is reserved for the Texas State Affordable Housing Corporation (TSAHC). The remaining approximately 57 percent is available to HFCs for MRB and MCC programs.

Texas Department of Housing and Community Affairs	$460,280,815
Texas State Affordable Housing Corporation	$138,056,633
Local Housing Finance Corporations	$782,228,884
Total Sub-Ceiling One Mortgage Revenue Bond Volume Cap	$1,380,566,332

Beginning August 8, all single-family set-asides collapse into a common single-family pool that is available to the Department, TSAHC, and HFCs on a first-come, first-served basis. Beginning August 17, any unreserved MRB volume cap becomes available for allocation to issuers of private activity bonds for any authorized purpose.

Historically, HFCs have played an important role in expanding affordable homeownership opportunities for low - and moderate-income Texans. In recent years, however, increasing program complexity, interest rate volatility, compliance requirements, administrative costs, lender network development, and other operational challenges have made it more difficult for many HFCs to independently issue MRBs or administer MCC programs.

Section 394.032(e) of the Texas Local Government Code authorizes an HFC to delegate to the Department the authority to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, including the authority to issue bonds for those

purposes. In connection with this delegation, an HFC may assign its private activity bond volume cap to the Department.

Through these assignments, the Department originates mortgage loans on behalf of participating HFCs within their jurisdictions through the Department's My First Texas Home Program. These loans are financed through the Department's MRB issuances. Assigned volume cap may also be used to support the issuance of MCCs.

The Department received its first volume cap assignment from Harris County HFC in 2020. Since then, 19 HFCs have participated in the program, assigning over $1.3 billion in volume cap to the Department. For 2026, the Department anticipates receiving approximately $587 million in volume cap assignments from 16 participating HFCs.

The Assignment Agreements, substantially in the form attached to the resolution, provide for the assignment of private activity bond volume cap from participating HFCs to the Department.

Approval of the Assignment Agreements provides significant benefits to participating HFCs. HFCs receive quarterly reporting on mortgage activity within their jurisdictions, an annual fee based on outstanding loans originated through the program, and access to the Department's established lender network, administrative infrastructure, marketing resources, and mortgage financing programs. These benefits allow HFCs to support affordable homeownership in their communities without independently administering MRB or MCC programs.

The Department benefits from expanded access to volume cap, which is critical to maintaining its Mortgage Revenue Bond and MCC programs. Because the Department's annual mortgage production significantly exceeds its annual volume cap set-aside, these assignments help sustain current lending levels and expand affordable homeownership opportunities for low- and moderate-income Texans statewide.

RESOLUTION NO. 26-017

RESOLUTION APPROVING ASSIGNMENT AGREEMENTS RELATING TO PRIVATE ACTIVITY BOND AUTHORITY; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Department"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, pursuant to Section 394.032(e), Texas Local Government Code (as it may be amended, the "HFC Statutory Provision") and resolutions adopted or expected to be adopted by the respective Board of Directors of each housing finance corporation identified on Exhibit A hereto (each individually referred to herein as the "HFC"), the HFC has determined or is expected to determine to delegate to the Department the authority to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments as permitted under the HFC Statutory Provision, including its authority to issue bonds for those purposes; and

WHEREAS, in connection with such delegation, Section 1372.044, Texas Government Code, authorizes the HFC to assign to the Department a reservation of a portion of the "State ceiling" as defined in Chapter 1372, Texas Government Code (the "Allocation Act"); and

WHEREAS, pursuant to the Act and the Allocation Act, the Governing Board of the Department (the "Board") desires to approve an Assignment Agreement with the HFC in substantially the form attached as Exhibit B (the "Assignment Agreement"); and

WHEREAS, the Board has examined the proposed form of the Assignment Agreement (which is attached to and comprises a part of this Resolution); has found the form and substance of such document to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the execution and delivery of the Assignment Agreement and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Approval, Execution and Delivery of Assignment Agreement. The Assignment Agreement, in substantially the form presented at this meeting and attached

hereto as Exhibit B, is hereby approved and adopted by the Department, and the Authorized Representatives of the Department named in this Resolution are each hereby authorized and empowered to execute and deliver the Assignment Agreement on behalf of the Department, with such changes as may be approved by the Authorized Representative executing the same, such approval to be evidenced by such Authorized Representative's execution thereof.

Section 1.2 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.4 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit A - List of Participating HFCs

Exhibit B - Form of Assignment Agreement

Section 1.5 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director – Housing Finance of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.6 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the execution of the Assignment Agreement are hereby ratified and confirmed.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 2.2 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.3 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code regarding meetings of the Governing Board.

Section 2.4 Effective Date. This resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 9th day of July, 2026.

Exhibit A

2026 HFC Participants

City of Arlington HFC

Capital Area HFC

Cameron County HFC

City of Dallas HFC

Denton County HFC

City of El Paso HFC

Fort Bend County HFC

City of Grand Prairie HFC

Harris County HFC

City of Houston HFC

City of Lubbock HFC

City of McKinney HFC

Southeast Texas HFC

City of Rowlett HFC

Tarrant County HFC

Travis County HFC

Exhibit B

Form of Assignment Agreement

[continued next page]

Exhibits:

Exhibit A – Term Sheet

ASSIGNMENT AGREEMENT

This **ASSIGNMENT AGREEMENT** (this "**Agreement**") is made as of the _____day of _____, 20__ by and between **[NAME OF ENTITY] HOUSING FINANCE CORPORATION** ("**HFC**"), a Texas non-profit housing finance corporation and the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** ("**TDHCA**"), a public and official agency of the State of Texas.

RECITALS:

A. HFC has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Texas Local Government Code, Chapter 394 (as it may be amended, the "**Act**"), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford.

B. The Act authorizes HFC to issue bonds for the purpose of obtaining funds to financehome mortgage loans (or participation interests therein) for persons of low and moderate income forhomes within the geographic limits of [**JURISDICTION**].

C. Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the "**Code**"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code.

D. Section 146(a) of the Code requires that certain "private activity bonds" (as defined in Section 141(a) of the Code) must come within the issuing authority's private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes.

E. The private activity bond "State ceiling" (as defined in Section 146(d) of the Code) applicable to the State of Texas (the "**State**") is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the "**Allocation Act**").

F. The Allocation Act requires HFC, in order to reserve a portion of the State ceiling for qualified mortgage bonds and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (an "**Application for Reservation**") with the Texas Bond Review Board (the "**Bond Review Board**"), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds.

G. The Allocation Act and the rules promulgated thereunder by the Bond Review Board (the "**Allocation Rules**") require that an Application for Reservation be accompanied by a copy of the certified resolution of the issuer authorizing the filing of the Application for Reservation.

H. By resolution adopted on [**DATE OF RESOLUTION APPROVING FILING VOLUME CAP APPLICATION**], HFC authorized the filing of an Application for Reservation with the Bond Review Board in the maximum amount of $[**RESERVATION AMOUNT**] with respect to qualified mortgage bonds, and the Bond Review Board has issued or is expected to issue a reservation of "State Ceiling" in connection with such

Application for Reservation (the "**Reservation**").

I. HFC has determined to (a) delegate to TDHCA HFC's authority to issue bonds or mortgage credit certificates ("**MCCs**") for the purposes specified above, pursuant to Section 394.032(e) of the Act, which provides that a housing finance corporation may delegate to the Texas Department of Housing and Community Affairs the authority to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments as permitted under the Act, including its authority to issue bonds for those purposes, and (b) assign the Reservation to TDHCA, pursuant to Section 1372.044 of the Texas Government Code.

J. HFC was created by [**NAME OF SPONSOR**] (the "Sponsor") pursuant to the Act.

K. As the governmental unit that created HFC, the Sponsor has approved the assignment of the Reservation to TDHCA in accordance with Section 1372.044 of the Texas Government Code.

NOW THEREFORE, in consideration of the foregoing and the mutual representations, warranties,covenants and conditions contained herein, the parties hereto hereby agree as follows:

1. **Assignment**. HFC hereby assigns, conveys and transfers to TDHCA, to the full extent assignable under applicable law, all of HFC's right, title and interest in, to and under the Reservation (the "**Assignment**"), including without limitation, the right to file a carryforward designation request and to elect to use the Reservation to issue MCCs. The Assignment is irrevocable and applies only to the Reservation for the 2026 program year.

2. **Consents**. HFC agrees to obtain and deliver to TDHCA, such consents to the Assignment of the Reservation as may be required.

3. **Expenses**. TDHCA shall be responsible for payment of all fees and expenses incurred from and after the date of this Agreement with respect to the Reservation, including any carryforward application fee and/or closing fees payable to the Bond Review Board; and TDHCA will pay all costs associated with the issuance of the bonds.

4. **Agreement**. In exchange for the Assignment, TDHCA agrees to originate in the geographic service area of HFC (a) mortgage loans that are eligible for pooling into mortgage certificates and purchase by the trustee for one or more series of tax-exempt bonds issued by TDHCA ("Pooled Loans"), and/or (b) My First Texas Home Combo Loans with MCCs ("Combo Loans", and referred to herein together with the Pooled Loans collectively as "HFC Loans"), until an aggregate amount of $[AMOUNT] of HFC Loans (accounting for the amount of Pooled Loans originated, pooled and purchased by the trustee, and the amount of volume cap used to originate the Combo Loans) have been originated or issued, respectively. HFC Loans will be originated on a first-in, first-out basis. The provisions in the Term Sheet attached hereto as Exhibit A (the "Term Sheet") are incorporated herein and supplement the provisions of this Agreement; however, in the event of any inconsistency between the provisions of this Agreement and the Term Sheet, the provisions of this Agreement shall supersede those of the Term Sheet.

5. **Fees**. TDHCA will pay an ongoing fee in the amount identified in, and in accordance with the provisions of, the Term Sheet (collectively, the "HFC Fees"). HFC Fees will be paid for a period as described in the Term Sheet for each HFC Loan. The outstanding balance of HFC Loans will be reduced monthly to reflect principal repayments and prepayments (including foreclosures of HFC Loans). HFC Fees cease to accrue with respect to any HFC Loan once that HFC Loan has been repaid or prepaid. HFC Fees will be paid annually, in accordance with payment instructions to be provided by HFC.

6. **Reporting**. Once HFC Loans have been pooled into mortgage-backed securities or an MCC has been issued, TDHCA will provide quarterly loan level detail with respect to the outstanding loan balances as provided in the Term Sheet.

7. **Governing Law**. This Agreement shall be governed by and enforced in accordance with the laws of the State of Texas.

8. **Severability**. The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

9. **Entire Agreement; Amendment and Waiver**. This Agreement contains the complete and entire understanding of the parties with respect to the matters covered herein. This Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Agreement shall be considered as a general waiver.

10. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which is an original and all of which together constitute one and the same Agreement. Electronically transmitted counterparts shall be deemed originals.

[*Execution pages follow*]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement to be effective as of the date first set forth above.

[NAME OF ENTITY] HOUSING FINANCE CORPORATION

By: _____

Name: _____

Title: _____

[signatures continue next page]

TEXAS DEPARTMENT OF HOUSING ANDCOMMUNITY AFFAIRS

By: _____

Name: _____

Title: _____

EXHIBIT A – TERM SHEET

2026 Term Sheet

Housing Finance Corporation Volume Cap Assignment

Issuer:	Texas Department of Housing and Community Affairs ("TDHCA")
HFC Partner:	Housing Finance Corporation ("HFC")
Volume Cap:	To be reserved by the HFC for subsequent assignment to TDHCA ("Reservation").
Assignment:	TDHCA and the HFC will execute an Assignment Agreement to assign the Reservation to TDHCA. The HFC's governing body will be required to approve the Assignment.
Assignment Purpose:	To be used by TDHCA to originate (a) My First Texas Home Bond Loans that are eligible for pooling into mortgage backed securities and purchased by tax-exempt bonds issued by TDHCA ("Pooled Loans"), and/or (b) My First Texas Home Combo Loans with MCCs ("Combo Loans", collectively "HFC Loans").
Loan Prioritization	The HFC Loans shall be recorded on a first in first out ("FIFO") basis until the equivalent of the assigned volume cap has been exhausted.
Volume Cap Utilization:	Pooled Loans will be credited at par. Combo Loans will be credited in accordance with the volume cap used to originate such loan.
HFC Fees:	TDHCA will pay an ongoing fee of 4.75 basis points against the aggregate outstanding balance of HFC Loans that have been pooled into mortgage-backed securities or for which an MCC has been issued. The HFC Fees will be paid for a period of ten years for each loan originated under the Assignment Agreement that is not more than 30-days delinquent at the time the Pooled Loan Fee is calculated. The outstanding balance will be reduced monthly to reflect principal repayments and prepayments (including foreclosures). HFC Fees cease to accrue with respect to any HFC Loan once that loan has been repaid or prepaid. HFC Fees will be paid annually, in accordance with payment instructions to be provided by the HFC.
Related Costs:	TDHCA shall be responsible for payment of all fees and expenses incurred from and after the date of the Assignment Agreement with respect to the Reservation, including any carryforward application fee and/or closing fees payable to the Bond Review Board; and will pay all costs associated with the issuance of the bonds.

Reporting:	Once HFC Loans have been pooled into mortgage-backed securities or an MCC has been issued, TDHCA will provide quarterly loan level detail with respect to the outstanding loan balances; no personally identifiable information will be included.

Mortgage Loan Program

While TDHCA may originate more loans within the HFC's jurisdiction, the maximum amount of HFC Loans is limited to the volume cap assigned.

Loans originated through a bond issue include FHA, VA, and USDA loans (no conventional loans). All loans must have a term of 30 years.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-018 **Agenda Date:** 7/9/2026 **Agenda #:** 24.

Presentation, discussion, and possible action on Resolution No. 26-018 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt the attached resolution.

BACKGROUND

The Texas Department of Housing and Community Affairs (the Department) administers statewide homeownership programs that provide affordable mortgage financing and down payment assistance to eligible low- and moderate-income Texas households. These programs are financed in part through the issuance of tax-exempt Qualified Mortgage Bonds authorized under Section 143 of the Internal Revenue Code.

Under federal law, Qualified Mortgage Bonds require an allocation of the State's private activity bond authority, commonly referred to as "volume cap." Pursuant to Chapter 1372, Texas Government Code, issuers seeking volume cap must submit an application for reservation to the Texas Bond Review Board. In addition, Chapter 1231, Texas Government Code, requires approval by the Texas Bond Review Board prior to the issuance of bonds.

Demand for affordable homeownership financing in Texas remains strong. Over the past four calendar years, the Department has assisted 16,000 households through the origination of approximately $3.6 billion in bond-financed first mortgage loans and Mortgage Credit Certificates. An additional 9,000 Texas households have obtained more than $2.08 billion in first mortgage loans through the Department’s TBA program, which does not rely on Private Activity Bond volume cap. The Department provides Down Payment Assistance in connection with all of these mortgage loans, helping Texas families overcome one of the primary barriers to homeownership.

To preserve the Department's ability to finance future homeownership activities and respond to market opportunities as they arise, staff recommends authorizing the filing of one or more applications for reservation of volume cap for Qualified Mortgage Bonds in an aggregate amount not to exceed $2,000,000,000. The requested authorization would also permit the submission of any required state debt applications and related filings, including carryforward designations, in connection with such reservations.

Approval of this resolution does not authorize the issuance of bonds. Any future bond issuance utilizing reserved volume cap will be presented to the Board for separate consideration and approval.

RESOLUTION NO. 26-018

RESOLUTION AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR RESERVATION WITH THE TEXAS BOND REVIEW BOARD WITH RESPECT TO QUALIFIED MORTGAGE BONDS; AUTHORIZING STATE DEBT APPLICATION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make, acquire and finance, and to enter into advance commitments to make, acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose of refunding any bonds theretofore issued by the Department; and

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences will be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

WHEREAS, Section 146(a) of the Code requires that certain "private activity bonds" (as defined in Section 141(a) of the Code) must come within the issuing authority's private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond "State ceiling" (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e)

of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the "Allocation Act"); and

WHEREAS, the Allocation Act requires the Department, in order to reserve a portion of the State ceiling for qualified mortgage bonds (the "Reservation") and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (the "Application for Reservation") with the Texas Bond Review Board (the "Bond Review Board"), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds; and

WHEREAS, the Allocation Act and the rules promulgated thereunder by the Bond Review Board (the "Allocation Rules") require that the Application for Reservation be accompanied by a certified copy of the resolution of the issuer authorizing the filing of the Application for Reservation; and

WHEREAS, the Board has determined to authorize the filing of one or more Applications for Reservation in the maximum aggregate amount of $2,000,000,000 with respect to qualified mortgage bonds; and

WHEREAS, the Board further desires to approve one or more applications to the Bond Review Board for approval of state bonds;

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

ARTICLE 1

APPROVAL OF CERTAIN ACTIONS

Section 1.1 Applications for Reservation. The Board hereby authorizes Bracewell LLP, as Bond Counsel to the Department, to file on its behalf with the Bond Review Board one or more Applications for Reservation in the maximum aggregate amount of $2,000,000,000 with respect to qualified mortgage bonds, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of one or more Reservations.

Section 1.2 State Debt Applications. The Board hereby authorizes and approves the submission of one or more applications for approval of state bonds to the Bond Review Board on behalf of the Department in accordance with Chapter 1231, Texas Government Code.

Section 1.3 Authorization of Certain Actions. The Authorized Representatives of the Department named in this Resolution are hereby authorized to take such actions on behalf of the Department as may be necessary to carry out the purposes of this Resolution, including the submission of any carryforward designation requests for such Reservations.

Section 1.4 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the

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

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 9th day of July, 2026.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-019 **Agenda Date:** 7/9/2026 **Agenda #:** 25.

Presentation, discussion and possible action on Resolution No. 26-019 approving consent to sale of Master Servicing Rights in connection with the Department's Single Family Mortgage purchase program: approving the execution of a new servicing agreement and other agreements in connection with such sale; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution' and containing other provisions relating to the subject

RECOMMENDED ACTION

WHEREAS, since 2017, the Idaho Housing and Finance Association (IHFA) has served as the Department's master servicer for mortgage loans originated through the Department's Single Family Mortgage Purchase Program pursuant to a Mortgage Acquisition, Pooling and Servicing Agreement approved by the Board;

WHEREAS, IHFA has notified the Department of its intent to sell the master servicing rights associated with the Department's mortgage portfolio to a successor servicer. Under the existing servicing agreement, the Department's consent is required before the sale and transfer of those servicing rights may occur; and

WHEREAS, the proposed resolution authorizes the Department to consent to the sale, negotiate and execute a new servicing agreement and related agreements, and authorize designated Department representatives to execute the documents and take the actions necessary or convenient to implement the transaction.

NOW, therefore, it is hereby,

RESOLVED, that the Board approve Resolution No. 26-019, approving consent to sale of Master Servicing Rights in connection with the Department's Single Family Mortgage purchase program: approving the execution of a new servicing agreement and other agreements in connection with such sale; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution' and containing other provisions relating to the subject

BACKGROUND

Staff is requesting that the Board adopt Resolution 26-019, which would approve the Department's consent to the sale of the master servicing rights associated with the Department's Single Family Mortgage Purchase Program by the IHFA, subject to a determination by an Authorized Representative that the transaction is in the best interests of the Department.

Staff also seeks approval for the negotiation, execution, and delivery of a new servicing agreement with the successor servicer and any related agreements necessary in connection with the sale; and authorization for designated Department representatives to execute the consent, servicing agreement, related agreements and

all other documents and instruments necessary or convenient to carry out the purposes of the resolution.

This action would ratify actions previously taken by the Executive Director and Department staff in connection with the Program.

RESOLUTION NO. 26-019

RESOLUTION APPROVING CONSENT TO SALE OF MASTER SERVICING RIGHTS IN CONNECTION WITH THE DEPARTMENT'S SINGLE FAMILY MORTGAGE PURCHASE PROGRAM; APPROVING THE EXECUTION OF A NEW SERVICING AGREEMENT AND OTHER AGREEMENTS IN CONNECTION WITH SUCH SALE; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time ("Chapter 2306"), for the purpose of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income (as described in Chapter 2306 as determined by the Governing Board of the Department (the "Board") from time to time) at prices they can afford; and

WHEREAS, Chapter 2306 authorizes the Department: (a) to purchase notes and other obligations evidencing loans or interest in loans for individuals and families of low, very low and extremely low income and families of moderate income and (b) to sell, at public or private sale, with or without public bidding, a mortgage or other obligation held by the Department; and

WHEREAS, the Department has a single family mortgage purchase program (the "Program") to fund all or a portion of the Department's single family loan production; and

WHEREAS, pursuant to Resolution 17-003, the Governing Board authorized, and the Department executed and delivered, a Mortgage Acquisition, Pooling and Servicing Agreement (as heretofore amended, restated and modified, the "IHFA Servicing Agreement") with Idaho Housing and Finance Association ("IHFA"), pursuant to which IHFA has provided certain mortgage loan servicing services for the mortgage loans originated under the Program (the "Mortgage Loans"); and

WHEREAS, IHFA has notified the Department of its desire to sell all or a portion of its servicing rights with respect to the Mortgage Loans to a new servicer (the "Servicer"), subject to the execution of a consent to such sale (the "Consent") by the Department, pursuant to and in accordance with the IHFA Servicing Agreement; and

WHEREAS, the Governing Board has determined to authorize the execution of the Consent by an Authorized Representative (as hereinafter defined), subject to the terms and in the manner such Authorized Representative deems to be in the best interests of the Department; and

WHEREAS, the Board desires to authorize the execution and delivery of a servicing agreement or similarly titled document (the "New Servicing Agreement") with the Servicer setting forth the terms under which the Servicer will service the Mortgage Loans, and the taking

of such other actions as may be necessary or convenient to carry out the purposes of this Resolution; and

WHEREAS, it is anticipated that the execution of the New Servicing Agreement will necessitate negotiation, execution and delivery of various additional agreements (collectively, the "Related Agreements"), including amendments and modification to existing agreements, relating to the Program; and

WHEREAS, the Governing Board desires to approve the negotiation, execution and delivery of the Related Agreements and any such other documents and the taking of such other actions, all as may be determined by an Authorized Representative to be necessary or convenient to carry out the purposes of this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1
APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Authorization of the Execution and Delivery of Consent. The Authorized Representatives each are hereby authorized, upon a determination that the terms thereof are in the best interest of the Department, to (i) execute the Consent and to deliver the Consent to IHFA, and (ii) to take all other actions deemed necessary by such Authorized Representative with respect to the sale by IHFA of the servicing rights.

Section 1.2 Execution and Delivery of New Servicing Agreement, Related Agreements and Other Documents. The Authorized Representatives are each hereby authorized to negotiate, execute and deliver the New Servicing Agreement, the Related Agreements and all other agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Resolution: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director-Housing Finance of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.4 Ratifying Other Actions. All other actions taken or to be taken by the Executive Director and the Department's staff in connection with the Program are hereby ratified and confirmed.

ARTICLE 2
GENERAL PROVISIONS

Section 2.1 Notice of Meeting. That this Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 2.2 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 9th day of July, 2026.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1522 **Agenda Date:** 7/9/2026 **Agenda #:** 26.

Presentation, discussion, and possible action regarding a Material Amendment to the Land Use Restriction Agreement and changes to the ownership structure for Riverstone Apartments (HTC #20465)

RECOMMENDED ACTION

WHEREAS, Riverstone Apartments (the Development) received a 4% Housing Tax Credit (HTC) award in 2020 for the new construction of 336 units, all of which are designated as low-income units, in San Marcos, Hays County;

WHEREAS, to improve the financial feasibility of the Development by obtaining a property tax exemption, LDG Riverstone, LP (the Development Owner or Owner) is seeking to replace the originally proposed General Partner, LDG Riverstone GP, LLC, with THF Riverstone GP, LLC, of which THF Housing Development Corporation, a 501(c)(3) nonprofit corporation, will be the sole member;

WHEREAS, Texas Housing Foundation (THF) will acquire fee simple title to the land and then enter into a ground lease with the Development Owner;

WHEREAS, as part of the addition of the nonprofit to the ownership structure of the Development, the Owner also requests approval to change the income and rent restrictions by changing 15% of the units (51 units) from 60% to 30% of Area Median Income (AMI), resulting in a reduction to the number of units at 60% AMI from 336 to 285 units;

WHEREAS, the Owner is seeking to further revise the ownership structure by moving the current General Partner, LDG Riverstone GP, LLC, to a Class B Limited Partner role; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the selection of the Application, or impact the HTC amount;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment to the Land Use Restriction Agreement and changes to the ownership structure of the Development are each approved, subject to clearance of the previous participation review, as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Riverstone Apartments (HTC #20465) was approved for a 4% HTC award in 2020 for the new construction of 336 units, all of which are designated as low-income units, for the general population in San Marcos, Hays County. Construction of the Development is complete, and IRS Forms 8609 for the Development were issued by the Department on April 7, 2026.

In a letter dated May 8, 2026, Chris Dischinger, the representative for the Owner, requested approval for a material amendment to the LURA to revise the income targeting in order to facilitate the addition of a new nonprofit general partner. With this change, 15% of units or 51 units will be changing from 60% to 30% AMI, decreasing the number of 60% AMI units from 336 to 285.

In addition to the amendment for the change in income targeting, the Owner is requesting approval to modify its ownership structure by adding a nonprofit to the general partner position. The new general partner will be THF Riverstone GP, LLC (0.005% ownership interest) with THF Housing Development Corporation, a 501(c)(3) nonprofit corporation, as its sole member. The current General Partner, LDG Riverstone GP, LLC (0.005% ownership interest) will move to a Class B Limited Partner role. Citi-ESG LIHTC Partners I, LLC is identified as the Investor Limited Partner (99.99% ownership interest) and LP Purchaser, LLC is serving as a Special Limited Partner. The requested changes to the ownership structure, along with a ground lease structure, will improve the financial feasibility of the Development by providing an ad valorem tax exemption.

The Owner complied with the requirements for requesting a material LURA amendment, including holding a public hearing. The public hearing was held on May 20, 2026. According to the sign in sheet, two residents attended the meeting. The meeting minutes reflect that one resident asked questions related to the impact of the proposed change on her ability to reside at the property and the impact on her rental rate. Responses were provided that the changes would not impact her ability to reside at the property and or impact her rental rate. There were no other comments regarding the proposed amendment.

The Owner submitted a revised Rent Schedule as part of the amendment request. The financial analysis completed by staff supports an improved net operating income and Debt Coverage Ratio (DCR) due to the removal of the property tax expense. At cost certification, it was anticipated that the first lien debt would be paid down from $43,502,000 to $37,500,000 for conversion to permanent. Staff's revised analysis including 51 units at 30% AMI and a 100% property tax exemption indicates the Development would support the full debt amount with a projected DCR of 1.31. This increase to the debt amount does not impact the HTC amount.

Staff recommends approval of the material amendment to the LURA and changes to the ownership structure subject to clearance of the previous participation review. Furthermore, tenants at 60% AMI may not be evicted or non-renewed to achieve the income targeting described in this amendment; currently occupied units may only be leased to 30% AMI tenants upon turnover.

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LDG DEVELOPMENT

May 8, 2026

Mr. Rosalio Banuelos, Director of Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: Riverstone #20465 – Adding a Non-Profit to the GP

Mr. Banuelos:

LDG Riverstone, LP (TDHCA #20465) is hereby requesting to modify its Organizational Chart to add a nonprofit (Texas Housing Foundation) to the GP position. The entity name of the new GP will be "THF Riverstone GP, LLC" and the percentages of interest are detailed on the new Organization Chart under Tab 4.

