Texas Department of Housing and Community Affairs

Supplemental Board Book

Thursday, December 7, 2023

10:00 AM

Greer Bldg., Williamson Board Room
125 East 11th Street
Austin, TX 78701

Governing Board

Texas Department of Housing and Community Affairs
Programmatic Impact Fiscal Year 2023

9% LIHTC Program
- Total Applications Rec'd: 90
- Total Market Rate Units Proposed: 644
- Total Low-Income Units Proposed: 5,397
- Total HTCs Requested: $130,115,015

Construction Type:
- Total Proposed New Construction Projects: 69
- Total Proposed Reconstruction Projects: 2
- Total Proposed Rehab Projects: 19

4% LIHTC Program
Active and Approved Applications:
- Total Applications: 27
- Total Units Proposed: 6,674

Closed Applications:
- Total Applications: 31
- Number of Low Income Units Proposed: 6,228

Construction Type
- Total Proposed New Construction Projects: 15
- Total Proposed Rehab/Reconstruction Projects: 16

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: $1,546,560,376
Total Households Served: 6,595

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 CEAP Funds: $245,194,075
Total Households Served: 140,524

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: $23,319,804
Total Individuals Served: 41,952

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: $13,700,437
Total Households Served: 2,612

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: $20,067,060
Total Households Served: 185

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: $36,241,162
Total Individuals Served: 320,770

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)*
- Contract for Deed (CFD)

Expended Funds: $1,683,000
Total Households Served: 34

Total Expended Funds: $2,137,638,718
Total Households Served: 524,818

All FY2023 data as reported in TDHCA's 2023 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: 9/1/2022-8/31/2023

* Administered through the federally funded HOME Investment Partnerships Program

**TBRA Funds are reported on an annual basis and are not included in the rental assistance total

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 summaries for October 26, 2023, and November 9, 2023 — Beau Eccles

ASSET MANAGEMENT

2. Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Canyon Pass (HTC #20474) — Rosalio Banuelos

3. Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Grand Station (HTC #20476) — Rosalio Banuelos

4. Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Azalea Trails (HTC #22312) — Rosalio Banuelos

RULES

5. Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 2, Enforcement, Subchapter A General, Subchapter C Administrative Penalties, and Subchapter D, Debarment from Participation in Programs Administered by the Department, and directing their publication for public comment in the Texas Register — Brooke Boston

6. Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter Chapter 8, Project Rental Assistance Program Rule, §8.4, Qualification Requirements for Existing Developments, and directing its publication for public comment in the Texas Register — Brooke Boston

7. Presentation, discussion, and possible action on order proposing the repeal of 10 TAC Chapter 23, Single Family HOME Program, and orders proposing new 10 TAC Chapter 23, Single Family HOME Program Rules, and directing their publication for public comment in the Texas Register — Abigail Versyp

8. Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, and an order proposing new 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, and directing their publication for public comment in the Texas Register — Abigail Versyp

9. Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and an order proposing new 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and directing their publication for public comment in the Texas Register — Abigail Versyp

10. Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and an order proposing new 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and directing their publication for public comment in the Texas Register — Abigail Versyp

MULTIFAMILY FINANCE

11. Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 13, Multifamily Direct Loan Rule, and an order adopting the new 10 TAC Chapter 13, Multifamily Direct Loan Rule, and directing its publication in the Texas Register for adoption — Connor Jones

12. Presentation, discussion, and possible action regarding the approval for publication in the Texas Register of the 2024-1 Multifamily Direct Loan Notice of Funding Availability — Connor Jones

CONSENT AGENDA REPORT ITEMS

13. Media Analysis and Outreach Report, October 2023 — Michael Lyttle

14. Report on the Draft Computation of Housing Finance Division Total and Unencumbered Fund Balances and Transfers to the State of Texas Housing Trust Fund. — Joe Guevara

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

15. Executive Director's Report — Bobby Wilkinson

INTERNAL AUDIT

16. Report on the Meeting of the Internal Audit and Finance Committee — Ajay Thomas, Board Member

17. Presentation, Discussion and Possible Action on approval of the Fiscal Year 2024 Internal Audit Work Plan. — Mark Scott

ACTION REPORT ITEMS

18. Report and Presentation on TDHCA One-Time or Temporary Allocations - Pandemic Response and Other Initiatives — Brooke Boston

19. Quarterly report relating to staff-issued Determination Notices for 2023 Non-competitive 4% Housing Tax Credit applications — Teresa Morales

ASSET MANAGEMENT

20. Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Lalita Senior Living (HTC #22227) — Rosalio Banuelos

21. Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for 380 Villas (HTC #22609) — Rosalio Banuelos

COMMUNITY AFFAIRS

22. Presentation, discussion, and possible action regarding authorization to release a Notice of Funding Availability for 2024 Community Services Block Grant Discretionary funds for education and employment initiatives for Native American and migrant seasonal farm worker populations — Gavin Reid