It was determined post-closing that the addition of a nonprofit, and associated exemption from real estate taxes, was imperative to the financial viability of the property's operation. Overall, this change will be a net positive and will not cause any negative financial impact to the Development. Concurrently with this Ownership Transfer, Riverstone will be adding deeper affordability at this project as 15% of the units will be changing from 60% to 30% AMI.

If you need any additional information on the above request, please contact:

Jason Trevino
512-578-8488
jtrevino@ldgdevelopment.com

Sincerely,

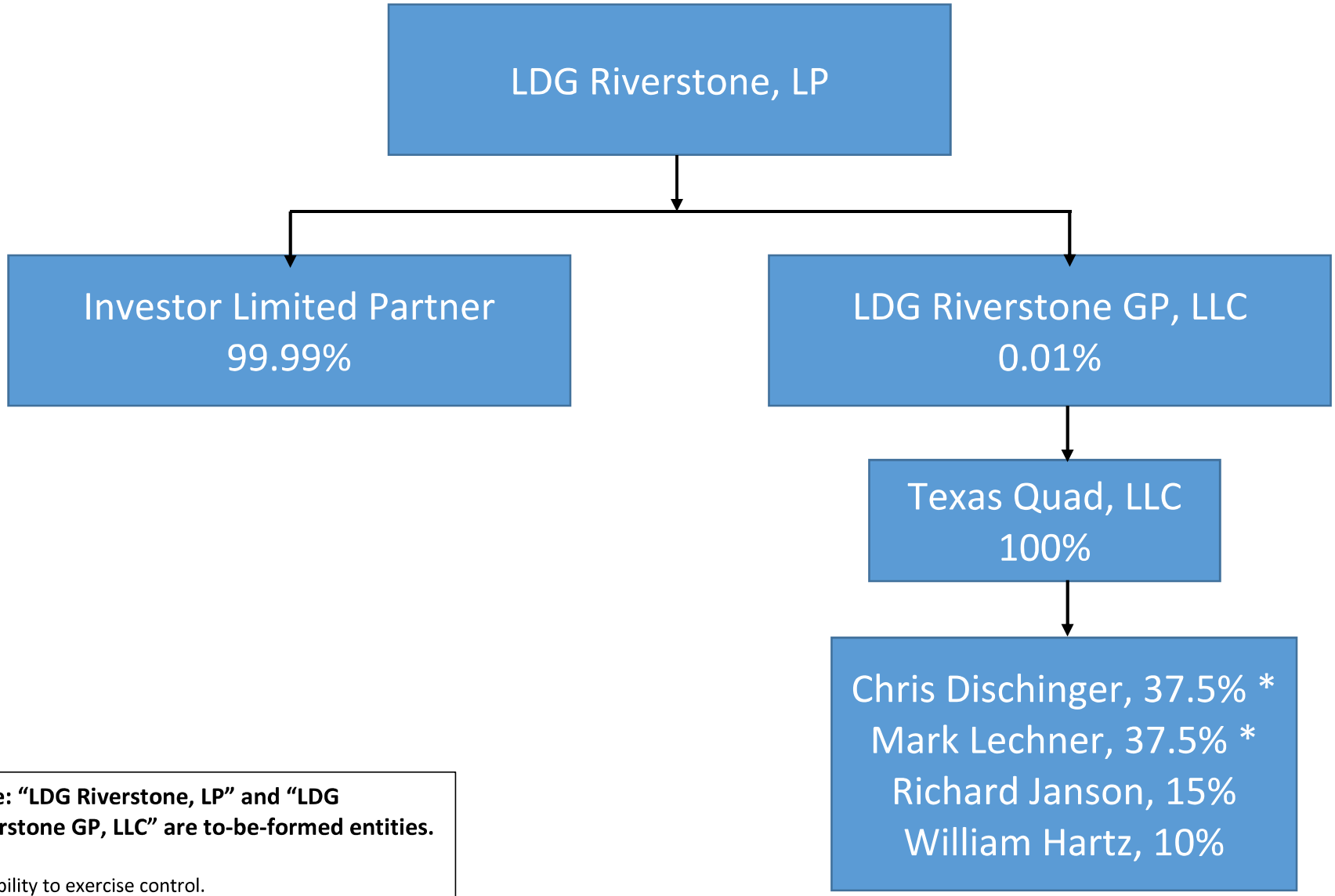
Chris Dischinger
LDG Riverstone GP, LLC

Cc: Rene Ruiz, Senior Asset manager

AT TIME OF APPLICATION

Riverstone Apartments

Applicant / Owner Organizational Chart

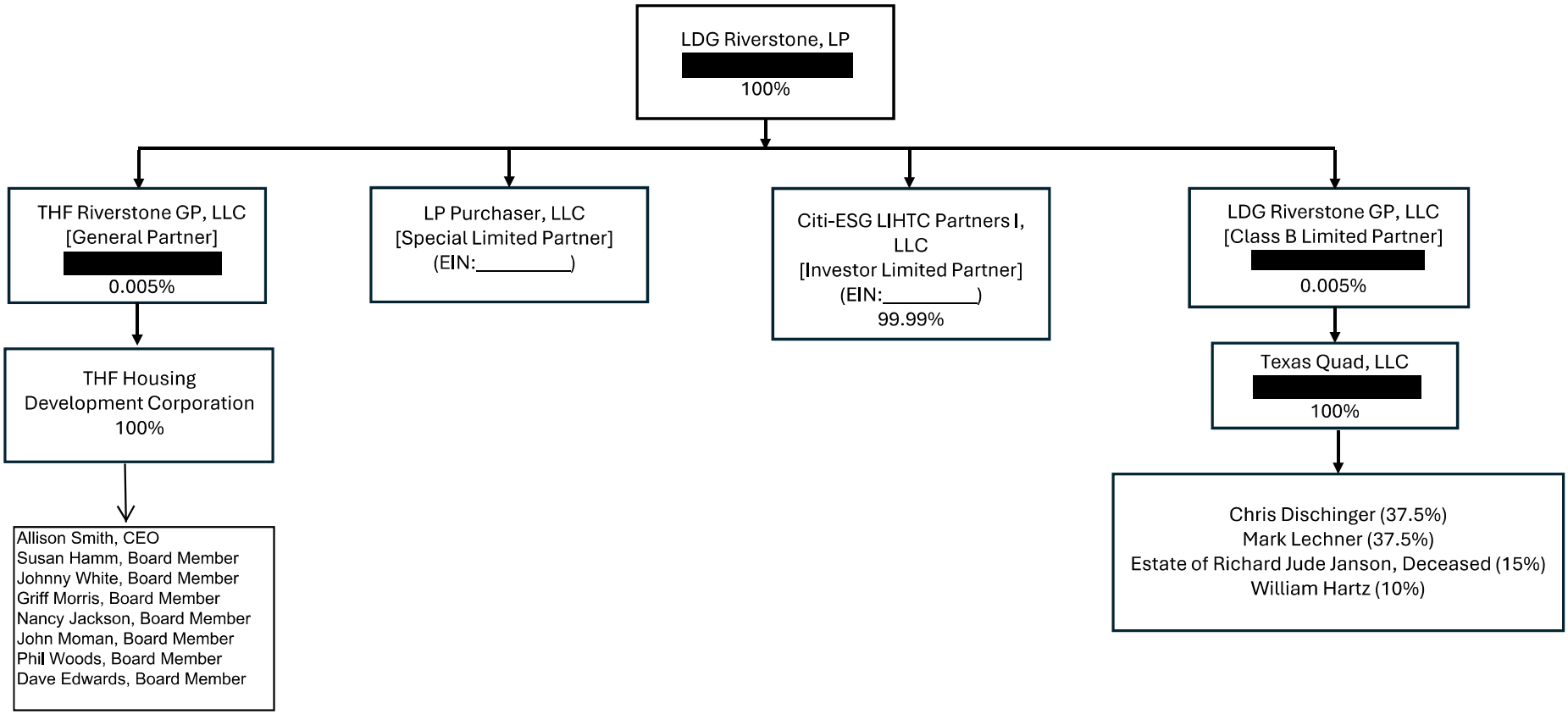


Note: "LDG Riverstone, LP" and "LDG Riverstone GP, LLC" are to-be-formed entities.

* = Ability to exercise control.

POST OWNERSHIP TRANSFER

ORGANIZATIONAL CHART
RIVERSTONE



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1500 **Agenda Date:** 7/9/2026 **Agenda #:** 27.

Presentation, discussion, and possible action on recommendation to debar Tracy Andrus Foundation and Tracy Andrus

RECOMMENDED ACTION

WHEREAS, Tracy Andrus Foundation (TAF) signed HOME Investment Partnerships Program Reservation System Participant Agreement #2023-0033 in 2024, to act as an administrator for the HOME TBRA program;

WHEREAS, the Department performed a compliance monitoring review and subsequent program investigation after receiving unusual and suspicious emails from Elvisha Brightman, a former employee of TAF;

WHEREAS, the Department identified significant problems with program administration;

WHEREAS, a compliance monitoring review identified disallowed costs of $26,489.12, which have been paid in full;

WHEREAS, a parallel investigation conducted by TDHCA program staff to verify tenants, identified serious misrepresentations and further disallowed costs of $43,381.00, which have been paid in full;

WHEREAS, TAF and Tracy Andrus were referred for debarment consideration for submitting fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department, as identified during a program investigation, a violation of 10 TAC §2.401(a)(5) that is not susceptible to cure;

WHEREAS, Elvisha Brightman was referred for debarment consideration for submitting fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department, as identified during a program investigation, a violation of 10 TAC §2.401(a)(5) that is not susceptible to cure;

WHEREAS, Ms. Brightman attended an informal conference with the Enforcement Committee (Committee) on January 22, 2026;

WHEREAS, the Committee tabled a debarment recommendation for Ms. Brightman, pending an informal conference for Mr. Andrus;

WHEREAS, Mr. Andrus attended an informal conference with the Enforcement Committee (Committee) on April 16, 2026;

WHEREAS, after the April 16, 2026 informal conference the Committee recommended a 10-year debarment term for TAF and Mr. Andrus, and a five-year term for Ms. Brightman;

WHEREAS, on May 5, 2026, the TDHCA Executive Director issued determination notices offering

to settle the debarment matters via a 10-year Voluntary Non-Participation Agreement (VNA) for TAF and Mr. Andrus, and a 5-year VNA for Ms. Brightman, and notifying the Responsible Parties of options to appeal an alternative debarment recommendation if the VNA offers were rejected;

WHEREAS, Ms. Brightman accepted the VNA offer and has signed a VNA with the Department for a five-year term expiring June 10, 2031;

WHEREAS, Mr. Andrus rejected the VNA offer and submitted a debarment appeal on May 7, 2026; and

WHEREAS, staff has based the 10-year debarment recommendation for TAF and Tracy Andrus on the Department's rules for debarment, and an assessment of each and all of the material factors that are to be considered in determining a recommended period of debarment, applied specifically to the facts and circumstances present in this case.

NOW, therefore, it is hereby

RESOLVED, that a Final Order of Debarment for a 10-year term for Tracy Andrus Foundation and Tracy Andrus, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

VIOLATIONS SUBJECT TO DEBARMENT:

1. Tex. Gov't. Code 2306.0504(b) states, "(b) The department may debar a person from participation in a department program on the basis of the person's past failure to comply with any condition imposed by the department in the administration of its programs."

2. 10 TAC §2.401(a)(5) states:

   "(a) The Department may debar a Responsible Party, a Consultant and/or a Vendor who has exhibited past failure to comply with any condition imposed by the Department in the administration of its programs. A Responsible Party, Consultant or Vendor may be referred to the Committee for Debarment for any of the following:

   […] (5) Providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department."

3. TAF and Tracy Andrus (collectively, the TAF Responsible Parties) were referred for debarment under 10 TAC §2.401(a)(5) for submitting fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department, identified by a subsequent program investigation, including the following inappropriately drawn HOME TBRA subsidies, with findings that are not

susceptible to cure. An informal conference was held on April 16, 2026.

a. One tenant under activity 54881 with disqualifying factors, including the incorrect name, and misrepresentation of household composition and income, a violation of 24 CFR 92.203. TAF ultimately repaid disallowed costs of $5,841.00.
b. Three tenants under activities 54843, 54887, and 55112, that were occupying units owned by a close family member, such as a parent or grandparent, without disclosing a conflict of interest, a violation of Section 10.4 of the RSP Agreement, 10 TAC §23.50(h), and 24 CFR §92.356. TAF ultimately repaid collective disallowed costs of $27,606.00.
c. Of those, one property owner also appeared to be living in the unit, a further misrepresentation and factor of ineligibility for activity 55112. An owner renting from themselves and receiving a rental subsidy is a violation of 24 CFR §92.2.
d. One tenant under activity 54892 that was verified to not exist; no subsidy had been paid on behalf of the tenant per the landlord. TAF ultimately repaid disallowed costs of $3,363.00.
e. Three tenants and landlords under activities 54844, 54985, and 55211, reported not receiving subsidy payments for which TDHCA had provided reimbursement. Of those, TAF ultimately repaid disallowed costs of $6,571.00, and provided documentation verifying payments of $9,606.00.

4. TAF avoided an administrative penalty referral by repaying disallowed costs as required for all of the activities listed above, but these matters remain eligible for debarment.

PROGRAM INFORMATION: TAF is a subrecipient of the Department's HOME Program. The referrals in question relate to the HOME TBRA Program, which is a HUD-funded program that provides a monthly rental subsidy to households at or below 80% AMFI, utilizing the Section 8 Housing Choice Voucher subsidy calculation method. The program is governed primarily by 24 CFR Part 92, 10 TAC Chapters 20 and 23, and the RSP Agreement. TDHCA operates as a pass-through entity, contracting with subrecipients and state recipients known as Administrators to provide services in their community. TDHCA staff performs a limited review to ensure basic factors of eligibility, relying upon information and documentation input by the Administrator into the Housing Contract System. At its most basic, an eligible tenant must live in an eligible unit, and must be approved by TDHCA prior to drawdown of funds. COI's must be disclosed, and procedures must be followed by the subrecipient to establish eligibility prior to submission to TDHCA. Federal regulations also require the start date of assistance to the be same as the lease start date, and the amount of tenant paid rent is limited, based upon income. TAF staff violated these basic principles of the program, and those violations were systemic to TAF's administration of the program.

RESPONSIBLE PARTY: Tracy Andrus is TAF's president and chief executive officer, and is the sole control party. He confirms there are no other board members, a further concern since nonprofits in Texas are required to have at least three board members. He attended an informal conference with the Enforcement Committee (Committee) on April 16, 2026, and has repaid all

required disallowed costs to date, but denies any responsibility, blaming Ms. Brightman and other staff for misrepresentations.

PROBLEM DISCOVERED: The Department was first alerted to the issues resulting in this referral on May 15, 2025, when Ms. Brightman, a former employee at TAF, contacted the Department. Ms. Brightman alleged that she was fired in retaliation for submitting inquiries to HUD. She emailed TDHCA multiple times after she was terminated, requesting information about when the May rental subsidy would be paid for Activity 54832, and she made allegations of fraud against Mr. Andrus. Her inquiries were unusual and suspicious, causing program staff to research Ms. Brightman and the household members for Activity 54832, uncovering significant omissions and misrepresentation. Upon further investigation, the Department found that Ms. Brightman received a direct personal benefit in the form of TBRA rental and utility subsidies for her own residence, under Activity 54832, without disclosing a conflict of interest (COI) on Section F of the application as required by Section 10.4 of the Reservation System Participant Agreement (RSP Agreement), 10 TAC §23.50(h), and 24 CFR §92.356. Employees are prohibited from receiving rental subsidies without going through COI procedures.

Ms. Brightman also altered the application and lease documentation for Activity 54832 to omit her own name, and substituted the name of her mother, a second misrepresentation, and a second conflict of interest. An employee's immediate family member is prohibited from receiving rental subsidies without going through COI procedures. Lease dates were also altered.

Ms. Brightman alleges that in her role at TAF as a case manager, she submitted altered documentation for Activity 54832 to the Department on behalf of TAF at the behest of Tracy Andrus, with his full knowledge and consent. During her informal conference, Ms. Brightman alleged that Mr. Andrus was aware of the document alterations and that he directed TAF staff to alter leases to ensure eligibility and to use another household member's name to avoid the COI process. Elvisha Brightman was referred for debarment by program staff for Activity 54832.

An associated misrepresentation and COI for activity 54984 was subsequently identified, where Ms. Brightman had also altered application and lease documentation to replace her brother's name with a fictional name.

TRACY ANDRUS RESPONSE: Mr. Andrus denies all of the allegations, takes no responsibility for any of the misrepresentations, and blames Ms. Brightman and other TAF staff for all misrepresentations.

TDHCA INVESTIGATION AND ACTIONS: TDHCA monitored TAF for program compliance and identified disallowed costs of $26,489.12, which have been paid in full. Concurrent with the monitoring review, program staff also performed an independent investigation, sending a survey to each tenant noted as an active participant in TDHCA's records, and reviewing county records in order to determine whether the Department could assist former TAF clients directly. The Department terminated its contract with TAF for cause as of November 4, 2025, citing violations of the COI provisions at Section 10.4 of the RSP Agreement relating to the misrepresentations noted above for activity 54832, along with associated activity 54984.

TDHCA COMPLIANCE MONITORING AND PROGRAM INVESTIGATION BOTH UNCOVER MISREPRESENTATIONS:

1. **Subrecipient Compliance Monitoring Review:** 12 client files and two administrative draws were selected for review. Of the 12 files selected, 10 were found to be noncompliant, and 100% of the reviewed administrative costs were determined to be ineligible. TAF appealed the results of the monitoring review, and stated as one of the three primary reasons for its appeal that TAF does not approve applications, contracts, or funding. It stated that its only role is to gather documents and information, then submit them to TDHCA for review. This is factually incorrect, and the appeal was denied. Pursuant to the RSP Agreement between the Department and TAF, as a subrecipient of TDHCA HOME Program funds, TAF is solely responsible for adhering to program rules and regulations, and for ensuring that activities carried out by staff at their organization meet all program requirements. TDHCA, as the recipient, does work to ensure that activity files have been reviewed for certain high-risk factors, and will not recommend activities for funding until certain requirements are met; however, this is not to be construed as a complete file review or a guarantee of eligibility of an activity. TDHCA does not require submission of an entire activity file; many documents are to be retained by TAF and are not subject to prior review as shown in the TBRA Project File Documentation Checklist, which is separate and apart from the TBRA Project Setup Checklist used to prepare the submission of an activity for TDHCA review. Section 10.11, Subsection (c) of the RSP Agreement explicitly states, “Administrator shall comply with all federal, state and local laws, statutes, ordinances, rules, regulations, order and decrees of any court or administrative body or tribunal related to the Activities and performances of Administrator under this Agreement including, but not limited to: (1) the Program Requirements”.

   TAF subsequently submitted partial corrections and repaid $26,489.12 for all disallowed costs identified during monitoring, but noted on each check that payment was made under duress. In addition to administrative costs, disallowed costs from the monitoring review included Activity 54832, involving Ms. Brightman, and seven additional activities with programmatic and financial noncompliance. When all costs were repaid, Subrecipient Monitoring closed its review without referring TAF or Tracy Andrus for enforcement in accordance with its standard procedures, but the noncompliance remains a relevant factor that can be considered in this debarment referral. TAF also voluntarily repaid $3,625.00 relating to Activity 54984 before monitoring findings were assessed.

2. **Contract termination for cause:** The RSP Agreement was terminated for cause on November 4, 2025, effective as of December 1, 2025. The termination notice referenced activities 54832 and 54984, and included a determination that the failure of TAF to monitor for and prevent such COI’s, met the threshold for termination of the RSP Agreement due to gross negligence. Aside from terminating Ms. Brightman, no other action was taken by TAF to identify this COI and to correct the matter with TDHCA (or

the additional matters where COI was evident) until it became clear to TAF that TDHCA was investigating the activity.

3. **Single Family HOME Program (SFHP) Survey Investigation:** SFHP began preparations to directly administer HOME TBRA to individual households, recognizing the negative impact of termination for the eligible families being served by TAF. As part of this effort, SFHP staff sent surveys to active participants, and reviewed tax records to verify that the landlord shown in the records submitted to TDHCA was the property owner or verified manager. During its investigation, SFHP found the misrepresentations outlined above, for which it referred TAF and Tracy Andrus for debarment and required additional repayments. These misrepresentations were submitted by multiple TAF staff members, using multiple logins to the HCS system, including Mr. Andrus' login. HCS Users are instructed not to share their login information as the usernames are assigned per person, not per organization, but it appears this was a common practice at TAF.

   The surveys also identified further lease misrepresentations by three TAF staff members. There were only four employees at TAF. These lease misrepresentations were not referred for debarment, but should be considered as a factor. HOME has restrictions on the percentage of a household's income that may be expended on rent. The rent amounts on the leases submitted by TAF showed an altered reduced rate that made the units appear to be affordable for five activities. This left vulnerable households in a position where, even though their rent was supposed to be affordable under the program, it was still greater than 40% of their adjusted gross income since the actual rent due was not the amount shown in the leases submitted by TAF. Additionally, federal rules require the start date of assistance to be the same as the lease start date; two activities showed altered lease start dates to avoid this limitation. The new HOME Final Rule removes the 40% rent limitation, so repayment was not requested by TDHCA, and these misrepresentations were not referred for enforcement. However, the limitation existed at the time that altered documentation was submitted to the Department, and TAF staff intentionally altered these documents to make it appear that the activities were eligible. This is a factor relevant to the debarment.

FACTORS CONSIDERED TO DETERMINE RECOMMENDED DEBARMENT TERM: The Enforcement Committee considered the following factors, pursuant to 10 TAC §2.401(j):

1. **Debarment is discretionary:** 10 TAC §2.401(a)(5) is not a mandatory debarment category.

   a. For TAF and Tracy Andrus, program staff's investigatory results formed the basis of the debarment referral for intentional or negligent misrepresentations, which do not include the above-referenced noncompliance for Activities 54832 and 54984, both of which had already been repaid. The Subrecipient Monitoring Review was ultimately closed without referral to the Enforcement Committee after the full repayment of $26,489.12 in disallowed costs, but the underlying pattern of noncompliant files and misrepresentations remain a relevant factor

for consideration. Likewise, the contract cancellation relating to misrepresentations and negligence for activities 54832 and 54984 is a relevant factor for consideration. The additional lease misrepresentations identified by program staff are also a relevant factor.

2. **Repeated enforcement occurrences and history of previous violations**:

   a. **Debarment:** There are no prior debarment referrals for any of the Responsible Parties.

   b. **Administrative Penalty:** There are no prior administrative penalty referrals for any of the Responsible Parties.

3. **Seriousness of underlying issues, and whether a hazard is posed to the health, safety, or economic welfare of the public:** There is no physical impact on the public, but there is significant economic impact on the public. The misrepresentations submitted to TDHCA are very serious, and appear to be based upon a pattern and practice for TAF staff rather than mere accidental omission, a single rogue employee, or misrepresentation to TAF by a tenant themselves. The misrepresentations submitted to TDHCA also reflect a troubling lack of supervision by Tracy Andrus, who told the Committee that he did not review the documentation submitted to the Department, other than ensuring that it was the type of documentation needed for the Program. The Committee was not able to establish clear intent by Mr. Andrus. However, intent is not required under the rule to warrant debarment. At minimum, even if TDHCA were to generously construe some of the misrepresentations as mistakes or unguided actions by TAF staff, there is a clear lack of oversight by Tracy Andrus, and negligence is a component of 10 TAC 2.401(a)(5). At best, TAF staff submitting consistently altered documents demonstrates gross negligence by TAF and Tracy Andrus. At worst, it demonstrates intentional misrepresentation.

4. **Presence or absence of corrective action:** Aside from terminating Ms. Brightman, TAF took no action to identify her COI and to correct the matter with TDHCA (or the additional matters where COI was evident) until it became clear to TAF that TDHCA was investigating the activity.

   TAF submitted partial corrective documentation, reducing the disallowed costs sought by TDHCA, and it has repaid all disallowed and ineligible costs requested by TDHCA. However, Tracy Andrus noted in the reference line of every check that repayment was made “under duress”, and he refuses to take any responsibility.

   During his informal conference on April 16, 2026, Mr. Andrus indicated that there were no set working schedules at TAF, and no requirement to “clock-in”. He admitted that TAF staff did not do any independent training, only the training provided by TDHCA. He indicated that he would like more training, and had requested more training. TAF staff was unqualified, yet Mr. Andrus allowed them to submit documentation to TDHCA with

insufficient supervision and training for their levels of aptitude. Ms. Brightman and Anitras Robinson, in particular, had little comprehension of program requirements, and clearly did not understand their training. Allowing them to work on files unsupervised demonstrates incredibly poor judgment, and is reflective of the overall negligence by Mr. Andrus and TAF.

Mr. Andrus confirmed during his conference that he reviewed a document checklist prior to application submission to TDHCA, but stated that he performed no substantive review of the documents themselves since he believes that is TDHCA's sole responsibility. Mr. Andrus did not provide any further details about supervision despite multiple Committee questions on the topic. TDHCA relies upon Administrators to verify eligibility, and then provide accurate and complete information and documentation to TDHCA; TDHCA's role in determining eligibility is secondary. It was not possible for TDHCA to identify the misrepresentations without independent investigatory efforts by TDHCA staff after the Brightman misrepresentations were uncovered. TAF knowingly, or at least negligently, violated these basic principles of the HOME TBRA program, and those violations were systemic to its operation of the program. Contract termination and debarment are appropriate since TAF cannot be trusted to reliably and accurately administer a TDHCA contract.

5. **Other material factors that justice may require**: In addition to the referred misrepresentations for TAF and Mr. Andrus, other misrepresentations by TAF staff are relevant considerations supporting a systemic pattern and practice of document alteration by staff employed by TAF in its administration of the HOME TBRA program, including the altered application and lease documentation submitted by Ms. Brightman for her own personal benefit and for the benefit of her family under activities 54832 and 54984, and the additional altered leases submitted by three different TAF staff members to misrepresent program eligibility.

   Mr. Andrus argues that he did nothing wrong, deflecting responsibility to his staff at TAF, and particularly Ms. Brightman. He assigned any remaining responsibility to TDHCA, which he alleges was solely responsible for reviewing tenant files. He denied any involvement in personally altering any documentation, and says that all disallowed costs were repaid under duress. Ms. Brightman also believes she did nothing wrong, deflecting all blame to Mr. Andrus, who she alleges directed her to alter the files. The Committee was unable to prove allegations by Mr. Andrus or Ms. Brightman as to who was the mastermind of the document alteration scheme, but it is ultimately unnecessary to do so.

   Mr. Andrus and TAF were initially offered a 10-year VNA, because all disallowed costs had been repaid and because TAF provides childcare services that receive state funding and Mr. Andrus expressed concern about a debarment affecting that other state funding.

6. **Appropriate debarment term:** In light of the above factors, the Committee

recommends a 10-year debarment term for TAF and Tracy Andrus, and it reports Ms. Brightman's signed VNA with a five-year term in lieu of a debarment recommendation.