23. Presentation, discussion, and possible action regarding authorization to reissue a Notice of Funding Availability for the 2024 Reentry Activities Pilot Program funded with Community Services Block Grant Discretionary funds — Gavin Reid

24. Presentation, discussion, and possible action on a timely filed appeal to the Board under the Texas Department of Housing and Community Affairs' Request for Applications to administer the Bipartisan Infrastructure Law Department of Energy Weatherization Assistance Program — Gavin Reid

25. Presentation, discussion, and possible action on the selection of International Center for Appropriate and Sustainable Technology to administer the Bipartisan Infrastructure Law Department of Energy Weatherization Assistance Program in El Paso and Hudspeth counties and authorization to re-release a Request for Applications — Gavin Reid

HOUSING RESOURCE CENTER

26. Presentation, discussion, and possible action on the draft 2024 State of Texas Low Income Housing Plan and Annual Report; proposed repeal of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report; proposed new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report; and directing their publication for public comment in the Texas Register — Elizabeth Yevich

LEGAL

27. Presentation, discussion, and possible action on recommendation to debar multiple parties for conduct relating to The Jones (HTC 93063 / CMTS 1137), and the adoption of an Agreed Final Order assessing an administrative penalty — Ysella Kaseman

MULTIFAMILY FINANCE

28. Presentation, discussion, and possible action on the adoption of the 2024 Multifamily Programs Application Procedures Manual — Josh Goldberger

29. Presentation, discussion, and possible action on multiple requests for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Applications previously awarded 9% housing tax credits — Josh Goldberger

30. Presentation, discussion, and possible action regarding a Material Amendment of the Housing Tax Credit Application of HTC #23013 The Laurel at Blackhawk. — Cody Campbell

31. Presentation, discussion, and possible action on amendment to the loan terms and waivers of 10 TAC Chapter 13 for Rio Manor (22204) — Cody Campbell

32. Presentation, discussion, and possible action regarding approval of an Invitation to Apply for Neighborhood Stabilization Program funding — Cody Campbell

33. Presentation, discussion, and possible action on an amendment to the 2023 One Year Action Plan regarding distribution and allocation priorities for the Department's multifamily Housing Trust Fund and HOME funds — Connor Jones

34. Presentation, discussion, and possible action regarding an award of Multifamily Direct Loan funds to Providence on Park (23509) Connor Jones

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.state.tx.us 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 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.

This will be an open, public meeting conducted under Tex. Gov't Code, chapter 551, without COVID-19 emergency waivers. There will not be a remote online or telephone option for public participation. The meeting, however, will be streamed online for public viewing. Masks will be available for members of the public who wish to attend this public meeting.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 443	**Agenda Date:** 12/7/2023	**Agenda #:** 1.

Presentation, discussion, and possible action on the Board meeting minutes summaries for October 26, 2023, and November 9, 2023

RECOMMENDED ACTION

Approve the board meeting minutes summaries for October 26, 2023, and November 9, 2023

RESOLVED, that the Board meeting minutes summaries for October 26, 2023, and November 9, 2023, are hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
October 26, 2023

On Thursday, the twenty-sixth day of October 2023, at 10:00 a.m., the regular meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs ("TDHCA" or "the Department") was held in Hearing Room E2.030 in the Texas Capitol Extension, 1100 Congress Avenue, Austin, Texas.

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

- Leo Vasquez, III, Chair
- Anna Maria Farias
- Holland Harper
- Kenny Marchant

Mr. Vasquez served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as Secretary.

1) The Board unanimously approved the Consent Agenda and Consent Agenda Report items with the following changes:

- Pulled from consideration at this meeting
    - Item 6) Presentation, discussion, and possible action on the proposed amendment to specific sections of 10 TAC Chapter 10 Subchapter E, Post Award and Asset Management Requirements, and directing its publication for public comment in the *Texas Register*
- Moved to Action Item agenda
    - Item 7) Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 10, Subchapter F, §10.602 Notice to Owners and Corrective Action Periods; §10.606 Construction Inspections; §10.621 Property Condition Standards; §10.623 Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period; and Figure §10.625 and directing its publication for public comment in the *Texas Register*; and
    - Item 8) Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter H, Income and Rent Limits and directing its publication for public comment in the *Texas Register*

2) Action Item 18 – Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report, commended Mr. Wilkinson and TDHCA staff for its successful administration of pandemic relief programs, and took no further action.

3) Action Item 7 – Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 10, Subchapter F, §10.602 Notice to Owners and Corrective Action Periods; §10.606 Construction Inspections; §10.621 Property Condition Standards; §10.623 Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period; and Figure §10.625 and directing its publication for public comment in the *Texas Register* – was presented by Wendy Quackenbush, TDHCA Director of Compliance, with additional information from Mr. Eccles. Following public comment (listed below), the Board unanimously adopted staff recommendation to put the referenced rules out for public comment.

- Robbye Meyer, Arx Advantage, provided comment on the item

4) Action Item 8 – Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter H, Income and Rent Limits and directing its publication for public comment in the *Texas Register* – was presented by Ms. Quackenbush. The Board unanimously adopted staff recommendation to put the referenced amendments to the rules out for public comment.

5) Action Item 19 – Presentation and discussion regarding the issuance, sale and delivery of Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds, Series 2023C (Non-AMT) and Series 2023D (Taxable) – was presented by Scott Fletcher, TDHCA Director of Bond Finance. In his presentation to the Board, Mr. Fletcher said the item was a report item only. The Board heard the report and took no further action.

6) Action Item 20 – Presentation, discussion, and possible action on Resolution No. 24-006 authorizing request to the Texas Bond Review Board for annual waiver of Single Family Mortgage Revenue Bond set-aside requirements; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject – was presented by Mr. Fletcher with additional information from Mr. Wilkinson and Mr. Eccles. The Board unanimously approved staff recommendation to adopt the bond resolution referenced in the item.

7) Action Item 21 – Presentation, discussion, and possible action regarding Resolution No. 24-007 authorizing the implementation of Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program 108, approving the form and substance of the program manual and the program summary, authorizing the execution of documents and instruments necessary or convenient to carry out Mortgage Credit Certificate Program 108, and containing other provisions relating to the subject – was pulled from the agenda and not taken up.

8) Action Item 22 – Presentation, discussion, and possible action on Resolution No. 24-008 authorizing the sale of mortgage certificates relating to 2005 Series A and 2007 Series A Single Family Mortgage Revenue Bonds and other provisions relating to the subject – was presented by Mr. Fletcher. The Board unanimously adopted staff recommendation to approve the bond resolution referenced in the item.

9) Action Item 23 – Presentation, discussion, and possible action on Resolution No. 24-009 approving use of advances agreement for recycling prepayments, authorizing the execution of documents and instruments relating thereto, making certain findings and determination in connection therewith, and other provisions relating to the subject – was presented by Mr. Fletcher with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the recycling resolution referenced in the item.

10) Action Item 24 – Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.302(e)(1)(B)(iii)(I) of the 2020 QAP for Brandywine (HTC #20046) – was presented by Rosalio Banuelos, TDHCA Director of Asset Management. Following public comment (listed below), the Board adopted staff recommendation to approve the waiver. Member Marchant was present but not voting.

- Sarah Scott, Coats Rose attorney representing the applicant, provided information on the item
- Tracey Fine, National Church Residences (Brandywine), commented in support of staff recommendation

11) Action Item 25 – Presentation, discussion, and possible action on a timely filed appeal to the Board under the Texas Department of Housing and Community Affairs' Notice of Funding Availability to administer the 2024 Community Services Block Grant discretionary fund Reentry Assistance Program – was pulled from the agenda and not taken up.

12) Action Item 26 – Presentation, discussion, and possible action regarding awards from the 2023-2 HOME American Rescue Plan Rental Notice of Funding Availability (NOFA) – was presented by Naomi Cantu, TDHCA Director of the HOME-ARP Program. The Board unanimously adopted staff recommendation to approve the HOME-ARP award referenced in the item.

13) Action Item 27 – Presentation, discussion, and possible action regarding a Material Amendment to the 2023-2 HOME American Rescue Plan Rental Application for Lakeside Place/New Hope Housing (NHH) Gray (HOME-ARP #23418) – was presented by Ms. Cantu. The Board unanimously adopted staff recommendation to approve the amendment request as conditioned.

14) Action Item 28 – TDHCA Annual Performance Measure Report - Fourth Quarter, 2023 – was presented by Christopher Smith, TDHCA Senior Legislative Affairs Advisor, with additional information from Mr. Wilkinson. The Board heard the report and took no action.

15) Action Item 29 – Presentation, discussion, and possible action on an order proposing new 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter I, Public Facility Corporation Compliance Monitoring and directing its publication for public comment in the *Texas Register* – was presented by Ms. Quackenbush; additional information provided by Mr. Wilkinson, and Michael Lyttle, TDHCA Director of External Affairs. The Board unanimously approved staff recommendation to publish the referenced rules for public comment.

16) Action Item 30 – Presentation, discussion, and possible action on the proposed repeal of 10 TAC Chapter 13, the Multifamily Direct Loan Rule, proposed new 10 TAC Chapter 13, Multifamily Direct Loan Rule, and directing their publication for public comment in the *Texas Register* – was presented by Connor Jones, TDHCA Multifamily Direct Loan Program Manager. The Board unanimously approved staff recommendation to publish the referenced rules for public comment.

17) Action Item 31 – Presentation, discussion, and possible action on Programming of Available Funds for Pilot Program for Direct Administration – was presented by Andre Adams, TDHCA Section 8 Program Manager, with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to program the referenced funds for the pilot program.