APPEAL RESPONSES BY THE RESPONSIBLE PARTIES: Tracy Andrus rejected an offer for a 10-year Voluntary Non-Participation Agreement (VNA), and submitted the attached appeal. All disallowed costs are now repaid, including the $30.00 discussed in his appeal. He denies any wrongdoing, stating that he has "not been found guilty of fraud, unethical conduct, criminal wrongdoing, or intentional misconduct by any court, tribunal, or independent investigative body" and that there is no proof that he personally committed any unethical acts. He alleges that TDHCA has failed to identify any fraudulent acts or intentional misconduct personally committed by Tracy Andrus, and that there is no evidence to establish intent to defraud. He complains that he was not permitted to "face [his] accusers, cross-examine witnesses, or participate in any evidentiary hearing prior to the recommendation for debarment".

An informal conference was held with Mr. Andrus on April 16, 2026, in accordance with 10 TAC §2.401 so that he could discuss his perspective and any mitigating factors for Department consideration. Compliance and program staff were present until deliberations. The rule does not contemplate an informal conference being a proceeding where TDHCA witnesses are cross-examined. Mr. Andrus also submitted multiple public information requests that were fulfilled, except for documents should already be in his possession since TAF is responsible for maintaining household files in accordance with the RSP Agreement.

TAF indicates that there is active federal litigation filed in the United States District Court for the Eastern District of Texas by the Bernoudy Law Firm, raising "questions regarding TDHCA's investigative process, procedural fairness, selective enforcement, lack of due process, and the absence of sufficient factual findings supporting debarment threats." A similar prior lawsuit by Tracy Andrus was dismissed earlier this year.

The rest of Mr. Andrus' substantive appeal statements are addressed in the factors above.

RECOMMENDATION: After consideration of all appropriate factors, the Enforcement Committee and Executive Director recommend the issuance by the Board of a Final Order of Debarment for a 10-year term for TAF and Tracy Andrus.

Attachments:
1. Proposed Debarment Order for Tracy Andrus
2. 11/4/2025 Notice of Termination of RSP Agreement
3. 1/22/2026 email by Elvisha Brightman, after her informal conference
4. 3/3/2026 Enforcement Referral Notice
5. 3/17/2026 Email with Tracy Andrus regarding system access
6. 5/7/2026 appeal email by Tracy Andrus

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
TRACY ANDRUS FOUNDATION AND	§	TEXAS DEPARTMENT OF HOUSING
TRACY ANDRUS	§	AND COMMUNITY AFFAIRS

FINAL ORDER OF DEBARMENT

General Remarks and official action taken:

On this 9th day of July, 2026, the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or Department) considered the matter of whether enforcement action should be taken against Tracy Andrus Foundation, a Texas nonprofit corporation (TAF), and its chief executive officer and sole board member, Tracy Andrus, an individual (collectively, the Respondents), for providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department, a violation of 10 TAC §2.401(a)(5).

This Final Order is executed pursuant to the authority granted in Texas Government Code section 2306.0504, which requires the Board to adopt a policy providing for the debarment of a person from participation in Department programs because of a person's past failure to comply with conditions imposed by the Department in the administration of its programs. A policy was adopted by the Board and is set forth at 10 TAC §2.401.

Upon recommendation of the Executive Director, the Board makes the following findings of fact and conclusions of law and enters this Order:

FINDINGS OF FACT

Jurisdiction:

1. On June 27, 2024, TAF executed HOME Investment Partnerships Program Reservation System Participant Agreement #2024-0033 (RSP Agreement), committing to be a Reservation System Participant in multiple set-asides, including the Tenant-Based Rental Assistance (TBRA) Set-Aside #1003667 (Set-Aside 1003667) and the Single-Family Programs for Persons with Disabilities TBRA Set-Aside #1003669 (Set-Aside 1003669).

2. Entities eligible for debarment by the Department include Responsible Parties, Consultants, and Vendors, under 10 TAC §2.401.

3. Respondents are subject to the regulatory authority of the Department and, for purposes of this debarment recommendation, TAF and Tracy Andrus are collectively considered Responsible Parties, as defined by 10 TAC §2.102.

Violations Subject To Debarment:

1. The Department conducted a program investigation beginning on May 15, 2025, identifying multiple instances where Respondents violated 10 TAC §2.401(a)(5) by submitting fraudulent information, knowingly falsified documentation, or other intentional or negligent material

misrepresentation or omission with regard to any documentation, certification or other representation made to the Department, on behalf of TAF, in order to draw HOME TBRA subsidies, including:

a. One tenant under activity 54881 with disqualifying factors, including the incorrect name and misrepresentation of household composition and income, a violation of 24 CFR 92.203. TAF ultimately repaid disallowed costs of $5,841.00.

b. Three tenants under activities 54843, 54887, and 55112, that were occupying units owned by a close family member, such as a parent or grandparent, without disclosing a conflict of interest, a violation of Section 10.4 of the RSP Agreement, 10 TAC §23.50(h), and 24 CFR §92.356. TAF ultimately repaid collective disallowed costs of $27,606.00.

c. Of those, one property owner also appeared to be living in the unit, a further misrepresentation and factor of ineligibility for activity 55112. An owner renting from themselves and receiving a rental subsidy is a violation of 24 CFR §92.2.

d. One tenant under activity 54892 that was verified to not exist; no subsidy had been paid on behalf of the tenant per the landlord, a violation of the RSP Agreement and 10 TAC §23.51(b). TAF ultimately repaid disallowed costs of $3,363.00.

e. Three tenants and landlords under activities 54844, 54985, and 55211, reported not receiving subsidy payments for which TDHCA had provided reimbursement, a violation of the RSP Agreement and 10 TAC §23.51(b). Of those, TAF ultimately repaid disallowed costs of $6,571.00, and provided documentation verifying payments of $9,606.00.

2. All of the above matters are considered closed, but remain eligible for debarment.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §2306.0504 and 10 TAC §2.401.

2. TDHCA is a designated Participating Jurisdiction within the meaning of 24 C.F.R. Part 92 and has the authority pursuant to Tex. Gov't Code Chapter 2306, Subchapter F, to make a subaward or otherwise contract with eligible organizations to participate in the administration of HOME funds provided to the State of Texas under the Cranston Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq).

3. Pursuant to the RSP Agreement, Respondents are required to administer HOME funds in accordance with federal and state requirements, including but not limited to the HOME Investment Partnerships Act of 1990, 42 U.S.C. §§12721-12839; applicable Federal and CPD Notices issued by HUD; implementing regulations at 24 CFR Part 92; Chapter 2306 of the Texas Government Code; the State HOME Rules; the Application and Application Submission Procedures Manual, and the terms of the RSP Agreement.

4. Pursuant to 24 C.F.R. 504(a) and 10 TAC §20.14, TDHCA is required to monitor for noncompliance with all state and federal requirements under the HOME program.

5. TAF and Tracy Andrus are Responsible Parties as defined by 10 TAC §2.102.

6. Respondents violated 10 TAC §2.401(a)(5) by providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department.

7. Pursuant to Tex. Gov't. Code §2306.0504(b), the Department may debar a person from participation in a Department program on the basis of the person's past failure to comply with any condition imposed by the department in the administration of its programs.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of material factors including those set forth in 10 TAC §2.401(j) to be considered for a recommended period of debarment, as applied specifically to the facts and circumstances present in this case, the Board of the TDHCA orders the following:

IT IS HEREBY ORDERED that Respondents are barred from future participation in any capacity for all programs administered by the Department for a **ten-year term commencing on the date of board approval**. This debarment does not prohibit Respondents from participating in any existing engagements funded through the Department where funds have already been awarded or allocated, nor does it affect any responsibilities or duties thereunder.

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

[signature page to follow]

Approved by the Governing Board of TDHCA on July 9th, 2026.

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

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

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 9th day of July, 2026, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

_____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 9th day of July, 2026, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

_____
Notary Public, State of Texas

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

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GOVERNOR

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Anna Maria Farías, Member
Holland Harper, Member
Ajay Thomas, Member

November 4, 2025

Writer's direct dial: (512) 475-0908
Email: abigail.versyp@tdhca.texas.gov

Dr. Tracy Andrus
Chief Executive Officer
Tracy Andrus Foundation
Marshall, TX
Email: tandrus26@gmail.com

RE: TERMINATION OF RSP AGREEMENT 2024-0033

Dear Dr. Andrus:

After careful consideration, the Texas Department of Housing and Community Affairs (TDHCA or the Department) is terminating the HOME Investment Partnerships Program (HOME Program) Reservation System Participation Agreement (RSP Agreement) 2024-0033 between TDHCA and the Tracy Andrus Foundation (TAF). This is a termination for cause in accordance with Section 10.2(B)(2) of the RSP Agreement, which states:

> *"B. Department may terminate this Agreement, in whole or in part, for any of the following events and any other event agreed to by the parties in the Loan Documents or Grant Documents:*
>
> > *2) Gross negligence, fraud, willful misconduct, misappropriation of funds, or criminal activity by Administrator or any affiliate of the Administrator providing services to or in connection with this Agreement or Administrator;"*

After a careful review of the administration of the grant, we identified violations of the conflict of interest provisions as outlined in Section 10.4 of the RSP Agreement related to an employee of TAF, Elvisha Brightman, residing in the property at 713 Navajo Trail. The circumstances related to this conflict of interest are outlined in the Follow-Up Report of On-Site Monitoring letter dated October 20, 2025. TDHCA had previously reached out to TAF regarding this issue, and TAF acknowledged that the conflict of interest occurred, and terminated the activity; however, expenditures occurred prior to this acknowledgement. TDHCA staff met with TAF on May 20, 2025 and inquired about relatives of the employee that were either receiving or submitted for approval to receive rental subsidy. After this

meeting, TAF sent a request to cancel an additional activity because the employee's brother lived in the unit proposed for assistance, which was submitted in the name of a different party. TDHCA requested, and TAF submitted, a termination letter for the Activity. Subsequently, TAF sent an additional email requesting cancellation of four additional activities and was asked to provide a termination letter showing the reason for termination. This letter was not received by TDHCA.

It is the determination of the Department that the circumstances regarding conflict of interest, and the failure of TAF to monitor for and prevent such conflicts of interest, meets the threshold for termination of the RSP Agreement due to gross negligence by Administrator or any affiliate of the Administrator providing services to or in connection with this Agreement or Administrator. Although TAF did terminate the employee with the verified instance of conflict of interest, action to identify this conflict of interest and to correct the matter (or the additional matters where conflict of interest was evident) was not taken until TDCHA brought it to the attention of TAF.

TDHCA understands that termination of the RSP Agreement may impact tenants currently receiving assistance with monthly rental and utility subsidy; as such, the RSP Agreement will be terminated on December 1, 2025. Subsidy for eligible tenants may be drawn as early as November 11, 2025 for rents payable through December 31, 2025; however, no additional commitments of funds will be approved by TDHCA. As the termination of the RSP Agreement may impose a hardship on otherwise eligible households, TDHCA will be reaching out to tenants and landlords utilizing the contact information in existing records in the meantime to determine whether it will be possible for TDHCA to directly subsidize eligible households. TDHCA will only contact those tenants and landlords for activities for which a Household Commitment Contract was executed; no new activities will be reviewed or approved.

This termination does not relieve TAF from their responsibility to repay disallowed costs resulting from activities performed or funds drawn under the Agreement. As required by Section 10.2(c) of the Agreement, TAF must return any remaining funds on hand and all accounts receivable attributable to the use of funds under the Agreement within 10 calendar days of the date of the termination, or December 11, 2025.

Sincerely,

Abigail Versyp
Director of Single Family and Homeless Programs

From: elvisha brightma <ebrightmantaf@gmail.com>
Sent: Thursday, January 22, 2026 2:41 PM
To: Ysella Kaseman <Ysella.Kaseman@tdhca.texas.gov>
Subject: Re: Informal Conference Notice - Debarment

I feel I can explain better through email as you guys looking at the fact I received help which was the purpose as I stated I was not told cause I work at the foundation I can not apply for the program just would have to do a conflict of interest and to avoid that part I can use my mother name which it's nothing wrong with trying to avoid something that's complicated for easier so I did what was told to me

Post-Hearing Statement Regarding Alleged Misrepresentation

I am submitting this statement to clarify an important point discussed during my debarment hearing.

When I applied for assistance through the TDHCA program, I was employed at the Foundation. The director of the Foundation explicitly instructed me to list my mother as the applicant in order to avoid a conflict of interest due to my employment. He explained that because she was a member of my household, this was the proper and compliant way to proceed.

I relied on this guidance in good faith. At no point did I intend to misrepresent information or violate program rules. I followed the instructions given to me by the person responsible for overseeing program compliance. If the guidance I received was incorrect, the misunderstanding originated from the program's leadership, not from any intentional wrongdoing on my part.

I respectfully request that this be considered as a mitigating factor in your decision. My actions were based on the direction of the program director, and I believed I was following the correct procedure to avoid a conflict of interest.

Thank you for your time and consideration.

Sincerely,

Elvisha Brightman

Redaction note: Tenant names and addresses are redacted in the following pages for publication in the TDHCA Board Book

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

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GOVERNOR

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Leo Vasquez, Chair
Kenny Marchant, Vice Chair
Cindy Conroy, Member
Anna Maria Farías, Member
Holland Harper, Member
Ajay Thomas, Member

March 3, 2026

(512) 475-0908
abigail.versyp@tdhca.state.tx.us

Dr. Tracy Andrus
Chief Executive Officer
Tracy Andrus Foundation
Marshall, TX
Email: tandrus26@gmail.com

RE: THIRTY (30) DAY ENFORCEMENT NOTICE
HOME - HOME RESERVATION (SINGLE-FAMILY 2024) CONTRACT NO. 1003667
HOME - HOME RESERVATION (SINGLE-FAMILY 2024) CONTRACT NO. 1003669

Dear Dr. Andrus:

The Texas Department of Housing and Community Affairs (the Department) has been working with former clients and vendors of the Tracy Andrus Foundation's HOME Tenant-Based Rental Assistance (TBRA) Program to determine whether the clients may be assisted. While reviewing files, staff has become aware of additional costs that appear to be ineligible based on documentation received. Additional ineligible costs in the amount of $48,316 as shown in this notice have been identified as of the date of this notice, but this work is ongoing, and this may not be an exhaustive list of all costs that may ever be determined to be an ineligible use of HOME funds.

Tracy Andrus Foundation must reimburse additional ineligible costs which may not be documented to be eligible in the amount of **$33,447.00** no later than thirty (30) calendar days after the date of this notice. TAF must also submit funds in the amount of **$14,869.00** or documentation that establishes eligibility of the costs identified by the SFHP Division as correctable no later than April 2, 2025.

This letter serves as notice of both the ineligible costs, the request for curative documentation as applicable, and notice that TAF and Tracy Andrus have been referred to the Department's Enforcement Committee with a recommendation of debarment for providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department, a violation of 10 §TAC 2.401(a)(5). Within seven (7) days of the date of this notice, you must submit a current organizational chart showing ownership to the level of natural persons who are in Control of the nonprofit (board members) and must indicate which entities and natural persons have the ability to Control the nonprofit. Additional individual parties may also be named as referred for debarment and will be notified separately prior to the meeting.

If you have any questions, please contact me via email at abigial.versyp@tdhca.texas.gov.

Sincerely,

Abigail Versyp
Director of Single Family and Homeless Programs

cc: Earnest Hunt, Director of Subrecipient Monitoring
Chad Landry, Manager of Single Family Programs
Ysella Kaseman, TDHCA Enforcement Committee Secretary

SFHP Program Area Cost Ineligibility Determinations

During its course of business when working to verify eligibility of activities previously assisted by TAF, the Single Family and Homeless Programs (SFHP) Division noted the following activities which were ineligible for HOME Program assistance. The documentation submitted by TAF when the activities were submitted for review either excluded information that would have allowed the SFHP Division to determine the activities ineligible at the outset, or included documentation that did not accurately represent the client's income or household composition, or included altered or incomplete lease agreements, including submission of leases where the landlord and/or tenant was instructed that the lease of record was not the same lease as that submitted to TDHCA. TAF also appears to not have checked the owner of record prior to executing agreements, or if they did, disregarded close familial relationships between owners and tenants. While not an exhaustive list of all file issues noted by the SFHP Division, these issues would have resulted in outright disapproval of the activity commitment and/or funding request.

Activity Number	Description of Factor(s) of Ineligibility	Reason for Ineligibility of Costs	Total Ineligible Costs Drawn
54881	Tenant was married and living with her spouse at the time she applied for and began to receive assistance. The name provided for this tenant is not the legal name of the tenant as shown on her State of Texas Driver License. Her spouse was not included on any documentation submitted by TAF. The tenant confirmed to me that she was married at the time she began receiving assistance.	24 CFR 92.2 defines a household as one or more persons occupying a housing unit. All members of the household must be included when determining eligibility, including income eligibility, for a HOME assisted activity in accordance with 24 CFR 92.203. This must occur prior to the date of assistance, and all members must be included on application and income determination materials. This violation of rule cannot be corrected. These costs are ineligible as the household was not determined to be eligible based on all household members.	$5,841
54843	Tenant occupied a unit owned by his father. TAF reported that the unit was owned by his uncle, which is not a conflict, but in reviewing ownership records during research for self-administration, TDHCA determined that the owner of record was not the owner or landlord on the documents submitted by TAF.	10 TAC 23.50(h) (previously 10 TAC 23.51(i)) prohibits Administrator from approving a unit if the owner is by consanguinity, affinity, or adoption the parent, child, grandparent, grandchild, sister, or brother of any member of the assisted Household, unless the Administrator determines that approving the unit would provide Reasonable Accommodation for a Household member who is a Person with Disabilities. Additionally, TAF must ensure that payment of rent is being made to a person or entity with authority to lease a unit and collect rent.	$10,272

		These costs may not be determined to be eligible. If they were paid to a person other than the owner of record for the property and improvement in which the tenant resided, the costs are ineligible. The .0016% ownership if mineral rights owned by [redacted] (uncle of the tenant and landlord shown in the records TAF submitted for TDHCA review) does not evidence that he is the owner of the surface or improvements. This violation of rule cannot be corrected, and the activity costs are ineligible.	
54887	Tenant occupied a unit owned by her mother. TAF did not report the relationship between the tenant and the landlord and there is no indication that this was permitted as a reasonable accommodation or that her mother didn't also live in the unit. TAF acknowledged this occurred in an email to TDHCA dated 11/19/2025.	10 TAC 23.50(h) (previously 10 TAC 23.51(i)) prohibits Administrator from approving a unit if the owner is by consanguinity, affinity, or adoption the parent, child, grandparent, grandchild, sister, or brother of any member of the assisted Household, unless the Administrator determines that approving the unit would provide Reasonable Accommodation for a Household member who is a Person with Disabilities. This violation of rule cannot be corrected and all funds expended must be repaid.	$8,834
55112	Tenant was assisted in a unit which appears to be also occupied by the owner, [redacted]. TDHCA noted that there was a homestead exemption in the tax record and asked the landlord about this. She denied that she lived in the unit, but her driver license shows the unit as her address, and she did not respond to TDHCA requests for follow up information so that we may be able to assist the tenant. The unit was not presented as shared housing and was shown to	It appears that the household should have included the owner if the owner lived in the home in accordance with 24 CFR 92.2, in which case the activity would have been ineligible as you cannot rent from yourself and receive rental subsidy. If assistance was provided as shared housing, documents should have reflected this and the subsidy payment was incorrectly calculated as funds may not be utilized to pay subsidy at the one-bedroom rate for a tenant assisted in shared housing.	$8,500

	be a single family detached house on the inspection submitted by TAF.	This violation of rule cannot be corrected and all funds expended must be repaid.	
		Total:	**$33,437**

Additional Documentation Required to Determine Eligibility of Cost			
Activity Number	Description of Factor(s) of Ineligibility	Reason for Ineligibility of Costs	Total Ineligible Costs Drawn
54516	Security deposit was drawn, but the landlord reports that the security deposit was paid by the tenant personally before the tenant began receiving rental assistance.	The security deposit was not paid to the landlord by TAF according to the landlord. The security deposit is not an eligible cost if it was not paid to the landlord on behalf of the tenant. Provide verification of payment (cancelled check) made to [redacted] in the amount of $1,450 for the security deposit for the unit at [redacted], Marshall, TX.	$1,450
54892	Landlord reported that tenant never received any subsidy at this address. The persons shown as the landlord in the files submitted by TAF is not the owner or the owner's agent, and the tenant does not occupy this unit.	Assistance is reported to never have been provided so there are no eligible costs. Provide verification of payments (cancelled checks) made to [redacted] and/or [redacted] in accordance with the Rental Coupon Contract for payment for subsidy for the unit at [redacted] for $3,363 ($500 in security deposit and $2,454 in rental subsidy for the months of 12/2024-5/2025.	$3,363
54844	Tenant reported that she never received subsidy, and the landlord reports that they do not accept assistance programs.	Assistance is reported to never have been provided so there are no eligible costs. Provide verification of payments (cancelled checks) made to [redacted] in accordance with the Rental Coupon Contract for payment for subsidy for the unit at [redacted] for $4,224 in rental	$4,224

		subsidy for the months of 2/2025-12/2025.	
54985	Landlord reported that subsidy was only paid for April, May, and June of 2025. TDHCA reimbursed TAF for subsidy for July-October subsidy.	Subrecipients must utilize the funding drawn to pay for the costs they are being reimbursed for, and payment should be issued timely. Provide verification of payments (cancelled checks) made to [redacted] in accordance with the Rental Coupon Contract for payment for subsidy for the unit at [redacted] for $5,028 in rental subsidy for the months of 7/2025-10/2025.	$5,028
55211	Landlord reported that they have not received the subsidy for the tenant for 11/2025 or 12/2025. They have called TAF to request the funds, but TAF has not responded. The funds were drawn by TAF for both months.	Subrecipients must utilize the funding drawn to pay for the costs they are being reimbursed for, and payment should be issued timely. Provide verification of payments (cancelled checks) made to [redacted] in accordance with the Rental Coupon Contract for payment for subsidy for the unit at [redacted] for $804 in rental subsidy for the months of 11/2025-12/2025.	$804
		Total:	**$14,869**

From: Ysella Kaseman
To: Tracy Andrus
Subject: RE: Inspection of Records
Date: Tuesday, March 17, 2026 11:00:40 AM
Attachments: 20260303_TAF_EnforcementReferralNotice.pdf
2024-0033-Tracy-Andrus-RSP-Agreement---Fully-Executed.pdf

Good morning,

TDHCA's senior Legal and Single Family staff have reviewed your request. TDHCA is unable to provide Housing Contract System access since TAF's contract was terminated for cause. However, you already have copies of the TAF records that are in that system. Section 8.1 of HOME Investment Partnerships Program ("HOME") Reservation System Participant Agreement #2024-0033 requires the Administrator to establish and retain records at its regular place of business for a minimum five year period, so all of the documentation that you uploaded to the Contract System will already be in your records for the activities listed in the attached notice.

Sincerely,

_____

Ysella Kaseman
Asset Management and Compliance Enforcement Specialist
Texas Department of Housing and Community Affairs
P.O. Box 13941 | Austin, TX 78711
Overnight to: 221 E. 11th Street | Austin, TX 78701
Office: 281.798.2499
Fax: 512.469.9606

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 http://www.tdhca.texas.gov/ or the Learn about Fair Housing in Texas page.

From: Tracy Andrus <tandrus26@gmail.com>
Sent: Tuesday, March 10, 2026 5:06 PM
To: Ysella Kaseman <Ysella.Kaseman@tdhca.texas.gov>; Tracy Andrus <tandrus26@gmail.com>
Subject: Re: Inspection of Records

Thank you.

Dr. Tracy Andrus, Executive Director
Tracy Andrus Foundation
303 W. Burleson Street

Marshall, Texas 75670
tandrus26@gmail.com
Ph: 903-472-2762
www.tracyandrusfoundation.com

On Tue, Mar 10, 2026 at 4:45 PM Ysella Kaseman <Ysella.Kaseman@tdhca.texas.gov> wrote:

> Good afternoon, Mr. Andrus. I do not have authority to grant access to that system, but will check with staff and get back to you.
>
> Sincerely,
>
> _____
>
> **Ysella Kaseman**
> Asset Management and Compliance Enforcement Specialist
> Texas Department of Housing and Community Affairs
> P.O. Box 13941 | Austin, TX 78711
> Overnight to: 221 E. 11th Street | Austin, TX 78701
> Office: 281.798.2499
> Fax: 512.469.9606
>
>
>
> **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 http://www.tdhca.texas.gov/ or the Learn about Fair Housing in Texas page.
>
> ---
>
> **From:** Tracy Andrus <tandrus26@gmail.com>
> **Sent:** Tuesday, March 10, 2026 4:18 PM
> **To:** Ysella Kaseman <Ysella.Kaseman@tdhca.texas.gov>; Tracy Andrus <tandrus26@gmail.com>
> **Subject:** Re: Inspection of Records
>
> Good Afternoon Ms. Kaseman,
>
> Is it possible to give me access to our uploaded records in the Housing Contract System for 48 hours so that we can copy some documents. It is very difficult to prepare our report/response to TDHCA without access to our uploaded files. Please advise. If it is possible for them to place all of our files in a zip file and send them to us that will suffice also! Thanks.
>
> Dr. Tracy Andrus, Executive Director

Tracy Andrus Foundation
303 W. Burleson Street
Marshall, Texas 75670
tandrus26@gmail.com
Ph: 903-472-2762
www.tracyandrusfoundation.com

From:	Tracy Andrus
To:	Ysella Kaseman; Tracy Andrus; Dr. Tracy Andrus; victorgoldstein28@gmail.com; Bobby Wilkinson; Abigail Versyp; Chad Landry; Dana Garrett; CPDWebmail@hud.gov; CPD_GeneralCorr-FTW; Earnest Hunt; Laura Simmons Gilmore; Ibarra, Leticia; Roy, Mark C; Meredith Whitwell; teliah.o.walker@hud.gov; Tracy Andrus
Subject:	Appeal of Ten Year VNPA Recommendation
Date:	Thursday, May 7, 2026 11:02:10 AM

May 7, 2026

TDHCA Governing Board
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Via Email: ysella.kaseman@tdhca.texas.gov

RE: Appeal of Recommended Ten-Year Voluntary Non-Participation Agreement (VNA) / Debarment Recommendation Against Tracy Andrus and Tracy Andrus Foundation

Dear Members of the Governing Board:

I respectfully submit this formal appeal pursuant to 10 TAC §2.401(k) and 10 TAC §1.7(f) regarding the recommendation that Tracy Andrus and the Tracy Andrus Foundation ("TAF") enter into a ten-year Voluntary Non-Participation Agreement ("VNA") or otherwise face debarment from participation in programs administered by the Texas Department of Housing and Community Affairs ("TDHCA").

I unequivocally reject the proposed VNA and respectfully request that the Governing Board deny the recommendation for debarment. Tracy Andrus and the Tracy Andrus Foundation have not been found guilty of fraud, unethical conduct, criminal wrongdoing, or intentional misconduct by any court, tribunal, or independent investigative body. Despite the severity of the proposed sanction, TDHCA has failed to provide fundamental due process protections or identify with specificity any unethical acts personally committed by me or by the Tracy Andrus Foundation.

Throughout this proceeding, TDHCA has repeatedly referenced unnamed "staff," "three other persons," and former employee Elvisha Brightman, yet TDHCA has failed to identify with clarity:

1. What specific fraudulent act Tracy Andrus personally committed;
2. What intentional misconduct Tracy Andrus Foundation allegedly engaged in;
3. Which individuals allegedly committed the referenced acts;
4. What evidence exists establishing intent to defraud;
5. What investigative findings support a ten-year debarment recommendation; or
6. What procedural safeguards were afforded before recommending one of the harshest penalties available under TDHCA rules.