18) Action Item 32 – Presentation, discussion, and possible action to authorize the issuance of the 2024 HOME Investment Partnerships Program Single Family Contract for Deed Set-Aside Notice of Funding Availability and publication of the NOFA in the *Texas Register* – was presented by Chad Landry, TDHCA Single Family Programs Manager, with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve issuance of the HOME Single Family Contract for Deed Set-Aside NOFA.

19) Action Item 33 – Presentation, discussion, and possible action to authorize the issuance of the 2024 HOME Investment Partnerships Program Single Family Persons with Disabilities Set-Aside Notice of Funding Availability and publication of the NOFA in the *Texas Register* – was presented by Mr. Landry with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve issuance of the HOME Single Family Persons with Disabilities Set-Aside NOFA.

20) Action Item 34 – Presentation, discussion, and possible action on an amendment to the HOME loan terms for Rio Manor (22204) – was presented by Mr. Jones. The Board unanimously adopted staff recommendation to approve the amendment to the HOME loan.

21) Action Item 35 – Presentation, discussion, and possible action on extensions of construction deadlines for Avanti Legacy Bayside (19367) and Avanti South Bluff (19332) – was presented by Mr. Jones; additional information presented by Mr. Wilkinson and Megan Sylvester, TDHCA Deputy General Counsel. Following public comment (listed below), the Board by a 3-1 vote (Member Farias voted nay) adopted staff recommendation to approve the construction deadline extensions.

- Henry Flores, H-4 Development (Avanti Legacy Bayside and Avanti South Bluff) provided comment in support of staff recommendation

22) Action Item 36 – Presentation, discussion, and possible action on multiple requests for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Heritage Estates at Edmonds (22218) – was presented by Cody Campbell, TDHCA Director of Multifamily Finance; and additional information from Mr. Wilkinson and Jeanna Adams, TDHCA Director of Real Estate Analysis. The Board unanimously adopted staff recommendation to approve the force majeure credit return request from the referenced applicant.

23) During the general public comment section of the meeting, the following persons made comment:

- Jonathan Campbell, LCJ Development, provided comments on the draft 2024 Qualified Allocation Plan (QAP)
- Lora Myrick, Betco Consulting, provided comments on the draft 2024 QAP

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 1:07 p.m. The next meeting is set for Thursday, November 9, 2023.

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Secretary

Approved:

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Chair

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
November 9, 2023

On Thursday, the ninth day of November 2023, at 10:00 a.m., the regular meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs ("TDHCA" or "the Department") was held in the Williamson Board Room of the TxDOT Greer Building, 125 E. 11th Street, Austin, Texas.

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

- Leo Vasquez, III, Chair
- Holland Harper
- Kenny Marchant
- Ajay Thomas

Mr. Vasquez served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as Secretary.

1) The Board unanimously approved the Consent Agenda and Consent Agenda Report items as presented.

2) Action Item 9 – Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.

3) Action Item 10 – 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 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 Brooke Boston, TDHCA Deputy Executive Director, with additional information from Mr. Wilkinson. The Board unanimously approved staff recommendation to submit the referenced application to HUD.

4) Action Item 11 – Presentation, discussion, and possible action authorizing amendments to two Texas Homeowner Assistance Fund vendor contracts to extend the length of their contract terms: a contract with CohnReznick for quality assurance and quality control services and a contract with TexHahn Media for outreach and marketing services as required by Texas Government Code, Chapter 2155 – was presented by Ms. Boston with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the contract amendments.

5) Action Item 12 – Presentation, discussion, and possible action on Resolution No. 24-012 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 – was presented by Scott Fletcher, TDHCA Director of Bond Finance. The Board unanimously adopted staff recommendation to approve the bond resolution.

6) Action Item 13 – Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Gala at Ridgmar (HTC #22251) – was presented by Rosalio Banuelos, TDHCA Director of Asset Management. The Board unanimously approved staff recommendation to adopt the material amendment.

7) Action Item 14 – Presentation, discussion, and possible action regarding awards from the 2023-2 HOME American Rescue Plan Rental Notice of Funding Availability (NOFA) – was presented by Naomi Cantu, TDHCA Director of the HOME-ARP Program, with additional information from Jeanna Adams, TDHCA Director of Real Estate Analysis, and Megan Sylvester, TDHCA Federal Compliance Counsel. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the award as conditioned in the item.

- Jen Hicks, Tru Casa Consulting, provided information on the item
- Scott Marks, attorney for Duane Morris and counsel for the awardee, provided information on the item

8) Action Item 15 – Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning George Gervin Apartments (HTF FILE # 851X02/ HTF Loan # 7000987040 / CMTS # 2651) and George Gervin - Garden Apartments (HTF FILE # 859X 03/ HTF LOAN # 700851X02 / CMTS # 4206) – was presented by Ysella Kaseman, TDHCA Enforcement Committee Secretary, with additional information from Mr. Wilkinson and Mr. Eccles. The Board adopted an amended Agreed Final Order that assesses administrative penalties subject to partial forgiveness only if the above-mentioned apartments, the George Gervin Apartments and George Gervin Garden Apartments, are compliant with the TDHCA rules for the next 36 months.