The May 5, 2026 notice acknowledges that TDHCA merely determined that TAF was "negligent in [its] administration" of the program. Negligence, even if assumed arguendo, is fundamentally different from fraud, intentional deception, or unethical conduct warranting a

ten-year exclusion from participation in public programs.

At no point was I afforded a meaningful opportunity to confront the allegations against me, face my accusers, cross-examine witnesses, or participate in any evidentiary hearing prior to the recommendation for debarment. TDHCA's own correspondence repeatedly references alleged actions by unidentified employees and unnamed individuals without explaining how those allegations establish wrongdoing by Tracy Andrus personally or justify organizational debarment of the Tracy Andrus Foundation.

Importantly, TDHCA also acknowledges that repayments were made regarding questioned costs. Additionally, the alleged outstanding balance of $30.00 referenced by TDHCA has now been verified as received by Ms. Ysella Kaseman on May 5, 2026. Therefore, TDHCA's own repayment concerns have been satisfied.

The Tracy Andrus Foundation cooperated throughout the monitoring and repayment process. Repayment of questioned costs should not be construed as an admission of fraud, intentional misconduct, or unethical behavior. In many instances, repayments were made under protest and in an effort to avoid disruption of housing services and administrative operations.

Moreover, the issues surrounding this matter are currently the subject of active federal litigation filed in the United States District Court for the Eastern District of Texas by the Bernoudy Law Firm. The federal complaint raises many of the same concerns presented in this appeal, including questions regarding TDHCA's investigative process, procedural fairness, selective enforcement, lack of due process, and the absence of sufficient factual findings supporting debarment threats.

The proposed ten-year VNA/debarment appears punitive, excessive, and unsupported by any formal adjudication of fraud or unethical conduct. Neither Tracy Andrus nor the Tracy Andrus Foundation has been convicted of fraud, found liable for fraud, or determined by any court to have intentionally falsified records for personal gain. TDHCA's recommendation instead appears to rely heavily upon assumptions, generalized allegations, actions allegedly attributable to former employees, and administrative disagreements regarding documentation and eligibility determinations.

A ten-year debarment would cause catastrophic harm not only to me personally, but also to the vulnerable populations served by the Tracy Andrus Foundation, including low-income families, formerly incarcerated individuals, homeless individuals, veterans, and other underserved populations in East Texas. Such an extreme sanction should not be imposed absent clear evidence of intentional wrongdoing and full compliance with constitutional and administrative due process protections.

I therefore respectfully request that the Governing Board:

1. Reject the recommendation for a ten-year VNA/debarment;
2. Dismiss the proposed debarment proceedings against Tracy Andrus and the Tracy Andrus Foundation;
3. Provide a full and transparent explanation of all allegations and investigative findings relied upon by TDHCA;
4. Afford meaningful due process protections before any adverse determination is made; and
5. Consider the absence of any criminal conviction, fraud finding, or adjudicated unethical

conduct in evaluating this matter.

I maintain my innocence regarding any allegation of fraud or unethical conduct and refuse to enter into a VNA that would effectively function as a plea agreement absent proof of wrongdoing.

Thank you for your time and consideration of this appeal.

Respectfully submitted,

Tracy Andrus

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1529 **Agenda Date:** 7/9/2026 **Agenda #:** 28.

Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter I, Public Facility Corporation Compliance Monitoring §10.1101 Purpose, §10.1102 Definitions, §10.1103 Reporting Requirements, §10.1104 Audit Requirements, §10.1105 Income and Rent Requirements and §10.1107 Options for Review and directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code, §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter I, Public Facility Corporation Compliance Monitoring rules ensure compliance with HB 2071 (88th Regular Legislature) and Chapter 303 Local Government Code;

WHEREAS, the rule was originally adopted in 2024, and changes are now needed to add direction for Public Facility Corporation (PFC) Users and Auditors on clarifying program requirements, processes, and language in multiple sections; for establishing consistency with the rule in 10 TAC Chapter 10, Subchapter J; to further clarify language and requirements on topics for which questions are often received; to correct references to required forms that have been updated; and to clarify, add and remove requirements for Public Facility Corporation Developments that are annually required to report to the Department;

WHEREAS, Compliance Monitoring staff, on May 20, 2026, met with a group of interested parties and stakeholders on the proposed PFC rule to review, discuss and receive feedback on the proposed rule prior to the rule being presented to the TDHCA Board; and

WHEREAS, such proposed amendments in this item will be published in the *Texas Register* for public comment which will be accepted from July 24, 2026, to August 24, 2026, and the rule will be returned to the Board for final adoption;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the proposed amendments of 10 TAC Chapter 10, Subchapter I Public Facility Corporation Compliance Monitoring, in the form presented to this meeting, to be published in the *Texas Register* for public comment and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation

of the subchapter specific preambles.

BACKGROUND

The Texas Department of Housing and Community Affairs (the Department) proposes amendments to 10 TAC, Subchapter I, Public Facilities Corporation (PFC) Compliance Monitoring rule to clarify program requirements in multiple sections, remove or correct duplicative language and establish consistency with rule in 10 TAC Chapter 10 Subchapter J (relating to Housing Finance Corporation compliance) when requirements and definitions are the same. The Public Facilities Corporation Compliance Monitoring rules are an integral part of monitoring PFC Developments tasked to the Department by HB 2071 (88th Regular Legislature) for compliance monitoring oversight. The purpose of this amendment is to clarify language and requirements on which questions have been received, correct references, and add and remove necessary language to ensure consistency with requirements in HB 2071.

On May 20, 2026, Compliance Division staff meet in person and virtually to solicit feedback from interested parties and stakeholders on the PFC rule prior to it being presented to the Board. The Compliance Division accepted several verbal and written comments and incorporated some of the comments into the proposed rule action when practical and feasible.

The proposed draft of the 2026 Public Facilities Corporation Compliance Monitoring rule reflects staff's recommendations for the Board's consideration. Behind the proposed preamble for the proposed rule action is the rule shown in its blackline form reflecting proposed changes to the rule.

The proposed amendment will be published in the *Texas Register* and released for public comment from July 24, 2026, to August 24, 2026. This rule action will be returned to the Board for final adoption.

Only the sections noted in the recitals and proposed for action will be published in the *Texas Register* for public comment. Proposed substantive changes are explained below.

Summary of Proposed Changes:

§10.1101 Purpose. Staff is proposing new language and citations to make clear what monitoring requirements are applicable to pre- and post- June 18, 2023, PFC Developments.

§10.1102 Definitions. Staff proposes a new definition of Rent Reduction to better clarify the required components that must be used for this calculation as required in HB 2071.

§10.1103 Reporting Requirements. Staff proposes the deletion of language that is no longer applicable regarding the one-time extension granted to PFC Users in 2024. Additional language was added to codify the time frame which an Audit report must cover, adding the requirement of a rent roll with the Audit report and notifying Auditors that published forms on the website may not be altered or modified. In addition, staff proposes changes to existing language to make the time frames clear to PFC Users and stakeholders in which the Department will publish a summary report, a final monitoring letter, the time frame for the PFC User to submit corrective action and when the Department will publish its final close out letter. Lastly, staff proposes changes in the language to make clear when the Department will report any uncorrected noncompliance to the Responsible Parties, Chief Appraiser and the Texas Comptroller with a recommendation of loss of ad valorem tax exemption for the tax year being audited.

§10.1104. Audit Requirements. Staff proposed new language in this section to clearly identify Audit requirements for pre- and post- June 18, 2023, PFC developments that must be completed by the third-party Auditor. New language has been added for the selection of tenant files that mirrors the language in the Housing Finance Corporation (HFC) Compliance Monitoring rule since the requirements are the same. New language specifies the percentage of files to be reviewed when a property has achieved required occupancy as compared to when a property is still in lease up. Amendments further provide guidance on the percentage of new move in files and recertification files that must be selected by an Auditor for review.

Staff also proposes changes to the definition of monthly rent by deleting the following language, *"an imputed family size of one person per bedroom plus one person,"* since this language is not statutorily required or in HB 2071. Additional proposed language was added to monthly rent to make clear the adjustment to family size when calculating the maximum rent limit, should defer to development's Regulatory Agreement or operating documents that is also outlined in the HFC Monitoring Rule.

Staff also proposes new language and examples to be included in the rule that explain how 42(g)(2)(D), commonly known as the Available Unit Rule (AUR) must be applied when a household's income increases at annual renewal. Additionally, staff proposes new language for the rent reduction calculation that clearly codifies that the requirement applies to developments acquired in years two, three and four only as outlined in HB 2071.

Staff is also recommending removing a vague requirement of how an Auditor may establish a methodology for determining maximum market rent when a Development does not have any market rate units and replacing the language with acceptable methods of how maximum market rents may be established. The new proposed methods also mirror those in the HFC Compliance Monitoring rule.

§10.1105. Income and Rent Requirements. Staff proposes the addition of new language allowing the exemption of basic housing pay income for military households for Developments that are in or adjacent to counties with qualified military bases. This income exemption requirement was also adopted in the HFC Compliance Monitoring rule.

§10.1107. Options for Review. Staff is recommending the addition of new language on when and how a PFC User may appeal a finding of noncompliance. This appeal process is the same as the one adopted in the HFC Compliance Monitoring rule.

Attachment 1: Preamble, including required analysis for proposed amendments to 10 TAC Chapter 10, Subchapter I §10.1101 Purpose, §10.1102 Definitions, §10.1103 Reporting Requirements, §10.1104 Audit Requirements, §10.1105 Income and Rent Requirements and §10.1107 Options.

The Texas Department of Housing and Community Affairs (the Department) proposes amendments to 10 TAC Chapter 10, Subchapter I, §10.1101 Purpose, §10.1102 Definitions, §10.1103 Reporting Requirements, §10.1104 Audit Requirements, §10.1105 Income and Rent Requirements and §10.1107 Options. The purpose of the proposed action is to provide a clearer, more efficient and more concise rule for Public Facilities Corporation Developments over which the Department has compliance monitoring oversight. The proposed amendment removes unnecessary requirements from the rule; adds new language that simplifies requirements for pre and post June 18, 2023, PFC developments; adds a new definition; provides clear timeframes for the issuance of reports, corrective action and close out letters; and specifies what must be included with the submission of an Audit report and the mechanism of how a report must be submitted to the Department. Audit requirements were simplified and aligned with 10 TAC Chapter 10, Subchapter J, which are the Housing Finance Corporation rules, when appropriate to provide more detailed guidance to PFC Users, Auditors and stakeholders on what is required to be submitted, and when and how rent reduction calculation is to be completed. New examples were included to provide detailed guidance on how the available unit rule is applied and to establish methods for determining maximum market rent when a Development is 100% restricted. Additional proposed requirements were added to allow the exemption of basic military housing allowance income from the calculation of annual income and to expand the appeals process for findings of noncompliance.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because there are no costs associated with the amendment.

The Department has analyzed this rulemaking, and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Robert Wilkinson, Executive Director, has determined that, for the first five years the amendment would be in effect:

1. The amendment to the rule will not create or eliminate a government program but merely relates to the compliance monitoring processes already in place for PFCs;

2. The amendment to the rule will not require a change in the number of employees of the Department;

3. The amendment to the rule will not require additional future legislative appropriations;

4. The amendment to the rule will result in neither an increase nor a decrease in fees paid to the Department;

5. The amendment to the rule will not create a new regulation, merely improves the existing rule related to PFCs;

6. The amendment to the rule will not repeal an existing regulation;

7. The amendment to the rule will not increase or decrease the number of individuals subject to the rule's applicability; and

8. The amendment to the rule will neither positively nor negatively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this action and determined that it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The action does not contemplate or authorize a taking by the Department, therefore no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the action as to its possible effects on local economies and has determined that for the first five years the rule will be in effect there will be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the rule amendment is in effect, the public benefit anticipated as a result of the amended sections would be an updated rule that is more efficient, concise, and provides clearer guidance for PFCs. There will be no economic costs to individuals required to comply with the amended section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the amended rule is in effect, enforcing or administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the amendments and requests information related to the cost, benefit, or effect of the proposed amendments, including any applicable data, research, or analysis from any person required to comply with the proposed amendments or any other interested person. The public comment period will be held July 24, 2026, to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Wendy Quackenbush at wendy.quackenbush@tdhca.texas.gov or by mail at P.O. Box 13941, Austin, Texas 78711-3941. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The amendment is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed action affects no other code, article, or statute.

§10.1101. Purpose and Applicability.

The purpose of Chapter 10, Subchapter I is to:

(1) Provide the reporting requirements described in §10.1103 of this Subchapter for the audit requirements detailed in §10.1104 in the following manner:
(A) Development enacted prior to June 18, 2023, are subject to §10.1104(a); or
(B) Development enacted on or after June 18, 2023, are subject to all subsections in §10.1104.

(~~1~~2) Establish rules governing Developments owned or sponsored by a Public Facility Corporation (PFC) that are subject to Sections 303.0421 and 303.0425 of the Texas Local Government Code.

(~~2~~3) Enable the Department to communicate with Responsible Parties and persons with an interest in the Development, regarding the results of the Audit Report.

(~~3~~4) Establish qualifications for Auditors and reporting standards and formats.

(~~4~~5) Implement compliance requirements, tenant protections, and affirmative marketing requirements, as required by Sections 303.0421 and 303.0425 of the Texas Local Government Code.

(6) Applicability. This rule is not applicable to a Development that has at least 20 percent of its residential units reserved for public housing; that participates in the Rental Assistance Demonstration program administered by HUD; that receives financial assistance administered under Chapter 1372, Government Code, or that receives financial assistance from another type of tax-exempt bond; or that receives financial assistance administered under Subchapter DD, Chapter 2306, Government Code.

§10.1102. Definitions.

The capitalized terms or phrases used herein are defined in the title. Any other capitalized terms in the subchapter shall have the meaning defined in Chapter 2306 of the Texas Government Code, Chapter 303, Texas Local Government Code, ~~-~~and other state or Department rules, as applicable. Defined terms, when not capitalized, are to be read in context and construed according to common usage.

(1) Audit Report--A report completed by an Auditor or compliance expert, in a manner and format prescribed by the Department.

(2) Auditor--An individual who is an independent auditor or compliance expert with an established history of providing similar audits on housing compliance matters, meeting the criteria established herein.

(3) Board--The governing board of the Texas Department of Housing and Community Affairs.

(4) Chief Appraiser--The chief appraiser of the appraisal district in which a Development is located.

(5) Department--The Texas Department of Housing and Community Affairs.

(6) Development--A multifamily residential development owned by a Public Facility Corporation and operated by an Operator.

(7) Housing Choice Voucher Program--The housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437~~(~~f).

(8) HUD--The United States Department of Housing and Urban Development.

(9) Public Facility Corporation (PFC)--A nonprofit corporation that can be created by a municipality, county, school district, housing authority or a Sponsor, as outlined in Chapter 303 of the Texas Local Government Code.

(10) Public Facility User--~~a~~A public-private partnership entity or a developer or other private entity that has an ownership interest or a leasehold or other possessory interest in a public facility that is a multifamily residential development. For purposes of all provisions within this rule, the terms "Public Facility User" and "Operator" shall have the same meaning and shall be interchangeable.

(11) Rent Reduction--The projected difference between the annual rent charged for a Restricted Unit and the maximum market rent that could be charged for the same unit without income restrictions.

(~~11~~12) Regulatory Agreement--A Land Use Restriction Agreement (LURA), Ground Lease, Deed Restriction, and any similar restrictive instrument that is recorded in the real property records of the county in which the Development is located.

(~~12~~13) Responsible Parties--The Texas Comptroller of Public Accounts, and with respect to a Development, the applicable Operator, the PFC, the governing body of the PFC's Sponsor, and, if the PFC's Sponsor is a housing authority, the elected officials responsible for appointing the housing authority's governing board.

(~~13~~14) Restricted Unit--A residential unit in a Development that is reserved for or occupied by a household meeting certain income limitations established in the Regulatory Agreement, with rent for such unit restricted as set forth in these rules. Restricted Units may float in a Development and need not be permanently fixed.

(~~14~~15) Sponsor--A municipality, county, school district, housing authority, or special district that causes a corporation to be created to act in accordance with Chapter 303, Texas Local Government Code.

(~~15~~16) Unit Type--Means the type of unit determined by the number of bedrooms.

§10.1103. Reporting Requirements.

The following reporting requirements apply to all Developments owned by a Public Facility Corporation (PFC), subject to Sections 303.0421 and 303.0425 of the Texas Local Government Code, and not eligible under Section 10(b) or (c) of House Bill 2071, 88th Texas Legislative Session, effective June 18, 2023, (the Act) for continuation of the former law in effect prior to the effective date of the Act. Pursuant to Section 10(d) of the Act, all Developments owned by a PFC as described in Tex. Local Gov't Code §303.0421(a), and with respect to which an exemption is sought or claimed under §303.042(c) - regardless of when the Development was acquired, approved, or occupied - must submit an Audit Report in accordance with §303.0426(b) as described below.

(1) No later than June 1 of each year, the Public Facility User will submit to the Department an Audit Report from an Auditor, obtained at the expense of the Public Facility User. The Department will reject any Audit Report received after June 1 of the applicable reporting year. Failure to submit an Audit Report, or submission of an Audit Report after the June 1 deadline, constitutes noncompliance and shall be reported to the responsible parties, the Chief Appraiser, and the Comptroller.

~~Concurrently with submission of the Audit Report, the Operator will complete the contact information form available on the Department's website. For Developments eligible for continuation of the former law in effect prior to June 18, 2023, the first Audit Report (due no later than December 15, 2024, with a one-time discretionary extension of 30 days available from the Department upon written showing of good cause, if submitted to pfc.monitoring@tdhca.texas.gov prior to 5:00 p.m. on December 15th), will satisfy the requirements of Tex. Local Gov't Code §303.0426(b)(1) (compliance with new statutory provisions) by demonstrating its eligibility to continue under the former law, but must still fully address the requirements of §303.0426(b)(2) (identifying the difference in rent charged for income-restricted residential units and the estimated maximum market rents that could be charged for those units without the rent or income restrictions).~~

(2) All Audit Reports must comply with subparagraphs (A) to (C) of this paragraph:

(A) be for at least the full prior reporting period ending December 31 and include a rent roll for the same period;

(B) include contact information for all Responsible Parties; and

(C) be completed and submitted in the Department prescribed manner, including all published forms which may not be altered or modified.

(~~2~~3) The first Audit Report must include a copy of the Regulatory Agreement. The first Audit Report for a Development must be submitted no later than June 1 of the year following the first anniversary of:

(A) The date of the PFC acquisition for an occupied Development; or

(B) The date a newly constructed PFC Development first becomes occupied by one or more tenants.

(~~3~~4) No later than ~~60~~ 45 days after the receipt of the Audit Report, the Department will post a summary of the Audit Report on its website including a detailed description of any noncompliance with this rule found by the Auditor and indication that such notice does not constitute a final determination. A copy of the summary of the Audit Report will also be provided to ~~the Development and~~ all Responsible Parties. ~~The summary must describe in detail the nature of any noncompliance.~~

(~~4~~5) If any noncompliance with Sections 303.0421 and 303.0425 are identified by the Auditor, no later than ~~45~~ 60 days after receipt of the Audit Report ~~the Department~~, the Department ~~-~~will ~~notify the Public Facility User~~issue a monitoring report notice and make it available on the website. ~~The notification must include a detailed description of the noncompliance and at least one option for corrective action to resolve the noncompliance. The Public Facility User will be given 60 days to correct the noncompliance. At the end of the 60 days, the Department will post a final report on its website.~~

(A) The monitoring report will include a detailed description of any noncompliance and at least one option for corrective action to resolve the noncompliance. The PFC User will be given 60 days from the issuance of the monitoring report notice to correct the noncompliance. At the end of the 60 days, the Department will post a final report on its website.

(B) If there is any noncompliance that is not corrected within the 60-day corrective action period, the Department will notify the Responsible Parties, Chief Appraiser, and the Texas Comptroller in writing and recommend a loss of ad valorem tax exemption respective to the Tax year being Audited.

~~(5) If all noncompliance is not corrected within the 60 days, the Department will notify the Public Facility User, appropriate appraisal district, and the Texas Comptroller. The Department will also recommend a loss of tax-exempt status.~~

(6) The qualification of the Auditor must be submitted with each Audit Report. Qualifications must include experience auditing housing compliance, a current Certified Occupancy Specialist (COS) certification or an equivalent certification, and resume. The Auditor may not be affiliated with or related to any Responsible Parties. Additionally, a current or previous Management Agent that has or had oversight of the Development or is/was responsible for reviewing and approving tenant files does not qualify as an Auditor under these rules.

(7) The Public Facility User may not engage the same individual as Auditor for a particular Development for more than three consecutive years. After the third consecutive Audit Report by the same Auditor, the Public Facility User must engage a new Auditor for at least two reporting years before re-engaging with a prior Auditor.

(8) Audit Reports, ~~and~~ supporting documentation, ~~and~~ required forms, and corrective action must be submitted through the Departments File Serve System. To obtain access to this system, the PFC User and / or Auditor must request access by ~~to the following~~ emailing ~~address:~~ pfc.monitoring@tdhca.~~state.tx.us~~texas.gov.

§10.1104. Audit Requirements.

(a) The Auditor must identify the difference in the rent charged for income-restricted residential Units and the estimated maximum market rents that could be charged for those Units without the rent or income restrictions.

(~~a~~b) ~~The Auditor must use the Department's Public Facility Corporation monitoring forms made available on the website. The review performed by the Auditor may be completed either onsite or electronically. Original records must be made available to the Auditor.~~ The tenant file sample used by the Auditor must contain at least twenty percent (20%) of the total number of Restricted Units for the Development, but no more than a total of fifty (50) household files. The selection of Restricted Units should primarily be new move-ins but should also include at least ten percent (10%) sample of all the household files that have recertified. For Developments that are leasing up and not yet fully occupied, the percentages reflected in this paragraph should be applied to all occupied Restricted Units.

(c~~b~~) The Auditor will ensure Development meets the following requirements and will identify any deficiencies found in the report:

(1) The Development has a properly recorded Regulatory Agreement with an initial minimum 10-year term.

(2) For newly constructed Developments:

(A) At least ten percent (10%) of the units in the Development are reserved for, or occupied by, households at or below sixty percent (60%) Area Median Income (AMI), adjusted for household size, as established by HUD;

(B) At least an additional forty percent (40%) of the units in the Development are reserved for, or occupied by, households at or below eighty percent (80%) AMI, adjusted for household size, as established by HUD.

(3) For occupied Developments acquired by the PFC:

(A) At least twenty-five percent (25%) of the units in the Development are reserved for, or occupied by, households at or below sixty percent (60%) AMI, adjusted for household size, established by HUD; and

(B) At least an additional forty percent (40%) of the units in the Development are reserved for, or occupied by, households at or below eighty percent (80%) AMI, adjusted for household size, as established by HUD; or

(C) The Development meets the household income restrictions set forth in §10.1104(B); and

(D) The Operator expends at least fifteen percent (15%) of the gross cost of the Development, as shown in the settlement statement, on rehabilitating, renovating, reconstructing, or repairing, the Development, with such activities commencing no later than the first anniversary of the date of acquisition, and concluding no later than the third anniversary of the date of acquisition.

(4) Monthly rent for Restricted Units may not exceed thirty percent (30%) of the imputed household income limitation for the unit, adjusted for ~~an imputed family size of one person per bedroom plus one person~~ family size, as determined by HUD. To determine the adjustment for family size, the Auditor will defer to the Development's Regulatory Agreement and/or other operative document. In the event that the adjustment for family size is unclear, it is the responsibility of the PFC User to provide the Auditor support that the manner in which the adjustment was applied is acceptable by the PFC. Notwithstanding the foregoing, if a Restricted Unit is occupied by a household with a Housing Choice Voucher, and the payment standard for that voucher is less than the monthly rent for the Restricted Unit established pursuant to the immediately preceding sentence, the household may be required to pay the difference between the payment standard and the monthly rent.

(5) The percentage of Restricted Units in each Unit Type in the Development, must be the same or greater percentage as the percentage of each Unit Type of units that are not Restricted Units in the Development.

(6) Occupants of Restricted Units are required to recertify at the time of the renewal of a lease agreement, the income of the household using a Department-approved Income Certification form. If a household exceeds the income limit at an annual income recertification, the Operator should follow the Available Unit Rule as outlined in Section 42(g)(2)(D) of the Internal Revenue Code, which will be implemented in the following manner~~.~~:

(A) Where the household's income exceeds the AMI as designated, the household can be redesignated to the next AMI level in the Regulatory Agreement. The next available unit of comparable size in the Development is to be reserved for and occupied by a tenant that meets the AMI of the household that was determined to exceed the income limit. Example 1104(1): Development Regulatory Agreement includes units at 60% and 80%. Unit 101, a one-bedroom Unit Type, is designated as 60%. At the annual income recertification, the household income was determined to exceed 60% but was less than 80% AMI. The unit should be redesignated as 80% at the time the determination is made, and the next available one-bedroom Unit Type in the Development must be reserved for and occupied by an 60% household. At the time of determination that the unit should be 80%, with proper notification, the household rent may be increased to the new rent designation.

(B) Where the household's income exceeds the AMI as designated and the household is designated at the highest AMI in the Regulatory Agreement, the next available unit of comparable size in the Development is to be reserved for and occupied by a tenant that meets the AMI of the household that was determined to exceed the income limit. Example 1104(2): Development Regulatory Agreement includes units at 60% and 80%. Unit 201, a two-bedroom Unit Type is designated as 80%. At the annual income recertification, household income was determined to exceed 80% AMI, the highest AMI in the Regulatory Agreement. The next two-bedroom Unit Type in the Development must be reserved for and occupied by an 80% household. Unit 201 retains the 80% status until such time that the Available Unit Rule, as described here, is complied with or violated.

(7) The Development must affirmatively market to households participating in the Housing Choice Voucher program and local housing authorities.

(8) The PFC's website must include information about the Development and its compliance with Section 303.0425, Texas Local Government Code, along with its policies on the acceptance of Housing Choice Voucher holders.

(dc) The Auditor will review the Development's form of tenant lease and leasing polices to ensure the Development meets the following requirements and will report any deficiencies found in the Audit Report:

(1) Public Facility User cannot refuse to rent to an individual or family solely because the individual or family participates in a Housing Choice Voucher program.

(2) Public Facility User cannot require a minimum income standard for families participating in a Housing Choice Voucher program that exceeds two hundred and fifty percent (250%) of the tenant portion of rent.

(3) Each residential lease agreement for a Restricted Unit must provide the following:

(A) The landlord may not retaliate against the tenant or the tenant's guests by taking action because the tenant established, attempted to establish, or participated in a tenant organization;

(B) The landlord may only choose to not renew the lease if the tenant is in material noncompliance with the lease, including nonpayment of rent; committed one or more substantial violations of the lease; failed to provide required information on the income, composition, or eligibility of the tenant's household; or committed repeated minor violations of the lease that: disrupt the livability of the Development, adversely affect the health and safety of any person or the right to quiet enjoyment of the leased premises and related Development facilities, interfere with the management of the Development, or have an adverse financial effect on the Development, including the failure of the tenant to pay rent in a timely manner.

(C) To non-renew a lease, the landlord must provide, at minimum, a thirty (30)-day written notice of non-renewal to the tenant.

(D) Tenants may not waive these protections in a lease or lease addendum.

(ed) For the Rent Reduction calculation for the second, third, and fourth years after the date of acquisition by the Public Facility Corporation, it is the sole responsibility of the PFC User to ~~For occupied Developments acquired by a Public Facility Corporation, the Audit Report must~~ calculate the annual savings to households living in Restricted Units (when compared to the annual rental income that would have been collected on those Restricted Units if they were charged market rate). ~~:~~

(1) Market rate will be determined as the highest rent charged for the same Unit Type at the Development~~;~~. ~~f~~For Developments where all of the Units are Restricted Units, the PFC User must provide evidence of reasonable comparable maximum market rents, which may be based on market studies, leasing surveys, Fair Market Rent as published by HUD, or other methods acceptable to the Department. ~~that do not have market rate units the Auditor must submit a~~

~~proposed reasonable methodology for determining market rent. The calculated savings is required for exemption eligibility after the first anniversary of the acquisition of the Development.~~

(2) Total savings for rent-restricted households must be no less than sixty percent (60%) of the estimated amount of the annual ad-valorem taxes that would be imposed on the Development without an exemption.

(f~~e~~) The Auditor must maintain monitoring records and papers for each Audit Report for three years, and must provide the Department and/or the Chief Appraiser a copy of their monitoring records upon request.

§10.1105. Income and Rent Requirements.

(a) Annual Income for a household occupying a Restricted Unit shall be determined consistent with the Section 8 Program administered by the U.S. Department of Housing and Urban Development (HUD), using the definitions of annual income described in 24 CFR §5.609 as further described in the HUD Handbook 4350.3, as amended from time to time.

(b) For purposes of determining income under this subsection, payment under section 403 of title 37, United States Code, as basic pay allowance for housing shall be disregarded with respect to any qualified building.

(1) The term "qualified building" means any building located:

(A) in any county in which is located a qualified military installation to which the number of members of the Armed Forces of the United States assigned to units based out of such qualified military installation, as of June 1, 2008, has increased by not less than 20 percent, as compared to such number on December 31, 2005, or

(B) in any county adjacent to a county described in subparagraph (A) of this paragraph.

(2) The term "qualified military installation" means any military installation or facility the number of members of the Armed Forces of the United States assigned to which, as of June 1, 2008, is not less than 1,000.

(~~b~~c) Income and rent limits will be derived from data released by HUD.

(~~c~~d) The income and rent limits specified in the Regulatory Agreement will be used to determine if a household's income and rent is restricted.

(e) To document compliance, PFC User must maintain sufficient documentation to support income eligibility of households which includes an application that screens for all includable

sources of income and assets, firsthand or third-party documentation of income and assets, and an Income Certification form signed by all adults in the household.

§10.1107. Options for Review.

(a) The Public Facility User must attempt to address any issues of noncompliance identified in the Audit Report with the Auditor, prior to submission of the Audit Report to the Department.

(b) During any applicable corrective action period, ~~T~~the Public Facility User may appeal any noncompliance issued as provided for in §1.7 of this title (relating to Appeals). The filing of an appeal does not extend or suspend the 60-day corrective action period. ~~request to meet with a Compliance Director or Manager at the Department.~~ The Public Facility User and Auditor, as applicable, must provide all documentation requested by the Department within ~~three~~ ten calendar days prior to the meeting.

(c) A Public Facility User may request alternative dispute resolution in accordance with the Department's rules regarding such resolution set forth at §1.17 of this title (related to Alternative Dispute Resolution).

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1527 **Agenda Date:** 7/9/2026 **Agenda #:** 29.

Presentation, discussion, and possible action on a request for reasonable accommodation under the Section 8 Housing Choice Voucher Program

RECOMMENDED ACTION

WHEREAS, the Department administers the Section 8 Housing Choice Voucher (HCV) Program which is subject to the requirements of the Americans with Disabilities Act, Section 504 of the 1973 Rehabilitation Act (Section 504), and the Fair Housing Act;

WHEREAS, 10 TAC §1.1, related to Reasonable Accommodation Requests to the Department, outlines the Department's obligations and procedures for review and processing of Reasonable Accommodation requests submitted for the HCV Program;

WHEREAS, the Department originally received a Reasonable Accommodation request from a participant in the HCV Program in 2021 and granted the request; the Department then received an additional Reasonable Accommodation request from that same participant on April 9, 2025, seeking to amend their existing Reasonable Accommodation;

WHEREAS, the request to amend the Reasonable Accommodation was heard by the Board at the meeting on September 4, 2025, and the request was denied by the Board;

WHEREAS, the participant submitted another request to amend their Reasonable Accommodation on February 26, 2026, and modified the request on May 11, 2026, and the modified request included a new factor not yet reviewed or considered by the Board;

WHEREAS, the new factor in the modified request was reviewed by staff in accordance with 10 TAC §1.1, and staff determined that the requested accommodations were not reasonable and the new request was denied;

WHEREAS, 10 TAC §1.1(c)(4) permits the Requestor to ask that their request be placed on the Board agenda for a final Board determination, and the Requestor has asked for this action; and

WHEREAS, staff recommends denial of this new request, while maintaining the original Reasonable Accommodation granted for the tenant in 2021;

NOW, therefore, it is hereby

RESOLVED, the Board upholds the Executive Director's decision to deny the new Reasonable Accommodation request submitted by the tenant and confirms the existing Reasonable

Accommodation will continue for the foreseeable future.

BACKGROUND

The Department is required to administer its HCV Program in accordance with the requirements of the Americans with Disabilities Act, Section 504 of the 1973 Rehabilitation Act (Section 504), and the Fair Housing Act (collectively, Fair Housing Requirements). Participants in the HCV Program may request a Reasonable Accommodation that modifies a rule, policy, or procedure if the accommodation would allow a person with a Disability to participate fully in a program, take advantage of a service, live in a dwelling, and/or use and enjoy a dwelling. The Department has codified its procedures for receipt, review, and processing of Reasonable Accommodation requests made to the Department in 10 TAC §1.1.

On March 21, 2021, the Department granted a reasonable accommodation for a Section 8 Housing Choice Voucher holder. This participant, who is a person with a Disability, is a single member of the household. In response to the request at the time, the participant was granted a Reasonable Accommodation to increase the voucher size from a one-bedroom to a two-bedroom to obtain and maintain housing suitable for their disability, and which includes:

- ADA accessibility features, especially bathroom facilities, doorways, and walkways;
- Space for storage and use of medical equipment and tools for activities of daily living;
- Features to minimize lifting, carrying, and travelling, excessive exertion, and stress;
- Features to gain access to people, special supports, and helpers;
- Space to accommodate helpers on an as needed basis; and
- A peaceful, quiet, solitary environment.

The participant ultimately selected a four-bedroom single family home and has been residing in this unit with a two-bedroom voucher. Although the voucher is for a two-bedroom unit, the program allows households to select a larger unit size, with the understanding that they will be assisted as if they have rented a home in which the unit size does not exceed the voucher size, and that the amount of the voucher will not be increased.

On April 9, 2025, the Department received a request to modify the existing Reasonable Accommodation for this tenant. The tenant, still a single person household, requested that the voucher be increased from a two-bedroom to a four-bedroom in response to the landlord's increasing the rent a significant amount. These needs outlined in the 2025 request were not materially different than the needs from the tenant's original 2021 Reasonable Accommodation request. The request was reviewed by staff and denied by the Executive Director. The tenant appealed this decision to the Board, and the appeal was heard, and denied at the meeting of September 5, 2025.

After the denial of the request, the tenant's annual renewal for their Housing Assistance Payment (HAP) Contract was completed. The tenant chose to remain in the 4-bedroom unit

despite the denial of the amended Reasonable Accommodation. The tenant's renewal date is April 1 annually, and the Payment Standard utilized to determine monthly subsidy for the tenant's zip code decreased from 2024 to 2025; therefore, the tenant was held harmless per Section 8 regulations which require notice when the Payment Standard decreases. The subsidy for the 2025 annual renewal was calculated utilizing the higher Payment Standard. This is a standard program requirement and is separate and apart from a Reasonable Accommodation request.

Prior to the annual renewal date for 2026, the tenant submitted a request for a Reasonable Accommodation with their annual renewal packet. The request was for "exception payment standard to cover the cost to rent my current ADA handicap accessible dwelling. Request for lease extension while this request is processed per federal statute." This request for an exception payment standard was under review when the tenant submitted an email on April 24, 2026 requesting 1) an informal appeal related to their request for exception payment standard, 2) an appeal of the board denial of the prior request, and 3) a lease extension until after the Board makes a formal decision regarding their request for an exception payment standard.

On May 11, 2026, staff responded to this request stating that the request could not be considered because the request had already been decided by the Board, and that the Board's decision was final and could not be appealed. TDHCA could not consider a request to extend a lease, as TDHCA is not party to the lease and does not have authority to amend the terms.

The adopted payment standard for the tenant's renewal on April 1, 2026, increased from $1,000 in 2025 to $1,140 in 2026. Although $1,140 is less than the payment standard from 2024, the tenant was held harmless from the decrease in 2025, and for 2026, the hold harmless provisions for a decrease in the payment standard do not apply.

The tenant followed up on that same date stating that the Board was not provided with complete information at the meeting of September 5, 2025, including that HUD had provided guidance to TDHCA regarding processing of Reasonable Accommodation requests and the procedure to request a correction to the Small Area Fair Market Rent (SAFMR) established by HUD. The tenant also asserted in their communication that the unit they currently reside in is the only unit appropriate for their disability; however, the disability related reasons provided were not new factors, with one exception. In this communication, the tenant stated that they had recently entered into a medical treatment plan which makes a household move a medical hazard at the time.

The new factor was considered, and on May 14, 2026, TDHCA staff requested documentation from a third-party medical provider that supported the assertion that a move would be a medical hazard due to the tenant's disability, as well as a timeframe for how long the hazard was expected to continue.

On May 16, 2026, the tenant submitted an email exchange between themselves and HUD's Office of Policy Development and Research (HUD PD&R) discussing the SAFMR for the zip code

in which the tenant resides. The exchange spans from March 26, 2023, to May 1, 2026, and HUD PD&R responded to the tenant's claim that the SAFMR was not calculated properly. The response included information about application of an exception payment standard as a Reasonable Accommodation. On May 18, 2026, staff responded that the request to apply an exception payment standard for the reasons previously cited had already been considered by the Board and denied.

On May 21, 2026, the tenant provided a letter from their physician to the Department; however, while the letter stated that a household move would be detrimental at this time due to a recent surgery and other medical treatments, they could not provide an estimated timeline by which the immediate medical hazard would end. The physician stated in the letter that the unit occupied by the tenant was suitable for their disability and that the facts had not changed. The letter also mentioned that the tenant was seeking vocational rehabilitation services and services through the Social Security Administration's PASS Program and recommended a three-year timeline due to the tenant's possible participation in these programs.

On May 21, 2026, the tenant also inquired about the status of their Reasonable Accommodation request related to a lease extension while TDHCA worked to process the Reasonable Accommodation Request for an exception payment standard. Staff responded to the request confirming that both requests for an exception payment standard were being reviewed concurrently, and that TDHCA was waiting for the requested medical documentation to review the exception payment standard requests. Staff's response on May 24, 2026, also reiterated that the tenant cannot appeal the Board's prior decision to the Board and noted that TDHCA is not a party to the lease agreement and may not grant a request to amend or otherwise change the terms of the lease agreement.

On May 22, 2026, the tenant submitted a Reasonable Accommodation request to allow their monthly subsidy to remain at the rate it was paid at prior their annual renewal. The request was for payment at the higher rate to be paid for April, May, and June.

On May 26, 2026, the tenant submitted another Reasonable Accommodation request asking TDHCA to submit a request to HUD's Office of Policy Development and Research (HUD PD&R) to update the SAFMR for this specific zip code which the tenant asserts is incorrect. While a PHA may make such request to HUD PD&R, a PHA in a multi-jurisdictional area may only make this request if the PHA represents at least half of the voucher tenants in the FMR area. As Galveston County is part of the Houston-The Woodlands - Sugarland TX HUD Metro FMR area, TDHCA does not represent the HUD required percentage of voucher tenants in the FMR area and is therefore not able to submit a request to HUD for such for reevaluation. Staff confirmed to the tenant that a request to reevaluate the SAFMR was not under consideration at this time.

On May 28, 2026, the tenant and staff finalized a consolidated list of the Reasonable Accommodation requests that had been submitted so that staff could respond to all requests at once. Each of the requests centered on changes to or an increase of the payment standard, either through the implementation of an exception payment standard, adoption of an otherwise increased payment standard for the zip code in which the tenant resides, or applying

the prior payment standard rather than the current SAFMR for annual renewal.

Staff reviewed the request for an increase to the payment standard utilized for the tenant's annual renewal, and the documentation provided. The request was denied on May 28, 2026, for the following reasons:

- A request for an exception payment standard due to an immediate medical hazard could be considered, but one which extends indefinitely would result in a fundamental alteration of the essential nature of the program and would result in an undue financial and administrative burden to the Department.
- The documentation from the provider, as it relates to the new factor of a medical hazard at this time (and not to issues that have already been determined by the Board as not eligible for an exception payment standard) does not state that that the surgery in and of itself is the reason that the tenant is not able to move.
- Potential enrollment in other programs is not a factor in how the Section 8 HCV Payment Standards are determined.
- The program does not require the tenant to move to a new unit in order to continue their assistance under the Section 8 HCV Program. The tenant may continue to reside in the unit but will be responsible for the tenant portion as calculated at the most recent annual renewal.

Concurrent with the processing of the Reasonable Accommodation requests, the tenant's annual renewal was processed after the denial was issued, and, since the tenant payment increased, the tenant was provided the required 60-day notice, so the effective date of the increased tenant payment was June 1, 2026, rather than April 1, 2026. Beginning June 1, 2026, the subsidy has been paid at the rate calculated utilizing the 2026 payment standard, pending the decision of the Board for the appeal.

The tenant appealed staff's decision to the Board in accordance with 10 TAC §1.7 on May 28, 2026. The tenant sent additional information to include in the appeal. This information includes statements that the affordable housing alternatives offered by staff are not affordable based on the SAFMR and the rent charged for the unit in one LIHTC property; however, the SAFMR quoted by the tenant ($1,140) was for their current zip code, when the SAFMR for the zip code of the specified unit is $1,370, which exceeds the contract rent. The appeal states that there are no other units suitable for the tenant's disability that are affordable. These grounds were discussed at the prior Board meeting, and the Board made a final determination regarding the tenant's disability related need for an exception payment standard. The tenant submitted additional comments for consideration on June 22, 2026, and stated that the transcript from the Board meeting of September 5, 2025, is incomplete and did not capture the details of their comments. They reiterate that the 4-bedroom home they currently reside in was built utilizing CDBG funding and is accessible, that they have submitted a physician's statement supporting their need to reside in this specific unit and that remaining in the current unit would avoid a detrimental impact to their health and welfare. The appeal provides no new information regarding Reasonable Accommodation and asserts that there are no affordable housing options in Galveston County as LITHC properties are not considered affordable by the tenant. Staff does

not agree that the units noted in the appeal would not be affordable to the tenant based on their use of a voucher, which would reduce their rent burden considerably.

Staff recommends denial of the Reasonable Accommodation request for an increased payment standard as documentation received for the additional factor indicates that the request would be a fundamental program alteration and/or would result in an undue financial and administrative burden. It should be emphasized that this action does not concern the original Reasonable Accommodation request of March 21, 2021, allowing for a two-bedroom voucher utilizing the payment standard adopted for the program.

Request for Reasonable Accommodation

Are you requesting a reasonable accommodation? Yes ☑ No ☐ (If no, proceed to the bottom of this form and sign it.)

Enter the name of each household member who has a disability. (If entering multiple members, separate each name with a comma.) : [redacted]

Describe the accommodation you are requesting. : exception payment standard to cover the cost to rent my current ADA handicap accessible dwelling. Request for lease extension while this request is processed per federal statute.

I authorize the housing authority to contact a third party who can verify the need for this accommodation. (This third party can be a service agency, a peer support group, or a medical professional.) Yes ☑ No ☐

Contact Information

Contact Name to Verify Information	**Contact Phone Number**
Social Security Administration	(800) 772-1213
Contact Address	**Contact Email Address**
8208 9th Avenue Port Arthur TX 77642	ssa@ssa.gov

Printed Name: [redacted]	
Signature: [redacted]	**Date:** 02/26/2026

We encourage the nation's affirmative housing program in which there are no barriers to obtaining housing because of race, color, creed, religion, sex, sexual orientation, gender identification, national origin, familial status, age, or handicap.

Modified 9/25/2020
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From: [redacted]
To: Abigail Versyp
Subject: Additional information Re: appeal to TDHCA board? Re: 4/1/2026 Lease Amendment Notice BC26-151
Date: Monday, May 11, 2026 11:29:48 AM
Attachments: image001.png
image001.png

Thank you for your acknowledgement of my request.

However, the board was not provided with complete information.
For example:

HUD has provided federal statute, extra guidance, and detailed counsel to TDHCA for processing and granting of RA requests.

In addition, HUD has provided TDHCA with the procedure to correct the erroneous SAFMRs in my zip code.

RA request for exception payment standard

Management of my disability requires bathroom facilities of unique size and configuration that are only available in my current HUD/CDBG designed dwelling.

My doctor, my TWC VR services vocational rehabilitation counselor, and my SSA PASS counselor concur that I need it.

In addition, I have recently entered into a medical treatment plan which makes a household move a medical hazard at this time.

I am also enrolled in a vocational rehabilitation program through TWC/VR services and SSA which if it is allowed to progress without disruption could make it possible for me to transition off of public assistance.

No other dwellings that contain the features of my current dwelling are available to me at this time. I have investigated alternatives since 2016, prior to renting my current dwelling. I have diligently investigated both lihtc Tax credit properties, as well as numerous other rentals as suggested by TDHCA staff. None contain bathrooms that are suitable for management of my particular disability. Modifications of the type I require are not feasible. In fact, most of the tax credit property bathrooms do not seem to be designed with seniors or disabled folks needs in mind at all. My current dwelling was designed by HUD/CDBG/TDHCA and mandated to be rented to low-income disabled persons.

Request exception payment standard necessary to allow remain in the unit which contains necessary facilitie
s for management of my disability, and facilitates continuation of both my medical treatment plan and vocational rehabilitation plan.

> On May 11, 2026 at 9:24 AM, Abigail Versyp <abigail.versyp@tdhca.texas.gov> wrote:
>
> Dear [redacted],

From: Abigail Versyp
To: [redacted]
Subject: RE: Additional information Re: appeal to TDHCA board? Re: 4/1/2026 Lease Amendment Notice BC26-151
Date: Thursday, May 14, 2026 7:48:00 AM
Attachments: image002.png
image003.png

Dear [redacted],
TDHCA is reviewing this request. In order to continue this review, we request that you please provide documentation from a third party medical provider dated after September 2025 that supports the assertion that due to your disability, moving would be a medical hazard at this time. The documentation should also outline how long the medical hazard is anticipated to continue. We need this documentation no later than June 1, 2026. If you are not able to provide this on or before June 1, 2026, please contact me to request an extension, and provide a date by which the documentation will be available.

Thank you-

Abigail Versyp
Director of Single Family and Homeless Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street Austin, Texas 78701
Office: 512.475.0908

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.texas.gov or the Learn about Fair Housing in Texas page.

TEXAS AMERICA 250

From: [redacted]
Sent: Monday, May 11, 2026 11:30 AM
To: Abigail Versyp <Abigail.Versyp@tdhca.texas.gov>
Subject: Additional information Re: appeal to TDHCA board? Re: 4/1/2026 Lease Amendment Notice BC26-151

From: Abigail Versyp
To: [redacted]
Cc: Andre Adams; Melinda Spencer
Subject: RE: Alternative solution Fwd: Error remains Re: inaccurate ACS data? Re: <External Message> 77623 SM-FMR's
Date: Monday, May 18, 2026 8:16:00 AM
Attachments: image001.png

Good morning, [redacted] Thank you for sending this along At this time, TDHCA is not pursuing an exception payment standard PPRD sent you information about how a PHA can apply an exception payment standard within its authority up to 120% of the FMR, or how a PHA can request a payment standard above 120% TDHCA is aware of the process for application of an exception payment standard and does not require further guidance I believe that PPRD also contacted our field office, as our field office has also reached out to offer technical assistance about this issue

At this time, you do not have a reasonable accommodation for an exception payment standard, and your request for an exception payment standard as a reasonable accommodation was denied on 9/4/2025 by our Board of Directors

If HUD independently increases the SAFMR for your zip code after they review their SAFMR methodology, this will be announced through a federal register notice TDHCA reviews federal register notices as a regular course of business for information that impacts administration of its federal programs, including Section 8 HCV The payment standard adopted by TDHCA is 100% of the SAFMR, so if the actual SAFMR changes, that would be applied However, as it stands today, the SAFMR is $1,140 and that is the payment standard that has been applied for your voucher TDHCA may not hold your file or assume that HUD will change the SAFMR, and must proceed with the existing information

Abigail Versyp
Director of Single Family and Homeless Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street Austin, Texas 78701
Office: 512.475 0908

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From: [redacted]
Sent: Saturday, May 16, 2026 9 01 AM
To: Abigail Versyp <Abigail Versyp@tdhca texas gov>
Subject: Alternative solution Fwd: Error remains Re: inaccurate ACS data? Re: <External Message> 77623 SM-FMR's

HUD PPRD suggestion as alternative solution to SAFMRs that are known to be grossly underestimated.

Begin forwarded message:

From: PPRD <pprd@hud.gov>
Date: May 1, 2026 at 9:53 AM
To: [redacted], PPRD <pprd@hud.gov>
Subject: RE: Error remains Re: inaccurate ACS data? Re: 77623 SM-FMR's

Hello [redacted],

Thank you for reaching out. The ability to set exception payment standards is separate from reevaluating SAFMRs and does not require a survey of 100 units. If the unit in question is for handicap accessibility the PHA has even more flexibility to apply exception payment standards under: https://www ecfr gov/current/title-24/part-982/section-982 503#p-982 503(d)(5)

> If required as a reasonable accommodation in accordance with 24 CFR part 8 for a person with a disability, the PHA may establish, without HUD approval or prior notification to HUD, an exception payment standard amount for an individual family that does not exceed 120 percent of the applicable FMR. A PHA may establish a payment standard greater than 120 percent of the applicable FMR as a reasonable accommodation for a person with a disability in accordance with 24 CFR part 8, after requesting and receiving HUD approval.

The PHA also has the ability to purse exception payment standards for the wider area around Gilchrist and Bolivar Beach, and looking at the data this would likely be something HUD would approve. Unfortunately the PHA has to actually ask for this exception, but if you wish to pass along my contact information we could provide technical assistance. We will also review the SAFMR methodology and see if any improvements are needed in situations like 77623.

Thank you and best regards,
Adam

Adam Bibler
Director, Program Parameters and Research Division

Office of Policy Development and Research
U S Department of Housing and Urban Development
451 7th Street, SW
Rm 8208
Washington, DC 20410
Tel 202-402-6057
Email adam.bibler@hud.gov

From: [redacted]
Sent: Monday, April 27, 2026 10:27 AM
To: PPRD <PPRD@hud.gov>
Subject: Error remains Re: inaccurate ACS data? Re: <External Message> 77623 SM-FMR's

2026 SAFMR's continue to be miscalculated due in part to an error by ACS. The error is that ACS is using a zip code generate SAFMR's that is neither adjacent (adjacent=land connected, correct?), similar in rental type and values, nor in the same county as my zip code. My zip code (77623) is actually adjacent to 77617 and 77650.

The PHA procedure for re-evaluate SAFMRs for my zip code (requires 100 comparable rentals? Or recent movers?) is not possible because there are not 100 rentals in my zip code. But even if there were, my rental is unique. It is a HUD-CDBG handicap accessible home which has few comparables, but very high value.

I implore HUD to correct this error.

Thanks,
[redacted]
77623
[redacted]

On Sep 19, 2025 at 2:30 PM, PPRD <pprd@hud.gov> wrote:

Hello [redacted],

The current Small Area Fair Market Rent for 77623 is based on the neighboring ZCTA of 77665. HUD's calculation steps are available here: https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2026_code/2026zip_code_calc.odn?zcta=77623&metro_code=METRO26420M26420&year=2026. In cases where the Census Bureau does not provide usable data for a ZIP code such as 77623, HUD still must make its best attempt at producing a local estimate of Fair Market Rents and tries to leverage local data as much as possible.

In cases where this still leads to inaccurate results, local Public Housing Agencies (PHAs) may set payment standards that exceed the Fair Market Rent. I would encourage you to contact the PHA and feel free to pass along our information as well. I will also forward your information to the local field office that oversees and assists the PHAs.

Best regards,
Adam Bibler

From: [redacted]
Sent: Tuesday, September 16, 2025 6:54 PM
To: PPRD <PPRD@hud.gov>
Subject: inaccurate ACS data? Re: <External Message> 77623 SM-FMR's

Anahuac-Winnie Texas 77514 is neither a similar neighborhood to mine, nor even located in the same county as zip codes 77623/77617/77650
Therefore, I deduce that the ACS data used to calculate FMR's is not accurate, resulting in grossly underestimated rents in the area

I understand that the data HUD uses to calculate FMR's comes from ACS, but if ACS has not surveyed the area, then the HUD is using inaccurate data to calculate FMR's According to my reading, US Census Bureau supplies the addresses to be surveyed to ACS However, if US Census Bureau does not supply addresses in the area of 77623/77617/77650 then of course the data will be skewed, which it appears this is what has occurred

How may this situation be remedied?

Here is the information that was supplied to me by US Census Bureau

census.help@census.gov

Case #: GS-294466

Subject: HUD referred me to you regarding data used to generate Small market FMR's

Response Time Stamp:	Comment:
7/14/23 3:00 PM	[redacted] The U S Census Bureau selects a random sample of addresses to be included in the American Community Survey (ACS) Each housing unit address has approximately a 1-in-480 chance of being selected If you would like to learn more about any aspects of the survey, including sample selection, I recommend the following resources • ACS Information Guide • Sample Size and Data Quality web page • ACS Design and Methodology Report As for the FMRs, that is not something the Census Bureau calculates, so you would have to reach out to HUD for insight on that topic Thanks, Ryan

To provide an additional comment or question related to this case, please click here.

Very respectfully,
U.S. Census Bureau Customer Support

On Friday, March 31, 2023 at 11:45:43 AM CDT, Remington, Jessica M <jessica m remington@hud.gov> wrote:

Hi [redacted],

Thank you for reaching out and I'm sorry to hear that you are dealing with this housing struggle. I've looked into the standard rental rates for your zip code, 77623. Here's an explanation of how they are calculated:

Houston uses the Small Area Fair Market system, so the rental rates are calculated at the zip code level. Your zip code, 77623, does not have enough rental data available in the American Community Survey over the past few years, so the rental rate is based on the neighborhing zip codes that have reliable estimates. One of the neighboring zip codes, 77617, also does not have enough reliable ACS data to produce a rental estimate, so the estimate for 77623 is based on the rental data for 77514.

I have forwarded your message to a housing specialist who can work with you to try to help you find a solution to your housing problem.

Best,
Jess

From: [redacted]
Sent: Sunday, March 26, 2023 8 02 AM
To: PPRD <PPRD@hud gov>
Subject: <External Message> 77623 SM-FMR's

CAUTION This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe. If you have concerns about the content of the email, please send it to phishing@hud gov or click the Report Phishing Button on the Outlook ribbon or Phishing option within OWA.