9) Action Item 16 – Presentation, discussion, and possible action on the proposed amendment to specific sections of 10 TAC Chapter 10 Subchapter E, Post Award and Asset Management Requirements, and directing its publication for public comment in the *Texas Register* – was presented by Mr. Banuelos with additional information from Mr. Wilkinson. Following public comment (listed below), the Board unanimously adopted the draft rules, as amended at the meeting, to be published for public comment.

- Kathryn Saar, Brownstone Group, provided comment on the item
- Donna Rickenbacker, Marque Development, provided comment on the item

10) Action Item 17 – Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 12, concerning the Multifamily Housing Revenue Bond Rules, and an order adopting new 10 TAC Chapter 12 concerning the Multifamily Housing Revenue Bond Rules, and directing the publication in the *Texas Register* – was presented by Teresa Morales, TDHCA Director of Multifamily Bonds. Following public comment (listed below), the Board

unanimously approved staff recommendation to repeal the existing rules and adopt the new rules referenced in the item.

- Jean Latsha, Pedcor Investments, provided comment on the item

11) Action Item 18 – Presentation, discussion, and possible action to authorize the issuance of the 2024 HOME Investment Partnerships Program Single Family General Set-Aside Notice of Funding Availability and publication of the NOFA in the *Texas Register* – was presented by Abigail Versyp, TDHCA Director of Single Family and Homeless Programs. The Board unanimously approved staff recommendation to issue the referenced NOFA.

12) Action Item 19 – Presentation, discussion, and possible action regarding authorization to take necessary actions with respect to the development and issuance of an invitation for applications for a Veterans' Transitional Housing Pilot Program – was presented by Ms. Versyp. The Board unanimously adopted staff recommendation to develop and issue the application invitation as referenced in the item.

13) Action Item 20 – Presentation, discussion, and possible action on the adoption of the repeal of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, adoption of new 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and directing their publication for adoption in the *Texas Register* following the statutory opportunity for gubernatorial acceptance, revision, or rejection – was presented by Mr. Cody Campbell, TDHCA Director of Multifamily Finance, with additional information from Mr. Wilkinson, Mr. Eccles, and Ms. Morales.

Following public comment (listed below), the Board unanimously approved staff recommendation to repeal the existing rules and approve adoption of the new rules, as amended at the meeting, to be sent to the Governor for final review, prior to final adoption.

- Kathryn Saar, representing the Texas Affiliation of Affordable Housing Providers (TAAHP), provided comment in opposition to staff recommendation
- Audrey Martin, representing TAAHP, provided comment in opposition to staff recommendation
- Justin Meyer, representing Arx Advantage and TAAHP, provided comment in opposition to staff recommendation
- Darren Smith, Pivotal Housing and Auxano Development, provided comment on the item
- Robbye Meyer, representing Arx Advantage, provided comment in opposition to staff recommendation
- Jen Hicks, representing Tru Casa Consulting and TAAHP, provided comment in opposition to staff recommendation
- Tim Lang, representing Tejas Housing and TAAHP, provided comment in opposition to staff recommendation

- Janine Sisak, representing DMA Development, provided comment in opposition to staff recommendation
- Jason Arechiga, representing NRP and TAAHP, provided comment in opposition to staff recommendation
- Avis Chaisson, representing Palladium USA, provided comments both in support of and opposition to different portions of the draft rules recommended by staff
- Alan Null, developer, provided comment on the item
- Cody Hunt, representing Palladium USA, provided comment in opposition to staff recommendation
- Donna Rickenbacker, representing Marque Development, provided comment on the item
- Tracey Fine, representing National Church Residences, provided comment in opposition to staff recommendation
- Lora Myrick, representing Betco Consulting, provided comment in opposition to staff recommendation
- Cynthia Bast, representing Locke Lord, provided comment on the item
- Lisa Vecchietti, representing Fish Pond Development, provided comment on the item
- Khayree Duckett, representing Dominion, provided comment in opposition to staff recommendation
- Jean Latsha, representing Pedcor Investments, provided comment in opposition to staff recommendation

14) Action Item 21 – Presentation, discussion, and possible action on multiple requests for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Applications previously awarded 9% housing tax credits – was presented by Josh Goldberger, TDHCA Manager for the Competitive (9%) Housing Tax Credit Program. Additional information was provided by Mr. Campbell. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure credit requests.

- Derek Hamilton, representing Belmont Development, provided comment on the item
- Casey Rendón, representing Gardner Capital, provided comment on the item

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 2:07 p.m. The next meeting is set for Thursday, December 7, 2023.

____
Secretary

Approved:

____
Chair

File #: 446 **Agenda Date:** 12/7/2023 **Agenda #:** 2.