Anyone interested in how the Small Area FMRs are calculated or may be used in conjunction with a HUD Rental Assistance program should contact HUD's Program Parameters and Research Division at PPRD@hud gov.

I am interested in this because the HUD standard rental rates in my zip code 77623 are grossly underestimated.
i think i noticed that the town used as comparable is Winnie, Texas, but Winnie,Texas is not even in the same county as 77623,
nor a similar neighborhood for comparison.
adjacent towns of 77617 Gilchrist 77650 Crystal beach/port bolivar are similar and in the same county.

i will likely be homeless on April 1, 2023 if rates are not adjusted to reflect market true rental rates in the area so that my HCV renewal can be calculated..

Thanks,
[redacted]
77623

Small Area Fair Market Rents | HUD USER

Virus-free.www.avast.com

Fair Market Rent (FMR) Reevaluation FAQs

1. **Who can request FMR reevaluation?**

   An area's Public Housing Agency (PHA) or, in multi-jurisdictional areas, PHA(s) representing at least half of the voucher tenants in the FMR area can submit a request. Individuals or other entities will have to work with PHAs of an area of interest to request a reevaluation. HUD is not responsible for funding of the survey.

2. **How do you apply for reevaluation and what is required?**

   A reevaluation of FMRs can be requested by submitting a comment to the most recent FMR Federal Register Notice either by mail and addressed to Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410– 0500 or electronically at https://www.regulations.gov. The Federal Register Notice discusses the procedures for commenting in more detail.

3. **Can any FMR area be reevaluated?**

   Yes, given a valid data submission is made, but it is recommended that small nonmetro counties with less than 5,000 rental units be combined with contiguous nonmetro counties of similar economic and demographic factors to ensure that a valid survey can be conducted. The minimum number of valid surveys required to adjust an FMR is 100 valid survey results. While an area with 5,000 rental units may be able to conduct a valid survey and receive the 100 valid survey results, it is difficult and the closer an area is to having 10,000 rental units, the more successful the survey.

4. **What does a valid submission include?**

   A request for reevaluation requires the submission of newly collected rental data, collected in a statistically random way that is representative of the entire market area so this data can be used to replace the use of the ACS Census data in the calculation of the most recent FMRs. A minimum of 100 completed valid surveys is required for all surveys. This is true for both small metropolitan areas of less than 20,000 rental units, individual nonmetro counties and nonmetro county groups. Most large metropolitan areas are expected to collect up to 200 survey responses.

Valid surveys must be of 1-, 2-, and 3-bedroom units only. The tenant must reside in the unit all year, the unit may not be owned by a relative, the tenant may not do work for the landlord in exchange for a rent reduction, and the rent must be the same all year long. In addition, the tenant must not participate in a government housing program, have a voucher, or certify income annually to be a valid survey result. A questionnaire with the appropriate questions is available at the following site: https://www.huduser.gov/portal/datasets/fmr/Mail_Survey_corrected.pdf.

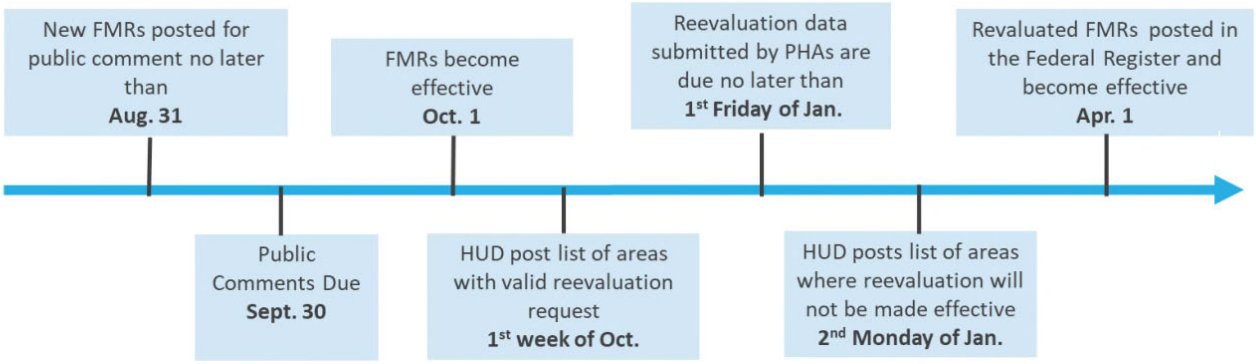
HUD also requests that survey responses include the ZIP Code or comparable small-area identifier (such as Census tract) of the housing unit. In addition to the survey data, HUD requires a current utility schedule to evaluate the survey responses. Finally, HUD encourages PHAs to evaluate their survey data to ensure the survey supports their request. Should PHAs or their contractors undertake this evaluation, HUD requests that this analysis also be submitted.

5. **What programs do reevaluated FMRs apply to?**

   Reevaluated FMRs apply to all programs using FMRs.

6. **How long does it take for reevaluated FMRs to become effective?**

   Reevaluation requests made by the first Friday of January will be effective by April 1st if submitted survey data meets the necessary requirements. See the timeline of important dates below.



7. **How long do local survey results impact an area's FMR calculation?**

   For a large metropolitan area, which uses one-year ACS data, a survey conducted between January 1 and June 30 of the calendar year (e.g., 2025) prior to the effective FMR fiscal year (e.g., FY 2026) will be used to calculate the FMR for the next fiscal

year (e.g., FY 2026) and the FMR for the subsequent fiscal year (FY 2027). If the survey was conducted between July 1 and December 31 of the prior calendar year (2025), the reevaluated FMR year will be used to reevaluate the current FMR (FY 2026) and be the basis of the area's FMR for the next two fiscal years (FY 2027 and FY 2028).

For smaller metropolitan areas and nonmetro counties, the survey date is compared with five-year ACS data rather than one-year ACS data. In these instances, surveys conducted between January 1 and June 30 of the calendar year (2025) prior to the effective FMR fiscal year (FY2026) will be used in the calculation of that fiscal year FMR (FY2026) and for the next three years. If the survey was conducted between July 1 and December 31 of the prior calendar year (2025), the reevaluated FMR year will be used to reevaluate the current FMR (FY 2026) and be the basis of the area's FMRs for the next four years (FY 2027 through FY 2030).

8. **Which FMR will be effective while undergoing the reevaluation process?**

   The Housing Opportunities Through Modernization Act (HOTMA), enacted July 31, 2016 requires that new FMRs do not go into effect when a valid reevaluation request is received. New FMRs will not become effective on October 1 and the area will continue to use the prior year FMRs until the reevaluation is effective.

9. **Can local surveys result in a reevaluated FMR being lower than HUD calculated FMR?**

   Yes, but if a survey results in lower FMRs it does not have to be submitted.

10. **Do Reevaluated FMRs affect Small Area FMRs (SAFMRs)?**

    Yes. When the FMR of a metropolitan area increases, the SAFMRs increase by the same proportional amount.

For additional question please contact PPRD@hud.gov.

From: [redacted]
To: Abigail Versyp
Subject: RA request status
Date: Thursday, May 21, 2026 8:09:05 AM

Request status of my RA request for 2025 lease extension while TDHCA processes my RA request for exception payment standard.

Thanks,
[redacted]

From: [redacted]
To: Abigail Versyp
Subject: RE: Ok thanks Re: RA request status
Date: Thursday, May 21, 2026 11:11:33 AM
Attachments: image001.png

Thanks for the reference. I must explain the procedure to my landlord. Thankfully she is understanding of the situation.

Doctors letter is being prepared now.
I will send it along as soon as it is available.

[redacted]

Yahoo Mail: Search, Organize, Conquer

On Thu, May 21, 2026 at 10:22 AM, Abigail Versyp <Abigail.Versyp@tdhca.texas.gov> wrote:

> Your request for an exception payment standard though the portal is not considered separately from the request already being looked into which requires the requested documentation. Additional information is added to an existing request; it does not create a new request. You can only have one request in process.
>
> You do not have the ability to appeal the board decision to the board. Prior issues that were already considered in the request that was heard by the board are not eligible to be revisited by the board in accordance with the rules regarding Appeals at 10 TAC §1.4 and 10 TAC §1.7. Matters from the prior request are considered settled, and the Board's determination is final in accordance with 10 TAC §1.7(g).
>
> Your appeal if the Board's decision stated that one reason you wanted to appeal was because it would be health hazard to move at this time. This was not included in your prior request for a Reasonable Accommodation. As such, this is a new request and will be reviewed by staff. After a decision is made, you will be notified of the decision. At that point, if you are eligible to appeal the decision in accordance with 10 TAC §1.7, the notification will include the process under which an appeal may be made.
>
> TDHCA has not denied processing of your new request. We do require documentation to process it which must be provided by you. As stated, your request my not move forward in the process until you have submitted documentation from a third party medical provider dated after September 2025 that supports the assertion that due to your disability, moving would be a medical hazard at this time. The documentation should also outline how long the medical hazard is anticipated to continue. You were provided a deadline of no later than June 1, 2026. If you are not able to provide this on or before June 1, 2026, please contact me to request an extension, and provide a date by which the documentation will be available.

From: [redacted]
To: Abigail Versyp
Subject: Physician statement Fwd: Ok thanks Re: RA request status
Date: Thursday, May 21, 2026 1:31:02 PM
Attachments: image001.png
[redacted] Physician statement.pdf

Physician statement attached

Begin forwarded message:

From: [redacted]
Date: May 21, 2026 at 11:11 AM
To: Abigail.Versyp <abigail.versyp@tdhca.texas.gov>
Subject: RE: Ok thanks Re: RA request status

Thanks for the reference. I must explain the procedure to my landlord. Thankfully she is understanding of the situation.

Doctors letter is being prepared now.
I will send it along as soon as it is available.

[redacted]

Yahoo Mail: Search, Organize, Conquer

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>
> Your appeal if the Board's decision stated that one reason you wanted to appeal was because it would be health hazard to move at this time. This was not included in your prior request for a Reasonable Accommodation. As such, this is a new request and will be reviewed by staff. After a decision is made, you will be notified of the decision. At that point, if you are eligible to appeal the decision in accordance with 10 TAC §1.7, the notification will include the process under which an appeal may be made.

The Department is in receipt of your April 24, 2026 request regarding your reasonable accommodation requesting an exception payment standard. Last September the Board of the Texas Department of Housing and Community Affairs, heard your reasonable accommodation request regarding this matter. Your most recent correspondence does not provide any further information regarding the need for a reasonable accommodation. Thus, under the provisions of 10 TAC 1.1 and 1.7 no Board appeal is available.

Abigail Versyp
Director of Single Family and Homeless Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street Austin, Texas 78701
Office: 512.475.0908

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.texas.gov or the Learn about Fair Housing in Texas page.

TEXAS AMERICA 250

From: [redacted]
Sent: Friday, April 24, 2026 10:45 AM
To: Melinda Spencer <Melinda.Spencer@tdhca.texas.gov>
Subject: appeal to TDHCA board? Re: 4/1/2026 Lease Amendment Notice

Request for informal appeal to my RA request for exception payment standard.

Request for appeal of my RA request for exception payment standard to TDHCA board of directors.

Request for lease extension until after TDHCA Board of directors makes a formal decision on my RA request for exception payment standard.

May 21, 2026

[redacted]
High Island TX 77623

To TDHCA or other Housing Provider:

We have previously provided a statement regarding [redacted] housing needs, which include some details regarding both [redacted] medical condition and wh[redacted] current residence is uniquely suitable for managing [redacted] complex disability. These facts have not changed.

A household move would be detrimental to [redacted] health and welfare at this time [redacted] has undergone surgery recently and has many other medical treatments pending with multiple specialists. There are too many variables to give a definitive end date at this time.

We suggest a 3 years minimum delay of household move to correspond with the timeline of TWC VR Services and the SSA PASS program rehabilitation plans.

Gokhan Kilic, MD

UTMB Health[redacted], Clear Lake
250 Blossom Street, 3rd Floor
Webster TX 77598
Dept: 832-632-7964
Dept Fax: 832-632-7965

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From: [redacted]
To: Melinda Spencer
Cc: Andre Adams; Abigail Versyp
Subject: RA request for HAP extension
Date: Friday, May 22, 2026 6:26:08 PM

RA Request for extension of HAP for April, May, June 2026 while my request for reasonable accommodation is processed.

[redacted]

[redacted]

[redacted] 77623

Property owner: [redacted]

Thanks

Yahoo Mail: Search, Organize, Conquer

From: [redacted]
To: Abigail Versyp
Subject: RA request for SAFMR reevaluation
Date: Tuesday, May 26, 2026 10:39:46 AM
Attachments: FMR-Reevaluation-FAQs.pdf

RA request for TDHCA request HUD reevaluate SAFMRs for 77623

See attached HUD FAQ about how to do this.

PPRD has admitted that SAFMRs in 77623 are in error. All they need is for TDHCA to do the procedure. I have sent this information to TDHCA multiple times over the years.

Thanks,
[redacted]

Yahoo Mail: Search, Organize, Conquer

From: [redacted]
To: Abigail Versyp
Subject: ok RE: extension offer proof Fw: May HAP
Date: Wednesday, May 27, 2026 11:08:43 AM

Ok. Call it what you wish. I request it.
Thanks

Yahoo Mail: Search, Organize, Conquer

On Wed, May 27, 2026 at 10:24 AM, Abigail Versyp <Abigail.Versyp@tdhca.texas.gov> wrote:

> This is about an extension of your month-to-month lease. This has nothing to do with the amount of HAP paid.
>
> ---
>
> **From:** [redacted]
> **Sent:** Wednesday, May 27, 2026 10:09 AM
> **To:** Abigail Versyp <Abigail.Versyp@tdhca.texas.gov>
> **Subject:** extension offer proof Fw: May HAP
>
> Extension was offered by TDHCA and granted several times from April-September. I don't know exactly what y'all called it in your records, but the result was payment of HAP using the previous HAP agreement figures until my RA request was processed.
>
> Thanks
>
> Yahoo Mail: Search, Organize, Conquer
>
> > ----- Forwarded Message -----
> > **From:** [redacted]
> > **To:** [redacted]
> > **Cc:**
> > **Sent:** Tue, Apr 22, 2025 at 12:04 PM
> > **Subject:** Fw: May HAP
> >
> > Yahoo Mail: Search, Organize, Conquer
> >
> > > ----- Forwarded Message -----
> > > **From:** "Melinda Spencer" <Melinda.Spencer@tdhca.texas.gov>
> > > **To:** [redacted]
> > > **Cc:** "Melinda Spencer" <Melinda.Spencer@tdhca.texas.gov>
> > > **Sent:** Tue, Apr 22, 2025 at 11:48 AM

Subject: May HAP

Good Morning [redacted] –

While Andre is working with HUD and Management on your file, I wanted to reach out to confirm whether or not you would like to extend your stay for the month of May as payments are currently on HOLD.

If needing to extend for a month, written notice will be needed by both you and the LL, with the extension detail to include the month, address and resident/tenant name. Please have notices submitted by noon on 4/25/2025 to ensure payment is released in time for May processing.

Once/if notice is received by both parties, May HAP will be released and processed on Monday for a payout on 5/1/2025.

Please let me know if you have any questions.

****Due to confidentiality, please DO NOT email information back that contains Personal Identifying Information. Return requested documents via fax/mail and call to confirm your fax was received****

Thank you,
Melinda Spencer
Section 8 Team Lead
Housing Choice Voucher Program
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
Email: Melinda.spencer@tdhca.texas.gov
Office: 512.475.3934
eFax: 512.856-9214

My business hours: Monday – Thursday 6:30AM-5PM

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 http://www.tdhca.texas.gov.

From: [redacted]
To: Abigail Versyp
Subject: ok. RE: RA at any time Fw: HAP extension Re: Reasonable Accommodation Request Processing
Date: Wednesday, May 27, 2026 3:13:03 PM
Attachments: image001.png

Ok. Here is my list of RAs requests that might help solve this problem.

1.) Request RA for exception payment standard to make my home affordable to me, and avoid the medical hazard associated with a household move.

2) Request RA for extension of 2025 tenancy (or whatever y'all did last year) until my RA requests are processed according to HUD rules.

3.) Request RA that TDHCA pursue HUD reevaluation of the SAFMRs in my zip code.

4.) Request TDHCA adopt the SAFMRs of adjacent zip codes of 77617, 77650 until HUD reevaluation of my zip code is completed.

Does this help?

[redacted]

Yahoo Mail: Search, Organize, Conquer

On Wed, May 27, 2026 at 1:28 PM, Abigail Versyp <Abigail.Versyp@tdhca.texas.gov> wrote:

> This response is only in relation to the question below regarding submission of a reasonable accommodation request. Yes, you may submit a request at any time. Although you may submit a request at any time, the Department is allowed to combine these requests when responding so long as we look at each specific request and respond to the specific request, meaning:

1. What the accommodation being requested is, which in your case so far includes:
    a. Exception payment standard
    b. Request to HUD to increase the SAFMR
2. Whether the request is reasonable

In order to ensure that we are efficiently processing your requests, the response may be combined.

From: [redacted]
Sent: Tuesday, May 26, 2026 9:04 AM
To: Abigail Versyp <Abigail.Versyp@tdhca.texas.gov>
Subject: RA at any time Fw: HAP extension Re: Reasonable Accommodation Request Processing

HUD rules say RA can be requested at any time. This would indicate that each RA is processed separately.

Please point me to the rule that says otherwise.

Thanks

Yahoo Mail: Search, Organize, Conquer

> ----- Forwarded Message -----
> **From:** [redacted]
> **To:** "Abigail.Versyp@tdhca.texas.gov" <Abigail.Versyp@tdhca.texas.gov>
> **Cc:**
> **Sent:** Tue, May 26, 2026 at 8:01 AM
> **Subject:** HAP extension Re: Reasonable Accommodation Request Processing
>
> Thanks for your prompt response.
>
> Last year HAP extension was done while waiting for processing. If it was possible then, it is possible now, correct?
>
> Yahoo Mail: Search, Organize, Conquer
>
> On Tue, May 26, 2026 at 7:39 AM, Abigail Versyp <Abigail.Versyp@tdhca.texas.gov> wrote:
>
> > Dear [redacted]
> > I wanted to write this morning so that we can make sure that we are on the same

page. The emails that you are sending for Reasonable Accommodation are being included as an adjunct to your existing reasonable accommodation request. Your request now includes the following:

1. Request for exception payment standard
2. Request for your HAP to be paid at the rate it was paid prior to your recertification for the months of April, May, and June
3. Request to extend your lease agreement (this must be denied as TDHCA is not a participant in your lease agreement)

Please submit any additional requests that you would like to add to your reasonable accommodation request to me. The requests will be processed as one request, and are not distinct.

Your request for a reasonable accommodation is being reviewed and will be responded to; however, until a response is determined, TDHCA cannot issue payment in violation of its rules and procedures, so payments issued for April, May, and June will not be increased unless and until a determination regarding your request for an exception payment standard is processed.

Abigail Versyp
Director of Single Family and Homeless Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street Austin, Texas 78701
Office: 512.475.0908

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RA Request for extension of HAP for April, May, June 2026 while my request for reasonable accommodation is processed.

From: Abigail Versyp
To: [redacted]
Cc: Andre Adams; Melinda Spencer
Subject: Reasonable Accommodation Response
Date: Thursday, May 28, 2026 4:57:00 PM
Attachments: [redacted]
image001.png

Dear [redacted],

Please see the attached letter regarding your requests for reasonable accommodation. This letter addresses all requests that have been submitted to date that were not previously decided by TDHCA's Board of Directors.

Thank you.

Abigail Versyp
Director of Single Family and Homeless Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street Austin, Texas 78701
Office: 512.475.0908

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TEXAS AMERICA 250

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

Greg Abbott
GOVERNOR

BOARD MEMBERS
Leo Vasquez, *Chair*
Kenny Marchant, *Vice Chair*
Cindy Conroy, Member
Anna Maria Farías, Member
Holland Harper, Member
Ajay Thomas, Member

May 28, 2025

Writer's direct dial: 512-475-3296
Email: bobby.wilkinson@tdhca.texas.gov

[redacted]
77623
[redacted]

RE: 2026 REASONABLE ACCOMMODATION REQUEST

Dear [redacted]:

The Texas Department of Housing and Community Affairs (TDHCA or the Department) received your request for reasonable accommodation for your disability on April 24, 2026. This request was included in an email from you where you were requesting an appeal to the TDHCA Board of Directors of its own decision made on September 4, 2025.

Staff responded that an appeal of the Board's decision is not available under the provisions of 10 TAC §1.1 and 10 TAC §1.7. On May 11, 2026, you responded, and included issues that have already been decided by the Board, but the response also included a statement that due to your disability, moving would be a medical hazard at this time. TDHCA staff understood that this factor was not considered in your previous request to the Board and is new information related to your disability. As such, staff initiated the interactive process for a reasonable accommodation request. It is also understood that you believe there is an error in the way that HUD calculates the Small Area Fair Market Rent for your zip code.

You have requested an exception payment standard as a reasonable accommodation for your disability. The new factor, a medical hazard related to moving, was not previously considered by the Board as it appeared to occur after the date of the board meeting. Staff requested documentation from a third party medical provider dated after September 2025, that supports the assertion that due to your disability, moving would be a medical hazard. Staff requested that the documentation outline how long the medical hazard is anticipated to continue.

You submitted a letter from your medical provider in response to this request on May 21, 2026. The letter states that a household move would be detrimental to you as you have undergone surgery

and have many other medical treatments pending, but that there are too many variables to give a definitive end date for the accommodation requested. The letter did not include the date of the surgery, nor did it include the expected recover time from the surgery. The letter further stated that the physician suggests a minimum three year "delay of household move to correspond with the timeframe of TWC VR Services and the SSA PASS program rehabilitation plans."

Additionally, you have submitted other emails requesting the following:

- May 21, 2026: Request "for 2025 lease extension while TDHCA processes my RA request for exception payment standard."
    - TDHCA staff alerted you that TDHCA is not able to consider this a request that may be granted by the Department as the lease agreement is a legal instrument between you and your landlord, and that TDHCA is not party to the agreement and cannot alter the agreement.
- May 22, 2026: Request for "extension of HAP for April, May, June 2026 while my request for reasonable accommodation is processed."
- A request made through the PHA Portal for an exception payment standard at some point prior to your annual renewal processing.

Your request was received and reviewed in accordance with Texas Administrative Code, specifically 10 TAC §1.1, related to Reasonable Accommodation Requests to the Department. The review included a review of your request, as well as the supporting documentation submitted from your healthcare provider dated May 21, 2026. You requested an accommodation for an exception payment standard is denied.

Your request regarding the TDHCA requesting to HUD a reevaluation of the FMR rents was not considered. TDHCA does not represent half the voucher households in the Houston-The Woodlands-Sugar Land HUD Metro FMR Area, and thus does not qualify to submit this request per the frequently asked questions that you provided. However, even if TDHCA did qualify to submit the request, it would likely be a financial and administrative burden based upon other PHA's reporting that this would cost $20,000 to 75,000 per county to conduct. Even on the lower side of that estimate TDHCA's administrative budget and PHA reserves would not support this cost.

The reasons you provided for the request were previously considered by the Board are not subject to re-review.

TDHCA's review of the request due to medical hazard related to a move at this time and the submitted documentation resulted in the following conclusions:

The documentation from your provider, as it relates to the medical hazard at this time and not to issues that have already been determined by the board as not eligible for an exception payment standard, does not state that that the surgery in an of itself is the reason that you are not able to move. It does not state the date of the surgery, nor the usual anticipated recovery period from the surgery. It does not state why recovery from the surgical procedure would made a household move a medical hazard.

- A three-year period would not be considered reasonable as it would be a fundamental alteration to the HCV program to allow this period of time to find another suitable residence.

- Your potential enrollment in other programs is not a factor in how the Section 8 HCV Payment Standards are determined, but would be considered if such enrollment changes how your income and tenant share of rent are calculated. This is outside of the reasonable accommodation process.
- The program does not require you to move to a new unit in order to continue your assistance under the Section 8 HCV Program. You may continue to reside in the unit, but you will be responsible for the tenant portion as calculated at your most recent annual renewal.

Furthermore, while you do have the right as a participant in the HCV Program to request reasonable accommodation at any time, any additional submissions that are not materially different and which do not include the specific request, the disability related need for the request, and available supporting documentation will not be considered as a new request. Please submit any future reasonable accommodation requests directly to Abigail Versyp by email at abigail.versyp@tdhca.texas.gov, by phone at (512) 475-0908 or by mail for review and disposition in accordance with the requirements at 10 TAC §1.1. The mailing address is:

Texas Department of Housing and Community Affairs
ATTN: Abigail Versyp
P.O. Box 13941
Austin, TX 78711

Any request submitted through other channels, including email to other parties or through the PHA Portal may not be reviewed.

You may appeal this determination to the TDHCA Board of Directors in accordance with 10 TAC §1.7. If you choose to appeal within the timeframe provided in 10 TAC §1.7, your appeal will be placed on the agenda for the TDHCA Board meeting currently scheduled for July 9, 2026. Please note that if you receive any additional information after the date of this notice, but prior to the posting of an Appeal for Board consideration, the new information must be provided to Abigail Versyp for further consideration or the Board will not consider any information submitted.

Sincerely,

Bobby Wilkinson
Executive Director

cc: Abigail Versyp, SFHP Director
Andre Adams, Section 8 Program Manager

From: Abigail Versyp
To: [redacted]
Subject: RE: thanks, appeal to board Re: Reasonable Accommodation Response
Date: Friday, May 29, 2026 6:52:00 AM
Attachments: image001.png

Good morning. This is received. Please note that if you receive any additional information that you would like to be included for Board consideration, the new information must be provided to me before July 1, 2026 or the Board will not consider any information submitted. This is because it must be included in the Board materials which are published at least one week prior to the Board meeting.

Thank you.

Abigail Versyp
Director of Single Family and Homeless Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street Austin, Texas 78701
Office: 512.475.0908

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.texas.gov or the Learn about Fair Housing in Texas page.

From: [redacted]
Sent: Thursday, May 28, 2026 5:58 PM
To: Abigail Versyp <Abigail.Versyp@tdhca.texas.gov>
Subject: thanks, appeal to board Re: Reasonable Accommodation Response

Thank you for your efforts.

Request submit this item for placement on the agenda for July 2026 board meeting.

Thanks,
[redacted]
[redacted]
[redacted] 77623
[redacted]

Yahoo Mail: Search, Organize, Conquer

On Thu, May 28, 2026 at 4:57 PM, Abigail Versyp <Abigail.Versyp@tdhca.texas.gov> wrote:

> Dear [redacted],
>
> Please see the attached letter regarding your requests for reasonable accommodation. This letter addresses all requests that have been submitted to date that were not previously decided by TDHCA's Board of Directors.
>
> Thank you.
>
> **Abigail Versyp**
>
> Director of Single Family and Homeless Programs
>
> Texas Department of Housing and Community Affairs
>
> 221 E. 11th Street Austin, Texas 78701
>
> Office: 512.475.0908
>
> **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.texas.gov or the Learn about Fair Housing in Texas page.

From: Abigail Versyp
To: [redacted]
Cc: Andre Adams; Melinda Spencer
Subject: RE: ADDL info for TDHCA board hearing: properties are unaffordable and unsuitable
Date: Tuesday, June 16, 2026 7:37:00 AM
Attachments: image001.png

Thank you, [redacted]. The email below will be included in the attachments for the July 9th agenda item.