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Canyon Pass (HTC #20474)

RECOMMENDED ACTION

WHEREAS, Canyon Pass (the Development) received a 4% Housing Tax Credit (HTC) award in 2020 for the new construction of 264 units in San Antonio, Bexar County;

WHEREAS, Pedcor Investments-2019-CLXXV, L.P. (the Development Owner or Owner) requests approval to change the Qualified Low Income Housing Development Election from the requirement that specifies that at least 40% or more of the residential units must be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election) to the Average Income set-aside;

WHEREAS, the revised election does not affect how the Development was underwritten because all of the units at the Development are being leased at the 60% Area Median Income (AMI) level;

WHEREAS, Board approval is required for a request to implement a revised election under §42 (g) of the Code prior to filing of IRS Form(s) 8609 as directed by 10 TAC §10.405(a)(4)(G), and the Owner has complied with the amendment requirements under 10 TAC §10.405(a); and

WHEREAS, the requested change does not negatively affect the Development, impact the viability of the transaction, or impact the tax credit award;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment for Canyon Pass is approved 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

Canyon Pass was approved for a 4% HTC award in 2020 for the new construction of 264 units of multifamily housing in San Antonio, Bexar County. Construction of the Development has been recently completed, and IRS Forms 8609 have not been issued by the Department. The Owner originally elected the requirement that specifies that at least 40% or more of the residential units must be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election), and the Owner identified the set-asides for the all units at 60% AMI. In a letter dated October 20, 2023, Jean Latsha, the representative for the Owner, requested approval for a material amendment to HTC Application. The Owner requests to revise the Qualified Low Income Housing Development Election from the 40% at 60% minimum set-aside election to Average Income.

The Owner states that the rent schedule is not changing at this time since the Development is already leasing 100% of the units at 60% AMI, but the requested change is to allow for more flexibility in leasing in the future, including the ability to lease to extremely low income families without a significant loss of revenue, since the lower rents can be off-set with higher rents at the 70% AMI level. The Owner has provided documentation from the lender and the investor acknowledging the requested change.

Staff recommends approval of the material Application amendment request.

PEDCOR
COMPANIES

October 20, 2023

Rosalio Banuelos
Director of Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Request for Material Amendment for Canyon Pass Apartment Homes, TDHCA #20474

Dear Mr. Banuelos:

Please accept this letter as a request for a Material Amendment in accordance with 10 TAC §10.405(a)(4)(G) of the 2023 Asset Management Rules. The original application for Canyon Pass Apartment Homes included an election under §42(g) of the Internal Revenue Code that indicated that at least 40% of the residential units would be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income, adjusted for family size. More specifically, the application also indicated that 100% of the units would be rent and income restricted at the 60% AMI level.

We are requesting to change that election to “Average Income” in accordance with IRC §42(g)(1)(C). Attached you will find approval for this requested change from both our lender Merchants Capital, and our equity investor/syndicator Regions Bank. Because this development is already being leased, we are not proposing a new rent schedule at this time and are leasing 100% of the units at the 60% AMI level. Therefore, there are no revised application exhibits.

Please let me know if you need any additional information from me.

Sincerely,

Jean Latsha

Jean Latsha
Vice President - Development
Pedcor Investments, A Limited Liability Company
jlatsha@pedcor.net

(512) 470-7312

Jean Latsha

From: Eric Speichinger <eric.speichinger@regions.com>
Sent: Thursday, October 19, 2023 5:16 PM
To: Jean Latsha; Tom Crowe; Kathleen Ramey
Subject: Income Averaging for Canyon Pass Apartments - San Antonio, TX (TDHCA #20474)

Jean,

This email is to confirm that Regions Bank, as tax credit investor for the above referenced development, is aware that the Managing Member is submitting a request to the Texas Department of Housing and Community Affairs (TDHCA) for a Material Amendment in accordance with Section 10.405(a)(4)(G) of the 2023 Asset Management Rules, in order to change the election under IRC Section 42(g) from "(40/60) to "Average Income" prior to filing IRS Form(s) 8609. The only requirement once approved by TDHCA and HUD/HUD Servicer is the payment of a one-time $25,000, and any legal cost associated with amending the operating agreement.

Please forward us the approvals from TDHCA and HUD/HUD Servicer once received and we will commence the document modifications necessary for the operating agreement.

If you should have any questions please contact me.

Thank you,

Eric Speichinger
Regions Affordable Housing
Regions Bank
10 S Wacker, Suite 2575
Chicago, IL 60606
O: (312) 219-6572
C: (847) 772-5254

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Michalle Small, SVP, FHA Chief Underwriter
Merchants Capital Corp.
410 Monon Boulevard, 5th Floor
Carmel, IN 46032-2345

SUBJECT: Housing Memorandum Approval for Income Averaging
Canyon Pass FHA #115-35889
San Antonio, TX 78258

Dear Ms. Quintana:

This letter represents HUD Multifamily Housing's approval to amend the Regulatory Agreement to reflect income averaging rents at 30%, 50%, 60%, and 70% area market income. Canyon Pass initially endorsed December 2020 and is targeting Final Endorsement in October 2023. Rents are currently underwritten with 100% of the Subject's units restricted to 60% AMI.

An amendment or addendum to the Regulatory Agreement must be approved by Production Division Director, Ken Cooper and assigned HUD OGC prior to Final Endorsement.

All other terms and conditions to the Firm Commitment and Firm Commitment Amendments issued remain the same. If you have any questions regarding this memo, please contact Tiffoney Pierre at tiffoney.a.pierre@hud.gov and Leslie Winston at Leslie.e.winston@hud.gov.

Sincerely,

Tiffoney A. Pierre
Acting Underwriting Branch Chief
Southwest Multifamily Region

September 20, 2023

Art Wells
Underwriting Branch Chief
US Department of Housing and Urban Development
Multifamily Housing, Southwest Region
307 W. 7th St., Suite 1000
Fort Worth, TX 76102

Re: Canyon Pass
FHA #115-35889
Request for Amendment

Dear Art,

Please allow this letter to serve as our formal request to amend the **Canyon Pass** HUD Firm Commitment dated **August 13, 2020**.

Underwriting Revisions

Canyon Pass initially endorsed December 2020 and is nearing construction completion. Merchants plans to submit the Final Endorsement package to HUD by the end of September, targeting Final Endorsement in October. Originally, rents were underwritten, and the Firm Commitment was issued under the assumption 100% of the Subject's units would be restricted to 60% AMI. However, the client has elected to use income averaging, which requires a change to the recorded Regulatory Agreement. The current Regulatory Agreement references the 20% at 50% AMI or 40% at 60% AMI set aside. The revised Regulatory Agreement will reference the Income Averaging set aside.

As we discussed via email this week, our plan is to submit this Amendment Request to the Firm Commitment, detailing the proposed change to income averaging, along with the below analysis and backup documentation on the current achieved rents versus the original underwritten rents (to document how the DSCR will be the same or higher). Once the Amendment Request is reviewed/approved by HUD, we will work with our attorneys to amend the Regulatory Agreement and send along to HUD OGC for review before anything is recorded.

Below is our rent analysis, which compares our original underwriting (100% @ 60%) to current leasing activity at 60% AMI to current leasing activity using income averaging. As you can see, utilization of income averaging results in nearly the exact amount of GPR as compared to 60% AMI rents.

Original Underwriting - 40@60					
Bedrooms	Square Feet	Units	Median Income	Net Rent per Unit	Monthly Rent
1	733	108	60%	$741	$80,028
2	1016	132	60%	$894	$118,008
3	1221	24	60%	$1,032	$24,768
					$222,804
				Annual	$2,673,648

Current Leasing Activity - 40@60					
Bedrooms	Square Feet	Units	Median Income	Net Rent per Unit	Monthly Rent
1	733	108	60%	$846	$91,368
2	1016	132	60%	$1,025	$135,300
3	1221	24	60%	$1,188	$28,512
					$255,180
				Annual	$3,062,160

Current Leasing Activity - Income Averaging					
Bedrooms	Square Feet	Units	Median Income	Net Rent per Unit	Monthly Rent
1	733	3	30%	$407	$1,221
1	733	3	50%	$719	$2,157
1	733	91	60%	$846	$76,986
1	733	11	70%	$846	$9,306
2	1016	4	30%	$491	$1,964
2	1016	4	50%	$864	$3,456
2	1016	109	60%	$1,025	$111,725
2	1016	15	70%	$1,025	$15,375
3	1221	1	30%	$564	$564
3	1221	1	50%	$996	$996
3	1221	17	60%	$1,188	$20,196
3	1221	5	70%	$1,188	$5,940
					$249,886
				Annual	$2,998,632

As shown below, the DSCR drops 4bps from 1.51x to 1.47x with income averaging.

	Original Application - 40@60	Current Leasing Activity 40@60	Current Leasing Activity Income Averaging
Potential Gross Rent	$2,673,648	$3,062,160	$2,998,632
Vacancy	-$169,536	-$192,847	-$189,035
Net Rental Income	$2,504,112	$2,869,313	$2,809,597
Other Income	$151,956	$151,956	$151,956
Effective Gross Income	$2,656,068	$3,021,269	$2,961,553
Advertising	$26,400	$26,400	$26,400
Management Fee	$79,682	$90,638	$88,847
Other Admin	$79,200	$79,200	$79,200
Electric	$46,200	$46,200	$46,200
Water/Sewer	$92,400	$92,400	$92,400
Trash Removal	$66,000	$66,000	$66,000
Payroll	$299,784	$299,784	$299,784
Repairs	$118,800	$118,800	$118,800
Exterminating	$5,280	$5,280	$5,280
Insurance	$60,192	$60,192	$60,192
Ground Expenses	$92,400	$92,400	$92,400
Replacement Reserves	$66,000	$66,000	$66,000
Other Taxes	$8,792	$8,792	$8,792
Total Expenses	$1,041,130	$1,052,086	$1,050,295
Net Operating Income	$1,614,938	$1,969,183	$1,911,258
Debt Service	$1,301,109	$1,301,109	$1,301,109
DSCR	1.24	1.51	1.47

Enclosed please find a rent roll dated 9/19/23 which we used for our above analysis. Please contact us with any questions. Thank you for your assistance.