Abigail Versyp
Director of Single Family and Homeless Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street Austin, Texas 78701
Office: 512.475.0908

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.texas.gov or the Learn about Fair Housing in Texas page.

From: [redacted]
Sent: Monday, June 15, 2026 10:07 AM
To: Abigail Versyp <Abigail.Versyp@tdhca.texas.gov>
Subject: ADDL info for TDHCA board hearing: properties are unaffordable and unsuitable

Rental attempt:

I have investigated affordable housing alternatives as suggested by TDHCA staff.

LIHTC Property Example:

Mansions on Moses Lake zip code 77590
2 bed $1365 rental rate quoted. (AMI 50/60% unit)
Affordability calculation of 1140 was provided by my caseworker with my briefing packet.

Q. Why are LIHTC properties unaffordable?

A. LIHTC properties base their rental rates on a formula based on 50/60% AMI of MSA Houston-Woodlands according to # of bedrooms of the unit. This disqualifies VLI HCV clients due to low income.
Example:
HCV affordability for this unit based on SAFMR's and my TTP has been calculated to be $1130.

This an example of the price range and situation for ALL of the LIHTC properties. Market rate rents are even higher than the LIHTC properties.

In addition, there are no units available that contain the features that my physician has specified for managing my disability. (especially the bathrooms.)

This illustrates no other disability suitable and/or affordable units available to me.

Thanks,
[redacted] 77623

From: [redacted]
To: Abigail Versyp
Subject: Addl info for board book RE: Tdhca appeal hearing additional information
Date: Wednesday, June 24, 2026 11:12:17 AM

Here is a study from TDHCA public comment center, which which contains detailed market information regarding the ELI 30% income/15% AMI client unaffordability problem.

Thanks
[redacted]

Yahoo Mail: Search, Organize, Conquer

On Wed, Jun 24, 2026 at 8:17 AM, Abigail Versyp <Abigail.Versyp@tdhca.texas.gov> wrote:

> Thank you. This information has been received and will be included in the board book.
>
> ---
>
> **From:** [redacted]
> **Sent:** Monday, June 22, 2026 1:27 PM
> **To:** Abigail Versyp <Abigail.Versyp@tdhca.texas.gov>
> **Subject:** Tdhca appeal hearing additional information
>
> Here is what I would like to convey to the board. I wrote it out because last time they asked if my spoken comment was also submitted written for the record, and the clerk said yes, but that was not true. And the transcript did not capture the details of my comments.
>
> Thanks
>
> HCV client statement:
>
> Granting of RA request for individual exception payment standard in my case seems reasonable without much further explanation. However, I offer the following to support my request:
>
> This home is a HUD/CDBG/TDHCA built program home. This home is ADA accessible compliant and mandated to be rented to low-income, elderly, disabled persons. I qualify in all of those categories.
>
> A physician statement has been provided to support my medical need for this particular unit.

A physician statement has been provided stating the need to remain in my current unit to avoid the detrimental effects a household move at this particular time would have on my health and welfare.

HUD mandates disabled persons may utilize RAs for situations such as this.

Besides the use of RAs to solve my problem, HUD headquarters staff has made suggestions for alternatives to mitigate the negative impact adoption of SAFMRs have had on my situation which include but are not limited to:

TDHCA undertake the process of request that HUD reevaluate SAFMRs for my zip code (77623). (I have requested this since 2018)

And/OR

TDHCA adopt an exception payment standard for my entire zip code.(77623)

And/OR

TDHCA employ the "hold harmless" policy which would result in continue my 2025 HAP rate ($1401) until such time that other feasible alternatives can be discovered.

And/OR

Grant my RA for an individual exception payment standard for my current unit. (I have requested this since 2017)

In addition, I request TDHCA consider the following issues which compounds my problem:

TDHCA staff have suggested that units located in LIHTC properties in Galveston county are both ADA accessible compliant, affordable to me, and readily available. This has NOT been my experience since 2016.

Why?

LIHTC properties LURAs mandate so few 30%AMI ADA accessible units set-aside, that the property office staff do not even acknowledge their existence upon inquiry.

LIHTC property office staff also seem to be unaware of the published data in the TDHCA vacancy clearinghouse regarding unit type or availability. This makes locating ANY unit in a LIHTC property extremely difficult. Units advertised as available are not ADA and rents are at 50/60%AMI or Market rate.

15%-30%AMI clients without HCV vouchers do not qualify for 50/60% AMI units due to low income.

15%AMI clients with HCV vouchers (such as myself) cannot technically afford 50/60%AMI rents at most LIHTC properties either.

Why?

HCV clients are limited to affordability based on HCV rules of ttp30% of actual income (not AMI) which includes utilities, but LIHTC property rents are based on AMI not actual client income. SAFMRs are much lower than AMI rents, which makes the LIHTC units unaffordable even with a voucher. In addition, actual utility costs are at least double HCV or LIHTC utility allowances.

Example:
LIHTC property that is priced close to SAFMR at 50/60% AMI:
Zip code 77590/77591
2026 50/60%AMI rent is about 1400.
SAFMR is about 1400.
Seems to be a good fit on first glance, correct?

But wait...

HCV voucher holder at 15%AMI income. (About 1000 month).
Gross rent (based on AMI) 1400. 15% AMI clients cannot afford to this.

HCV 15%AMI clients cannot afford this either because affordability calculation only allows 1130 gross rent.

Therefore, it appears that both the HCV and LIHTC programs as currently administered are ineffective in meeting the needs of 15%-30%AMI clients, which are mostly disabled or seniors.

I have located only 2 zip codes in Galveston county that contain LIHTC properties,

and also have high enough SAFMRs to make it affordable for a 15% AMI client with an HCV voucher with rents at AMI 50/60%. These zip codes are 77573 and 77546.

However, neither of these properties have availability of units that meet my physicians recommendations.

However, I have made application for wait list at these properties as an alternative to homelessness and/or voucher expiration which is imminent.

Thanks so much for your consideration of this matter.

[redacted]
[redacted]
[redacted] 77623

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1533 **Agenda Date:** 7/9/2026 **Agenda #:** 30.

Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Brownwood Pioneer Crossing

RECOMMENDED ACTION

WHEREAS, Pioneer Crossing Brownwood was awarded 9% housing tax credits during the 2023 Competitive Housing Tax Credit cycle;

WHEREAS, the Board has previously approved requests for return and reallocation of credits in 2024 and 2025;

WHEREAS, the Development Owner executed a Carryover Allocation Agreement that included certifications stating each building receiving an allocation would be placed in service by December 31, 2027;

WHEREAS, the Development Owner has requested an extension to the placement-in-service deadline under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, the Department lacks authority to extend federal placement-in-service deadlines and may only reset such deadlines by requiring the credits to be returned and immediately reallocated to the Development, as permitted solely under the force majeure provision of the Qualified Allocation Plan (QAP); and

WHEREAS, the Development Owner has submitted documentation demonstrating that a qualifying force majeure event has occurred;

NOW, therefore, it is hereby

RESOLVED, that the request to treat the matter under the force majeure provisions of 10 TAC §11.6(5) is approved, and that the 2023 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar shall be applicable to the Development.

BACKGROUND

Development	Pioneer Crossing Brownwood
Target Population	Elderly
HTC Award	$900,000
City	Brownwood
Total Units	49
HTC Units	45
Initial Year of Award	2023

Extension Requested	One year

Pioneer Crossing Brownwood is a 49-unit development located in Brownwood, Brown County. The development received an award of 9% Housing Tax Credits in 2023 and previously was approved for return and reallocation of credits in 2024 and again in 2025. As part of the most recent approval, the Board prohibited any extensions to the 10% test deadline, which is the date by which 10% of the project's reasonably expected basis must be expended. As a result, the current deadline for the 10% test is July 1, 2026, and the deadline to place in service is December 31, 2027.

After receiving its award, the Development experienced cost increases due to supply chain issues and labor shortages. To help address this gap, the Owner applied for HOME funds from the Department in April 2024. While those funds have been under contract since March 2025, the Developer has been unable to move forward with closing due to the subsequent loss of its investor. A new investor has since been identified, and the Department is currently in the process of closing its loan. Because of the delays with identifying a new investor, the project is at risk of failing its existing 10% test deadline.

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

Staff has reviewed this request and determined that the loss of the investor constitutes a force majeure event under the rules.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The credits will be returned and reallocated, with the 2023 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar applicable to the Development.

- A new Carryover Allocation Agreement will be executed.
- The new 10% Test deadline will be July 1, 2027.
- The new placed-in-service deadline will be December 31, 2028.

If the Board denies the request:

- The current placed-in-service deadline of December 31, 2027, remains in place.
- The Development Owner may either meet the existing deadline, return the credits, or have the award terminated for failing to meet the deadline.
- Returned credits will first be reallocated within the original subregion in accordance with 10 TAC §11.6(2). If no pending applications are eligible within the subregion, the credits will be added to the statewide collapse for reallocation.

This request has a de minimis impact on the HOME funds, as all the interim deadlines under 10 TAC Chapter 13, and the federal Project Completion deadline of March 12, 2029, all remain.

RECOMMENDATION

Staff recommends approval of the request to return and reallocate tax credits for Pioneer Crossing Brownwood under the force majeure provisions of 10 TAC §11.6(5).

May 29, 2026

Mr. Cody Campbell
Director of Multifamily Programs
Texas Department of Housing and Community Affairs
211 E 11th Street
Austin, Texas 78701

Via Email: Cody.Campbell@tdhca.texas.gov

Re: TDHCA HTC Application #24827 FKA 23152 – Pioneer Crossing, Brownwood, TX

Mr. Campbell:

Brownwood Pioneer Crossing, LLC (the "Owner") received an allocation of Housing Tax Credits from the Texas Department of Housing and Community Affairs ("TDHCA") for the construction of Pioneer Crossing (the "Development") in 2023, and has subsequently received a 2024 and 2025 allocation via force majeure. The 2025 allocation of tax credits currently requires the Development to meet the 10% test by July 1, 2026 and place the Development in service by December 31, 2027. Unfortunately, the Owner faces the possibility of not being able to meet these deadlines as required by §42(h)(1)(E)(i) & §42(h)(1)(E)(ii) of the Internal Revenue Code. The need for requesting an extension to meet the required 10% test and placed in service deadlines is the result of events that we believe should fall under the provisions of §11.6(5) of the 2026 Qualified Allocation Plan ("QAP") relating to Force Majeure.

Background Information

The Development is located in Brownwood, Texas, in Brown County. The City of Brownwood, and quite frankly the entire State of Texas, has experienced significant cost increases, supply chain issues, and labor shortages that as a whole have impacted and delayed the start of construction of the Development, which has had an adverse effect on the initial construction schedule and anticipated placed-in-service timelines. These issues are the direct result of not one, but several events that together have put extreme upward pricing pressure, labor shortages, supply chain failures, and timing constraints on the construction industry across the entire State of Texas. The events affecting our development are: supply chain failures, labor shortages, and natural disasters.

Owner has been working through gap issues to close this development as quickly as possible. Owner submitted an application for HOME funds under the 2024-2 NOFA on April 30, 2024, and was successfully awarded on December 12, 2024. However, during the MFDL awarding process equity markets shifted drastically and demand for rural developments has eroded to only a few active participants. Owner has been told the earliest an investor fund would become available to place this transaction is Q1 of 2026, and given the expected lead time on final underwriting and closing the HOME funds, this puts the 10% Test and placed in service deadlines in severe jeopardy of being achieved. Based on our previous experience with MFDL funds it takes at least three months for TDHCA to close these funds once all due diligence is submitted for review. This projected timeline puts closing around July of 2026, which extends past our 10% test deadline and would not allow sufficient time to complete construction by December 31, 2027.

Lora Myrick (512) 785-3710 lora@betcohousinglab.com
2201 Northland Drive, Austin, Texas 78756 | 812 San Antonio Street, Suite L-20, Austin, Texas 78701

Supply Chain Failures

On April 2, 2025 President Trump signed Executive Order 14257 declaring a national emergency and initiating reciprocal tariffs to combat trade deficits that threaten national and economic sovereignty.[1] Since this declaration, which is officially referred to as Liberation Day, multiple trade agreements have since been signed and put into effect. However, Mexico and Canada have yet to agree to any trade agreements[2]. These two countries supply significant amounts of inputs for construction materials. Specifically, in 2024 Canda accounted for 22% of cement imports, 23% of steel imports, 56% of aluminum imports, 29% of gypsum imports, and accounted for a significant source for copper imports. Similarly, in 2024 Mexico accounted for 16% of steel imports, 31% of gypsum imports, and 44% of silver imports. [3] As it relates to lumber, Canada dominated this category in 2024, bringing in 47.3% of all imported lumber to the US.[4] Though progress has been made on trade agreements, these disturbances to major trade suppliers has put upward pressure on pricing for construction inputs and has destabilized the flow of materials through global supply chains.[5]

Labor Shortages

Texas is experiencing a labor shortage in the construction industry as a whole. This is due to several factors, which include a shortage of skilled labor workforce, as well as an increase in demand from growth in the sector. At the recent Economic Resilience Luncheon hosted by the Better Business Bureau (BBB), Dr. Carrie Angell, President & CEO of the BBB found in her recent doctoral research on Texas' construction workforce that currently 92% of firms face unfilled craft positions, and 80% report costly project delays. At that same event, economist Angelos Angelou warned that Central Texas is on track to fall short by 10,000 skilled workers annually by 2030.[6] The Associated General Contractors of America (AGC) posted similar findings in their recent nationwide survey. Specifically, AGC noted that "92% of construction firms that are hiring report having a hard time finding qualified workers. As a result, 88 percent of firms report having openings for craft construction workers, while four-fifths of firms have openings for salaried workers".[7]

Natural Disasters

The Development is located in Brown County, Texas. Since 2023, Brown County has been hit with multiple extreme weather events, which have disrupted supply chains and caused significant increases to insurance costs. Here's a brief list of the events that have affected the Development since initial award in July of 2023 that will have a lasting effect on supply chains for the area:

- August 11, 2023, Greg Abbott, Governor of the State of Texas issued a disaster declaration for wildfires that began on July 24, 2023. Brown County is included in this declaration.[8]
- May 15, 2024, Greg Abbott, Governor of the State of Texas amends a disaster declaration for severe storms and flooding that began on April 30, 2024, which includes Brown County[9].
- March 4, 2025, Gregg Abbott, Governor of the State of Texas amends a disaster declaration originally issued on October 14, 2024, for increased fire weather conditions that pose an imminent threat of

[1] https://www.federalregister.gov/documents/2025/04/07/2025-06063/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and
[2] https://www.tradecomplianceresourcehub.com/2025/11/10/trump-2-0-tariff-tracker/
[3] https://www.constructconnect.com/construction-economic-news/key-material-inputs-to-construction-materials-is-the-u.s.-dependent-on-imports
[4] https://www.globalwood.org/news/2025/news_20250304d.htm
[5] https://cmicglobal.com/resources/article/The-Full-Impact-of-Tariffs-on-Construction-in-2025
[6] https://www.bizjournals.com/austin/news/2025/06/09/skilled-labor-crisis-economic-resilience-luncheon.html
[7] https://www.agc.org/news/2025/08/28/construction-workforce-shortages-are-leading-cause-project-delays-immigration-enforcement-affects
[8] https://gov.texas.gov/news/post/governor-abbott-issues-wildfire-disaster-declaration-in-august-2023
[9] https://gov.texas.gov/news/post/governor-abbott-further-amends-severe-weather-disaster-proclamation-in-may-2024--

widespread or severe damage, injury, or loss of life or property. Brown County is included in this declaration.[10]

- November 9, 2025, Gregg Abbott, Governor of the State of Texas amends a disaster declaration originally issued on August 10, 2025, for increased fire weather conditions that pose an imminent threat of widespread or severe damage, injury, or loss of life or property. Brown County is included in this declaration.[11]

Impact and Request

The Development has been hit with multiple force majeure events since original application. To offset the effects of these events, Owner has secured MFDL funds, a committed equity investor in AEP, and a committed bridge financing lender in Stearns Bank. Owner has also agreed to provide a sponsor loan of $500,000 to get the deal closed. However, because of lack of investor appetite for rural transactions that delayed getting an investor on board, and the expected lead time on final underwriting and closing the HOME funds, the 10% Test and placed in service deadlines are in severe jeopardy of being achieved. We request that the Owner be permitted to return the Tax Credits and that TDHCA reallocate the Tax Credits to the Owner in the current year in accordance with §11.6(5) of the 2026 QAP relating to Force Majeure. We believe the Owner and Development meet all the requirements in Section 11.6(5), in that:

1. The events that caused the delay occurred before issuance of 8609s and were sudden, unforeseen circumstances outside the control of the Development Owner.

2. The delays were not caused by willful negligence or acts of Owner, any Affiliate, or any other Related Party.

3. The Owner has provided evidence and a timeline of the events that was the direct result of the delays, see referenced footnotes 1 – 11, and Exhibit A.

4. Though there was little that could be done to mitigate the effects of supply chain failures, severe weather events, and labor shortages, Owner applied for and was awarded funds under the 2024-2 NOFA. Owner also negotiated with the City of Brownwood to allow for value engineering on MEP to be approved. Owner approached seven different equity investors to try and find a viable fund to place this transaction, ultimately determining the need for providing a sponsor loan was the only path forward. Owner has committed to do so to close this transaction, and was able to obtain an official commitment from AEP in Q1 of 2026 (see Exhibit B). In addition, Owner has also provided the current construction timeline as Exhibit D, which when combined with the provided debt and equity LOIs meets all the previous requests imposed by the TDHCA board in the December 2025 meeting (see Exhibit E). Additionally, the Development was and remains properly insured, and TDHCA was notified of the Force Majeure events.

5. The Force Majeure threatens to prevent the Owner from meeting the 10% Test and Place in Service requirements of the 2026 allocation.

6. The requested current year Carryover Agreement would allocate the same amount of Tax Credits as those that would be returned.

7. With the award of HOME funds under the 2024-2 NOFA plus a sponsor loan of $500,000 being provided by the Developer, the Development continues to be financially feasible. Additionally, there have not been any insurance proceeds received related to the Force Majeure event.

[10] https://gov.texas.gov/news/post/governor-abbott-amends-renews-wildfire-disaster-proclamation-in-march-2025
[11] https://gov.texas.gov/news/post/governor-abbott-amends-renews-fire-weather-conditions-disaster-proclamation-in-november-2025

If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at (512) 785-3710 or via email at lora@betcohousinglab.com .

Sincerely,

Lora Myrick, Principal
BETCO Consulting, LLC

EXHIBIT A

July 2023 – Development was awarded 2023 LIHTCs.

April 30, 2024 – Developer applies for MFDL funds under the 2024-2 NOFA

May 16, 2024 – Pioneer Crossing (Brownwood) is identified as one of the competitive applications for HOME funding on MFDL 2024-2 NOFA application log.

August – September 2024 – Developer receives three deficiencies (during programmatic, MFDL, and legal reviews) regarding the MFDL application and timely responds to all requests.

September 2024 – Developer officially starts closing calls with Raymond James, the Tax Credit Investor, in anticipation of receipt of the MFDL award to get a head start on closing this transaction once (if) the MFDL award is received.

October 2, 2024 – Full plans and specifications were submitted to the City of Brownwood in an application for permits.

October 11, 2024 – Phase I sends the completed Environmental Review report to TDHCA for review to obtain environmental clearance.

December 12, 2024 – TDHCA awards Pioneer Crossing (Brownwood) with HOME funding and grants Force Majeure at the same time as the award.

December 30, 2024 – Development receives AUGF Clearance from HUD.

January 2025 – EPA updates HVAC regulations affecting refrigerant lines, thus requiring a slight update and resubmittal of the MEP plans.

March 31, 2025 – Development closes on the land.

April 15, 2025 – Raymond James notifies the developer the credit pricing has dropped significantly due to investor yield requirements. This forces the Developer to begin shopping other investors and explore some value engineering options to achieve cost savings.

June 2, 2025 – City of Brownwood approves permit set, pending payment of fees.

April 16 – October 1, 2025 – Developer approached five different Duty to Serve equity investors trying to place the deal in a Fannie/Freddie investor fund which was offering high $0.70's to low $0.80's on credit pricing. All five of them showed interest and began reviewing the deal but ultimately turned it down because it was too small for their current investment needs.

October 15 – November 15, 2025 – Developer reapproaches Raymond James to reprice the deal. Based on latest quote from the GC, with a $550,000 sponsor loan the Developer determines it can close the deal if $0.75 can be provided by Raymond James for the credits. Raymond James quoted $0.71 due to current investor yield requirements, but gave assurances that in Q1 of 2026 a new fund will open up and they are hopeful to place the deal at $0.75 at that point in time.

December 2025 – Raymond James confirms investor requirements haven't changed and they cannot place the transaction in a fund at $0.75.

January 2026 – Developer discusses placing this transaction with AEP, as they showed interest in this market.

February 12, 2026 – AEP completes their underwriting and Developer signs an LOI at $0.77 (See Exhibit B) and starts the due diligence process.

April 2026 – Developer has discussions with Sterling Bank on providing the bridge financing on this transaction.

May 5, 2026 – Developer signs LOI with Sterling Bank (See Exhibit C) to bring on all financing partners into the transaction.

May 29, 2026 – Developer submits all TDHCA due diligence items and is awaiting confirmation of an expected closing date from TDHCA. AEP and Sterling Bank have communicated they can close as early as July 15. Assuming a 60-day closing timeline for TDHCA, Developer expects to close at the end of July 2026, which puts construction completion at July 2027. (See attached Gantt Chart as Exhibit D)

EXHIBIT B

Affordable Equity Partners, Inc.

February 3, 2026

Noorallah Jooma
Brownwood Pioneer Crossing, LLC
2727 LBJ Freeway, Ste 1020
Dallas, TX 75234

Re: Equity Commitment Concerning Acquisition by Affordable Equity Partners, Inc. of Federal Low Income Housing Tax Credits through Limited Partner Interest in Pioneer Crossing.

Dear Mr. Jooma:

We are pleased to present the following terms and conditions relating to the Limited Partnership equity investment by subsidiaries of Affordable Equity Partners, Inc. ("AEP") in the subject Low Income Housing Tax Credit Project.

Please be advised that this letter merely represents a proposal of terms and conditions under which AEP would seek approval. Any such transaction is subject to, among other things, review and approval by AEP's Investment Committee, its attorneys, accountants, and other appropriate parties, as well as subject to appropriate legal documentation signed by all parties. No such approval has been obtained or submitted. Please be further advised that even if such approval is obtained, it may be conditional on additional terms and conditions and/or be significantly different from the terms and conditions discussed in this letter.

Project:	Pioneer Crossing, located in Brownwood, Brown County, TX, containing 49 units (45 LIHTC). Anticipated Annual Federal Tax Credit Reservation of $900,000.
Partnership:	The name of the partnership is Brownwood Pioneer Crossing, LLC (the "Partnership"); a Texas limited liability company.
Ownership Structure:	Managing Member – BWPC GP, LLC. - .01% Federal LP - Special Limited Partner - Affordable Equity Partners, Inc., or its designee – 99.98% Affordable Equity Partners, Inc., or its designee – .01% Federal Tax Credits and Net Profits and Losses will be allocated to the partners according to the above percentages.
LP's Capital Contribution:	The Limited Partners will make a Capital Contribution in the amount of $0.77 per Federal Tax Credit Dollar available to the Federal Limited Partner over 10 years (100% of total).

Tax Credit Adjuster: The Partnership Agreement and other documents will provide for adjustments to the Federal LP Capital Contribution upon the issuance of 8609's. Should the actual amount of tax credits allocated and earned be less than projected in the Project proformas, then the Capital Contribution will be adjusted downward by an amount equal to the product of (x) the difference between the projected credit and the actual credit earned and (y) $0.77 for federal credits. Should the actual amount of tax credits allocated and earned be more than projected in the Project proformas, then the Capital Contribution will be adjusted upward by an amount equal to the product of (x) the difference between the projected credit and the actual credit allocated and earned and (y) $0.77 for federal credits. There will also be a late delivery adjustor for any fiscal year during which initial lease-up of the Project is occurring equal to the product of (x) the difference between the actual amount of tax credits allocated and earned for such fiscal year is less than the projected credit amount for such fiscal year in the Project proformas and (y) $.50 for federal credits, notwithstanding, there will be a 2% variance threshold before the timing adjuster is applied; provided however, the lease up schedule and credit delivery schedule will be agreed upon prior to partnership closing and subject to the approval by the Federal LP

Conditions Precedent Partnership: Land Control, Title Policy, and Survey Review, Entitlements, Tax Credit Allocation and Carryover (if applicable), Completed Plans and Specifications (if applicable) by a qualified Architect registered in the state of the project, Construction/Renovation Budget, Phase I Environmental Report, Operating Pro-Forma, Construction Loan Commitment (if any), Permanent Loan Commitment, Commitment of Subsidies (if any) – all subject to investor's due diligence.

Pay-In Schedule: All Cash, expected to equal $6,928,614 equity pay-ins as follows:

Admission Installment: [10%] upon closing of the Partnership Agreement admitting AEP or its affiliates as a limited partner

Second Installment: [40%] upon the latest of funding of all prior installments, and

a. Certificate of Occupancy on all units and community building (which may be temporary certificates, so long as any remaining conditions do not prohibit occupancy)
b. Certificate of Substantial Completion from the Project Architect
c. Updated title Insurance Policy
d. Draft Cost Certification
e. All Final Lien Waivers

Third Installment: [49%], upon the latest of funding of all prior installments and:

a. Permanent loan closing/conversion (if applicable)
b. Copies of all initial tenant files
c. Cost Certification by Project Accountant
d. Rental Achievement
e. 100% Qualified Occupancy Certified by the Accountants

Fourth Installment: [1%], upon the latest of funding of all prior installment and:____

a. _Receipt of 8609's

Transaction Expenses: The partnership will pay directly or reimburse for all syndication costs, including AEP legal and accounting expenses. Lender may separately require borrower to pay for third-party engineering and environmental review expenses that may be paid from the total available sources of the Project.

Operating Reserve: The Operating Reserves will be maintained by the developer to fund future cash flow shortfalls. This reserve should be funded at the construction completion installment and remain in place for the duration of the 15-year investment period. The reserves should be fully replenished by available cash flow from the property prior to release of the operating deficit guarantee. The amount of the Operating Reserve is TBD by AEP and Lender requirements.

Deferred Development Fee: The deferred development fee will be the negative difference between all other sources of funds less all uses of funds. This amount, to be preliminarily determined upon completion of investor due diligence and finally determined upon Completion of Improvements and Closing of Permanent Loan, will be "funded" by Developer and will be the basis for a priority distribution. This deferred fee is payable out of available cash flow or sale/refinance proceeds per the Distribution Priorities, ballooning at the end of the Fifteenth Year. Any balloon amount will be funded by the General Partner via a Special Contribution.

Guarantors: TBD

Net Worth & Liquidity Req: Minimum $5,000,000 Net Worth. Minimum $1,000,000 Liquidity. (These thresholds can be through a combination of individual and qualified entities as determined by AEP's review)

Guarantees

Construction Completion and Development Deficit Guaranty

Guarantee of lien-free completion of the improvements in a good and workmanlike manner, substantially in accordance with approved plans and specifications (if applicable) or renovation budget, with Certificates of Occupancy (if applicable), and "Placed-In-Service" prior to a Specified Date, within a fixed price cost, and guarantee of any development deficits, including interest carry prior to the later of Completion or 3 months at Stabilization (1.10 DSCR).

Operating Deficit Guaranty

The Operating Deficit Guarantee should be in place from the time of stabilization and will be in effect for a minimum of five years post stabilization of the development.

The ODG may not be released until each of the following conditions has been

met: (1) One year (12 consecutive months) of a 1.15 DSC ratio; and (4) the operating reserve is restored to its original amount.

Tax Credit Guaranty

Limited Partner interests will be Repurchased for the amount of outstanding Capital Contributions plus interest at 10% per annum if the Tax Credits are not qualified for any reason, or, at the option of the Limited Partners, if less than 70% of anticipated Tax Credits are qualified.

If the amount of Tax Credits available to the Limited Partners falls short of the originally anticipated amount, due to any conditions, including eligible basis lower than anticipated, timing of credit flow later than anticipated, original or subsequent qualification falling short of 100%, or any other reason applicable to such Tax Credits or due to actions of the Guarantors or Affiliates, then a guarantee payment on an after-tax basis, will be due the Limited Partners; provided that, there shall be no duplication with Tax Credit Adjusters previously discussed herein.
Recapture of Tax Credits will trigger a guarantee payment equal to the recapture amount plus all interest and penalty.
Tax Credit Guarantee payments are non-repayable.

Hazardous Substance Indemnity: Guarantor(s) will indemnify LP's against damages relating to environmental matters.

Asset Management Fee: Compliance and operations are the responsibility of the Property Manager and the General Partner. The Limited Partner will be paid a cumulative annual asset management fee in the initial amount of $5,000, increasing 3% per year.

Cash Flow Distribution Priorities: All Cash Flow after Operating Expenses, Escrows, Reserves, and Debt Service will be distributed in the following priority, subject to legal review by both parties' legal counsel:

1. Payment to the Limited Partner of the Asset Management Fee.
2. Principal of any Deferred Developer Fee.
3. Principal of any Operating Loan or other GP loans.
4. Remainder 90% to General Partner and 10% to the Limited Partner.

Sale or Refinance Distribution Priorities: All proceeds from a Sale or Refinancing after payment of expenses related to such Capital Transaction shall be distributed in the following priority, subject to legal review by both parties' legal counsel:

1. Interest, Accrued Interest, and Principal of First Mortgage Debt.
2. Interest, Accrued Interest, and Principal of Subordinated Debt.
3. Special Reserves for expenses as determined by the General Partner with approval of Special Limited Partner.
4. Items 1 through 3 listed under Cash Flow Distribution Priorities, in sequence.
5. Remainder 90% to General Partner, 10% to the Limited Partner.

General Contractor:	The General Contractor for this property is to be Watermark Residential II, LLC, and must be approved by Affordable Equity Partners. The General Contractor or its affiliates, shall give a construction completion guaranty to the Partnership guarantying lien free construction completion, and other guarantees as required by AEP.
Property Management:	The property management company, Asset Living, must be approved by AEP. The Property manager will be responsible for management of the Project in accordance with low-income housing tax credit guidelines and the associated compliance documentation. Consent of Limited Partners is required for a change in the property management company. AEP shall have the right to remove and replace the Property Manager for reasons including, but not necessarily limited to: (i) an act of gross negligence in its conduct of its duties and obligations under the Management Agreement, (ii) substantial building code violations that have not been cured within six (6) months after notice from the applicable governmental agency or department, (iii) the voluntary or involuntary filing of bankruptcy proceedings against the Property Manager, (iv) any material changes in the identity or financial condition of the Property Manager, or (v) the Property Manager is cited by any governmental agency, including any Tax Credit monitoring or compliance agency of the State for a violation of any applicable rules, regulations or requirements.
Property Management Fee:	[TBD]% (or such other percentage as approved by the LP) of Collected Rents.
Exit and Buyout:	**Nominal Purchase Option (Put Option)**: At the end of the 15-year compliance period, the Limited Partner (AEP) shall have the right to "put" its entire interest to the General Partner for the amount of $100.00, and the General Partner shall have the right to buyout the Limited Partner's interest for fair market value. **Right of First Refusal (ROFR):** The ROFR will follow what the developer checked in the application for the development, and will be per TDHCA requirements **Sale and Refinance Distributions:** Should the project be sold or refinanced, the distribution priority shall be distributed 90% to the General Partner and 10% to the Limited Partner
Replacement Reserves:	There shall be deposited from operations in the minimum amount that The Texas Department of Housing and Community Affairs ("TDHCA") requires. (Annual replacement reserves not actually spent shall be escrowed).
Accountant:	To Be Determined
Submissions& Reporting:	Annual Business Plan and Budget – shall be submitted to the Special Limited Partner by November 1 of the prior year. Monthly Operating Statements, Occupancy Reports, and Partnership Financial Statements – shall be submitted to the Special Limited Partner within 30 days of the end of the prior month. Audited Annual Financial Statements – shall be submitted to the Special Limited Partner within 90 days of the end of the fiscal year; however, accurate interim statements shall be submitted by February 15.

	Tax information and copies of Partnership Federal Tax Returns shall be submitted within 90 days of the end of the fiscal year; however, accurate interim statements shall be submitted by February 28.
Permanent Financing:	Permanent financing is anticipated to be in the form of a TDHCA HOME Loan. The term of the permanent loan must be for a minimum of 15 years. The permanent financing must be approved by AEP. The anticipated permanent loan is $2,800,000
Construction Financing:	The Limited Partner's lender of choice is to provide construction financing for Pioneer Crossing. The financing shall be for a minimum term of the length of the proposed construction through project stabilization, with an interest rate and terms acceptable to the Limited Partners.
Diligence Period:	The terms of this letter are subject to Affordable Equity Partners' satisfaction with its due diligence review. The GP will cooperate with AEP to provide the necessary information to conduct its diligence, including, but not limited to, all site control, Project, and GP information.

The GP acknowledges that it currently controls the Partnership, the right to acquire the land upon which the Project is to be built or renovated and will control the allocation of Federal Tax Credits to such Partnership and expects to do so through the completion of the transaction contemplated herein. The GP acknowledges that no agreement exists, written or otherwise, which would adversely affect its ability to enter into this agreement, and to timely complete the transaction contemplated herein. In consideration of benefits described herein, the GP grants to AEP the exclusive right to complete such transaction, and both parties shall not engage in any discussion about the sale or finance of the Project, the Partnership, or its interest in it, until AEP completes its diligence period and notifies the GP in writing of its decision to proceed, or not to proceed, with the transaction. Both parties understand and agree that the terms of this LOI are to be incorporated in the Amended and Restated Partnership Agreement.

Please sign below as acknowledgement of your understanding and concurrence with the terms and conditions herein presented, and as authority to allow AEP, its subsidiaries, and its agents to research the financial, professional, and character background of the principals involved.

[The Remainder of the page intentionally left blank]

If you have any questions, please feel free to call me at 573-424-8811.

Sincerely,

AFFORDABLE EQUITY PARTNERS, INC.

By: _____
Brian H. Kimes

Agreed and Accepted by:

For: Brownwood Pioneer Crossing, LLC

By: BWPC GP, LLC, its Managing Member

By: eSigned by: Noorallah Jooma 02/12/2026 @ 16:16 EST
Noorallah Jooma, Manager

Owner

Signature Certificate

Document completed by all parties on 02/12/2026 @ 16:16 EST

Document ID: 698e4326242c3b001f703b8a

Sender information

Sent On:	02/12/2026 @ 16:16 EST
Timezone:	Eastern Standard Time
Sender:	Noor Jooma noorjooma@gmail.com
Sender IP:	71.41.26.1

Signer	Signature
Noor Jooma noorjooma@gmail.com Received: 02/12/2026 @ 16:16 EST Viewed: 02/12/2026 @ 16:16 EST Signed: 02/12/2026 @ 16:16 EST	 IP: 71.41.26.1

eSign

EXHIBIT C

STERLING BANK

April 29, 2026

Brownwood Pioneer Crossing, LLC
c/o Target Builders, LLC
Attn: Noorallah Jooma
P.O. Box 113267
Carrollton, TX 75011

RE: Brownwood Pioneer Crossing
49 LIHTC units
2508 Stephen F. Austin Drive
Brownwood, TX 76801

Dear Mr. Jooma:

Sterling Bank has accepted your request for credit on the above captioned subject to the following terms and conditions:

Construction Bridge Loan Proposal:

Amount:	*Up to $5,900,000.00*
Type:	*Construction Draw*
Term:	*Not to exceed 24 months*
Repayment:	*Interest monthly on outstanding principal; Balance at maturity*
Rate:	*7.00% fixed – taxable*
Origination Fee:	*1.00%*
Commitment Fee:	*N/A*
Security:	*Subject to Program or Agency*

A) Assignment of Borrower's interest in the limited partnership, including but not limited to capital contributions
B) Assignment of General Partner interest in the limited partnership.

C) *First Deed of Trust with Assignment of Rents on the subject property and improvements to be constructed thereon, legal description to govern*

Borrower: *Brownwood Pioneer Crossing, LLC*

Managing Member: *BWPC GP, LLC*

Guarantor(s): *Noorallah Jooma (unlimited); Khairunissa Jooma (unlimited)*

Insurance: *Borrower agrees to maintain insurance coverage on the collateral securing this loan in an amount and form satisfactory to Sterling Bank. Said policy shall include an endorsement acceptable to and naming the Bank.*

Title Insurance: *Borrower shall provide to bank a title insurance policy on the properties in an amount and form satisfactory to Sterling Bank. The Bank shall be named in the title policy and the policy shall contain no exceptions not previously approved by the Bank, which in Sterling Bank's opinion shall be considered detrimental to the Bank.*

Closing Documents: *All closing documents are subject to review and approval of Sterling Bank and its attorney's.*

Escrow Disbursement: *All funds shall be disbursed in a form and manner acceptable to Sterling Bank.*

Advances Under this Proposed Agreement are Subject to:

1) *Credit and economic conditions being acceptable to the Bank on an ongoing basis.*
2) *Borrower's observance of all requirements stated in this proposal.*
3) *Borrower's compliance with the provisions of all applicable program loan documents now or hereafter in effect between the Bank, federal and/or state agencies, and borrower.*
4) *Borrower's compliance with any and all provisions, rules and/or regulations of applicable Federal and/or State Housing Program(s).*

Other Conditions:

A) *This proposal is non-assignable*
B) *Full and complete adherence with any and all applicable state and/or federal agencies program rules, regulations and/or requirements.*
C) *Applicable Credits are syndicated at a company and price acceptable to Sterling Bank: Investment Limited Partner enters Limited Partnership with capital contributions and terms acceptable to Bank*
D) *Borrower agrees from time to time, upon written request of the Bank to provide current financial statements and current copies of recent Federal income tax returns.*

E) Guarantor(s) agree to provide the same financial information as listed above upon written request of Sterling Bank.

F) Subject to Board or Loan Committee Final Approval.

G) Appraisal no greater than 12 months old required prior to close of financing – values to include as-is, as completed and as stabilized with both market-rate and restricted rents.

H) A satisfactory Phase I environmental review, geotechnical report and plan and cost review will be required prior to close of financing.

I) Affirmative and negative covenants applicable to the Borrower and which are customary and typical of this transaction will be required.

J) Representations and warranties of Borrower which are customary and typical of this transaction will be required.

Closing Costs: All closing costs, including but not limited to: insurance, flood letter, recording fees, title insurance, survey and attorney fees, if any, shall be paid by borrower in advance or at closing.

This proposal supersedes all prior agreements, conversations and understandings relating to the subject matter hereof. Oral agreements or proposals to loan money, extend credit, or forbear from enforcing repayment of a debt, are not enforceable. The proposal contained herein is the complete and exclusive agreement between the borrower and the Bank. Any change in terms or conditions subsequent to this proposal must be in writing, signed by an officer of the Bank and acknowledged in writing by the borrower. Sterling Bank reserves the right to withdraw this availability if any of the terms and conditions stated herein is not fulfilled.

This proposal does not constitute and shall not be construed as a formal commitment to lend or provide financing, and it remains in the bank's sole discretion to lend or provide financing with these terms or others.

This proposal expires December 31, 2026, unless extended by the Bank in writing.

Sincerely,

Philip M. Minden
Executive Vice President

By signing below and returning one signed copy of this proposal, you hereby accept the above terms and conditions.

Accepted this 5th *day of* May, *2026.*

For: Brownwood Pioneer Crossing, LLC

By: BWPC GP, LLC, its Managing Member

By: Noor Jooma

Digitally signed by Noor Jooma
DN: cn=Noor Jooma, o=Manager, ou, email=noorjooma@gmail.com, c=US
Date: 2026.05.05 12:47:00 -05'00'

Noorallah Jooma, Manager

EXHIBIT D

Watermark Commercial Contractors, LLC			
	Project:	Brownwood Pioneer Crossing	5/29/2026
	Title :	Construction Schedule (49 Units - Duration 365 Days/12 months)	

BUILDINGS	Start	Club	Building 1	Building 2	Building 3	Building 4	Building 5	Building 6
# UNITS		Clubhouse	8 units	8 units	9 units	8 units	8 units	8 units
START DATE	7/31/2026							
MOBILIZE /SILT FENCE	7/31/2026							
DIRT WORK	8/10/2026							
UTILITIES	9/12/2026							
TEMP POWER ON SITE	9/17/2026							
PAVING	10/2/2026							
FOUNDATION		10/9/2026	10/16/2026	10/23/2026	10/30/2026	11/6/2026	11/13/2026	11/20/2026
FRAMING		10/16/2026	10/23/2026	10/30/2026	11/6/2026	11/13/2026	11/20/2026	11/27/2026
EXTERIOR SHEATHING		10/23/2026	10/30/2026	11/6/2026	11/13/2026	11/20/2026	11/27/2026	12/4/2026
ROOF TRUSSES		10/26/2026	11/2/2026	11/9/2026	11/16/2026	11/23/2026	11/30/2026	12/7/2026
PLUMBING ROUGH		10/30/2026	11/6/2026	11/13/2026	11/20/2026	11/27/2026	12/4/2026	12/11/2026
FACIA		11/2/2026	11/9/2026	11/16/2026	11/23/2026	11/30/2026	12/7/2026	12/14/2026
ROOF DECK		11/9/2026	11/16/2026	11/23/2026	11/30/2026	12/7/2026	12/14/2026	12/19/2026
DRY IN		11/14/2026	11/21/2026	11/28/2026	12/5/2026	12/12/2026	12/19/2026	12/24/2026
INSTALL ROOFING		11/20/2026	11/27/2026	12/4/2026	12/11/2026	12/18/2026	12/25/2026	12/30/2026
FIRE SPRINKLER		11/23/2026	11/30/2026	12/7/2026	12/14/2026	12/21/2026	12/28/2026	1/2/2027
TBAR-METAL STAIRS-DOOR POCKETS		11/30/2026	12/7/2026	12/14/2026	12/21/2026	12/28/2026	1/4/2027	1/9/2027
GYPCRETE TUB AREAS/BATHS		12/10/2026	12/17/2026	12/24/2026	12/31/2026	1/7/2027	1/14/2027	1/16/2027
SET TUBS		12/17/2026	12/24/2026	12/31/2026	1/7/2027	1/14/2027	1/21/2027	1/23/2027
WINDOWS AND EXTERIOR DOORS		11/30/2026	12/7/2026	12/14/2026	12/21/2026	12/28/2026	1/4/2027	1/26/2027
SIDING		12/12/2026	12/19/2026	12/26/2026	1/2/2027	1/9/2027	1/16/2027	2/7/2027
HVAC		12/22/2026	12/29/2026	1/5/2027	1/12/2027	1/19/2027	1/26/2027	2/17/2027
ELECTRICAL-FIRE ALARM		1/3/2027	1/10/2027	1/17/2027	1/24/2027	1/31/2027	2/7/2027	2/26/2027
COVER INSPECTIONS		1/7/2027	1/14/2027	1/21/2027	1/28/2027	2/4/2027	2/11/2027	3/2/2027
INSULATION		1/17/2027	1/24/2027	1/31/2027	2/7/2027	2/14/2027	2/21/2027	3/5/2027
MASONRY		12/27/2026	1/3/2027	1/10/2027	1/17/2027	1/24/2027	1/31/2027	2/17/2027
DRYWALL		2/7/2027	2/14/2027	2/21/2027	2/28/2027	3/7/2027	3/14/2027	3/26/2027
TAPE AND FLOAT		2/21/2027	2/28/2027	3/7/2027	3/14/2027	3/21/2027	3/28/2027	3/31/2027
TEXTURE		2/25/2027	3/7/2027	3/14/2027	3/21/2027	3/28/2027	4/4/2027	4/7/2027
INTERIOR TRIM AND DOORS		3/3/2027	3/15/2027	3/22/2027	3/29/2027	4/5/2027	4/12/2027	4/15/2027
EXTERIOR PAINT		12/31/2026	1/9/2027	1/16/2027	1/23/2027	1/30/2027	2/6/2027	2/23/2027
INTERIOR PAINT		3/8/2027	3/22/2027	3/29/2027	4/5/2027	4/12/2027	4/19/2027	4/22/2027
CABINETS AND TOPS		3/18/2027	4/6/2027	4/13/2027	4/20/2027	4/27/2027	5/4/2027	5/7/2027
HARDWARE -2ND TRIM		3/26/2027	4/16/2027	4/23/2027	4/30/2027	5/7/2027	5/14/2027	5/17/2027
MEP TRIMS		3/23/2027	4/6/2027	4/13/2027	4/20/2027	4/27/2027	5/4/2027	5/7/2027
ELECTRIC METERS		3/29/2027	4/16/2027	4/23/2027	4/30/2027	5/7/2027	5/14/2027	5/17/2027
HOT PUNCH		4/5/2027	4/30/2027	5/7/2027	5/14/2027	5/21/2027	5/28/2027	5/31/2027
INTERIOR TUB & WINDOW CLEAN		4/9/2027	5/5/2027	5/12/2027	5/19/2027	5/26/2027	6/2/2027	6/5/2027
PUNCH OUT		4/13/2027	5/15/2027	5/22/2027	5/29/2027	6/5/2027	6/12/2027	6/15/2027
FLOORS		4/16/2027	5/19/2027	5/26/2027	6/2/2027	6/9/2027	6/16/2027	6/19/2027
MIRRORS-BLINDS-APPLIANCES		4/26/2027	6/3/2027	6/10/2027	6/17/2027	6/24/2027	7/1/2027	7/4/2027
FINAL CLEAN		5/1/2027	6/13/2027	6/20/2027	6/27/2027	7/4/2027	7/11/2027	7/14/2027
TCO/ SUBSTANTIAL COMPLETION		5/4/2027	6/23/2027	6/30/2027	7/7/2027	7/14/2027	7/16/2027	7/20/2027
MGMT WALK AND TURNOVER		5/16/2027	7/5/2027	7/12/2027	7/19/2027	7/26/2027	7/28/2027	7/31/2027

EXHIBIT E

down. Brandon James has committed to closing this deal in the first quarter of next year, so we're ready to go.

Leo Vasquez III (2:04:27):

Okay. So this plan should work.

Noor Jooma (2:04:29):

Yeah. It should work. I'm knocking myself out for next year's round. Like Cody said, we have never failed a 10 percent test in the 15 years I've been doing business. Always on time. Everything has been time. In fact, our last score was 99, NSPIRE score. So I've been experienced, I just had a hard time. Sorry about that.

Leo Vasquez III (2:04:51):

Okay. Thank you. Mr. Harper, would you care to make a motion?

Motion on Item 29 of the December 2025 board meeting, which covered the 2025 force majeure request for Brownwood Pioneer Crossing.

Holland Harper (2:04:57):

Love to. I move the Board approve the requested treatment on the application for force majeure for

Sweetwater Station, whoa. That's not what I was, I move the Board approve the requested treatment of the application force majeure for Pioneer Crossing at Brownwood with a 10 percent placed in service date of July 1, 2026, all as described, conditioned, and authorized in the Board action request, resolution, and associated documents in this item.

Anna Maria Farias (2:05:26):

Second.

Leo Vasquez III (2:05:27):

Okay. Motion made by Mr. Harper as conditioned. Seconded by Ms. Farias. All those in favor say aye.

All Board Members (2:05:35):

Aye.

Kenny Marchant (2:05:38):

Was there something you were...

Beau Eccles (2:05:39):

That necessarily would create a placed in service deadline of December 31, 2027?

Cody Campbell (2:05:48):

No. The board would be in this case, imposing a shorter deadline, which I have.

Leo Vasquez III (2:05:53):

They'll come back. We all agree on this case they'll come back.

Beau Eccles (2:05:57):

But only the placed in service deadline was discussed in the motion.

Cody Campbell (2:06:02):

No. The 10 percent test.

Leo Vasquez III (2:06:02):

No.

Holland Harper (2:06:03):

The 10 percent is July 1st, 2026.

Beau Eccles (2:06:06):

Okay. And we're just presuming then that the existing placed in service deadline will remain the same.

Cody Campbell (2:06:16):

Mr. Harper, is that the intention of your motion?

Holland Harper (2:06:19):

No. I think that they're going to come back with their investor. I fully expect this applicant to come back with two things. One, they're going to have credit, they're going to have an investor for their credits, which hopefully is better than 71 cents, because it sounds pretty terrible. They're going to come back with a Gantt chart which shows construction timeline, finish, and the rest.

If that construction timeline says, hey, that's going to be February of '27, or it's going to be March of '27, they're going to ask for a force majeure with that. I do not, personally, staff and applicants, if you're going to ask for force majeure, I want a Gantt chart, I want a CPM. I want to know when you're starting, when you're going to finish so we can hold you accountable. This specific one does not have one in the Board application.

So we are asking for a 10 percent in place service on July 1st for the applicant to get the investors and the rest of those pieces together and they'll ask for another force majeure coming back.

Leo Vasquez III (2:07:09):

With more dates, certain on when the...

Beau Eccles (2:07:14):

Just a point of clarification, then. With a force majeure granted and credits reissued, would there be naturally a new placed in service deadline?

Cody Campbell (2:07:26):

If the Board did not impose a stricter deadline like Mr. Harper is doing, then it would be December of 2027. But the Board, under the rules, does have the authority to issue that shorter deadline, and it sounds like that's what we're doing.

Beau Eccles (2:07:41):

Is that naturally done by placing an earlier 10 percent deadline?

Cody Campbell (2:07:49):

No. Mr. Harper's motion said the 10 percent and placed in service deadline of July 2026. And so they will have to be back prior to get that extended.

Beau Eccles (2:08:00):

Okay. I didn't hear that second placed in service got on.

Kenny Marchant (2:08:06):

Has Mr. Harper's motion been seconded?

Leo Vasquez III (2:08:09):

Oh, yeah, it was and we started voting, but I'm holding off. Now, that we're repeating this out loud, would you be amenable still? Because we're effectively, as of today, December 11, 2025, if this was just a normal force majeure, we'd be taking back the '24 extended credits and giving them a new 2025 credits.

Cody Campbell (2:08:38):

Yes, sir.

Leo Vasquez III (2:08:40):

And those 2025 credits would have the 10 percent test by July 1st.

Cody Campbell (2:08:44):

2026, yes, sir.

Leo Vasquez III (2:08:46):

Of '26. And placed in service deadline naturally occurring for a 2025 credit of December 31, '27.

Cody Campbell (2:08:55):

Yes, sir.

Ajay Thomas (2:08:57):

That's how the motion read.

Leo Vasquez III (2:08:59):

Is that the intended motion? That's...

Holland Harper (2:09:02):

That's fine. That was not really my intended motion. My intended motion is they come back.

Leo Vasquez III (2:09:07):

Yeah. I understand that.

Holland Harper (2:09:08):

Because you're going to give them a free out of jail free card. Not being mean to you, but you don't have your investor. You don't have your investor to get the rest of it together, so my point...

Leo Vasquez III (2:09:189):

Well, if they don't come back to us with all that by July 1st...

Holland Harper (2:09:22):

By the 10th, they're being default, and it's going to come back to us.

Leo Vasquez III (2:09:25):

Well, but if we do the, basically, force majeure, no matter how you don't call it, that will be the requirement. And I would imagine that the Board, if

they don't meet that July 1, '26 10 percent test, we will probably be not, we'll be so frustrated with this, we will probably not grant yet another force majeure.

Cody Campbell (2:09:53):

So that actually raises an interesting issue. Staff can extend the 10 percent test. We impose a much shorter 10 percent test deadline than what is allowable federally. As I said earlier, federally, it can go through one year from when I sign the carryover. So let's say I sign it tomorrow, we could federally go until one year from tomorrow.

The QAP has that July 1st date. Staff can, and on occasion does under the rules, extend the 10 percent test that extra couple of months to keep them from having to come back to the Board.

And so, Mr. Harper, if your concern is that the Board wants to see that this development has an investor and is ready to move forward prior to July of next year,

then either, and, Beau, I would have to ask you if this is allowable, either the Board in its motion would have to prohibit staff from administratively extending that 10 percent test, in which case if they don't get it, they just fail, or they would need to beat that earlier placed in service deadline, which you initially read in your motion of July, which would then necessitate them coming back. One or the other.

Holland Harper (2:11:05):

Well, since time is money, let's just do the force majeure with an added value of you can't waive the 10 percent off.

Cody Campbell (2:11:14):

Extend. Okay.

Holland Harper (2:11:15):

And that way it makes everything clean. Can y'all get this done before July 1 of '26?

Michael Beard (2:11:25):

This does have TDHCA funds in it, so once we get a committed investor, it will take a minimum of four months to close. Just going through due diligence in this process with multiple deals, that's kind of how it's gone.

That being said, Noor has represented that if we don't get an investor committed before the 10 percent test is due, he's going to return the credits because the gap on this is just too much to overcome. And that's where we're at. And he already returned the deal last month. We're at the point where some rural deals are not going to pencil out in today's market, just want to let you know.

Leo Vasquez III (2:12:11):

Okay. So we're withdrawing the original...

Holland Harper (2:12:14):

I'm going to reset my first one with the second. Let's try this again. You ready?

Leo Vasquez III (2:12:18):

Yes. Let's...

Holland Harper (2:12:19):

Okay. I move the Board to approve the requested treatment of the application of force majeure for Pioneer Crossing Brownwood with a new placed in service deadline of December 31, 2026.

Leo Vasquez III (2:12:33):

7.

Holland Harper (2:12:33):

7, correction. And I remove the ability for staff to waive the 10 percent rule, all as described, conditioned, and authorized in the Board action request, resolution, and associated documents in this item.

Beau Eccles (2:12:51):

By waive the 10 percent rule, do you mean extending it?

Leo Vasquez III (2:12:53):

We're extending the 10 percent rule.

Beau Eccles (2:12:56):

And that the 10 percent test date is July 1, 2026?

Holland Harper (2:13:02):

Yes.

Beau Eccles (2:13:03):

Okay. Great. Is there a second on that?

Anna Maria Farias (2:13:07):

Second.

Leo Vasquez III (2:13:08):

Okay. Motion made as specified by Mr. Harper. Seconded by Ms. Farias. All those who understand and are in favor say aye.

All Board Members (2:13:18):

Aye.

Leo Vasquez III (2:13:19):

Okay. Any opposed? Hearing none, motion carries as presented.

Noor Jooma (2:13:23):

Thank you.

Leo Vasquez III (2:13:24):

All right. Thank you all for, did someone say, have items been pulled yet?

Joshua Goldberger (2:13:31):

Yes. Item 30 has been pulled.