Sincerely,

Michelle Small

Michelle Small
FHA Chief Underwriter

Enclosure(s)

cc: Ken Cooper
Eddie Dietrick
David Hines
Kristin Quintana
Christin Currie
Regina Burks
Vicki Major
Michael Reichert

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 451 **Agenda Date:** 12/7/2023 **Agenda #:** 3.

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Grand Station (HTC #20476)

RECOMMENDED ACTION

WHEREAS, Grand Station (the Development) received a 4% Housing Tax Credit (HTC) award in 2020 for the new construction of 216 units in Austin, Travis County;

WHEREAS, Pedcor Investments-2018-CLXXI, L.P. (the Development Owner or Owner) requests approval to change the Qualified Low Income Housing Development Election from the requirement that specifies that at least 40% or more of the residential units must be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election) to the Average Income set-aside;

WHEREAS, the revised election does not affect how the Development was underwritten because all of the units at the Development are being leased at the 60% Area Median Income (AMI) level;

WHEREAS, Board approval is required for a request to implement a revised election under §42 (g) of the Code prior to filing of IRS Form(s) 8609 as directed by 10 TAC §10.405(a)(4)(G), and the Owner has complied with the amendment requirements under 10 TAC §10.405(a); and

WHEREAS, the requested change does not negatively affect the Development, impact the viability of the transaction, or impact the tax credit award;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment for Grand Station is approved 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

Grand Station was approved for a 4% HTC award in 2020 for the new construction of 216 units of multifamily housing in Austin, Travis County. Construction of the Development has been completed, but IRS Forms 8609 have not been issued by the Department. The Owner originally elected the requirement that specifies that at least 40% or more of the residential units must be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election), and the Owner identified the set-asides for the all units at 60% AMI. In a letter dated October 20, 2023, Jean Latsha, the representative for the Owner, requested approval for a material amendment to HTC Application to revise the Qualified Low Income Housing Development Election from the 40% at 60% minimum set-aside election to Average Income.

The Owner states that the rent schedule is not changing at this time since the Development is already leasing 100% of the units at 60% AMI, but the requested change is to allow for more flexibility in leasing in the future, including the ability to lease to extremely low income families without a significant loss of revenue, since the lower rents can be off-set with higher rents at the 70% AMI level. The Owner has provided documentation from the lender and the investor acknowledging the requested change. The final HTC amount will be determined upon finalization of the cost certification review process.

Staff recommends approval of the material Application amendment request.

PEDCOR
COMPANIES

October 20, 2023

Rosalio Banuelos
Director of Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Request for Material Amendment for Grand Station Apartment Homes, TDHCA #20476

Dear Mr. Banuelos:

Please accept this letter as a request for a Material Amendment in accordance with 10 TAC §10.405(a)(4)(G) of the 2023 Asset Management Rules. The original application for Grand Station Apartment Homes included an election under §42(g) of the Internal Revenue Code that indicated that at least 40% of the residential units would be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income, adjusted for family size. More specifically, the application also indicated that 100% of the units would be rent and income restricted at the 60% AMI level.

We are requesting to change that election to "Average Income" in accordance with IRC §42(g)(1)(C). Attached you will find approval for this requested change from both our lender Merchants Capital, and our equity investor/syndicator CREA. Because this development is already being leased, we are not proposing a new rent schedule at this time and are leasing 100% of the units at the 60% AMI level. Therefore, there are no revised application exhibits.

Please let me know if you need any additional information from me.

Sincerely,

Jean Latsha

Jean Latsha
Vice President - Development
Pedcor Investments, A Limited Liability Company
jlatsha@pedcor.net

(512) 470-7312

Jean Latsha

From:	Ashley Hagan <ahagan@creallc.com>
Sent:	Monday, October 23, 2023 9:04 AM
To:	Tom Crowe; Kathleen Ramey; Jean Latsha
Cc:	Adam Lavelle; Tony Bertoldi; Jeffrey Whiting
Subject:	Grand Station

All,

We have received investor approval for the change to AI on Grand Station. Please find the approval below.

This email is to confirm CREA, as tax credit investor for Grand Station Apartment Homes, is aware the Managing Member is submitting a request to Texas Department of Housing and Community Affairs (TDHCA) for a Material Amendment in accordance with Section 10.405(a)(4)(G) of the 2023 Asset Management Rules, in order to change the election under IRC Section 42(g) from “40/60” to “Average Income” prior to filing IRS Form(s) 8609. This new election will not cause any change in terms.

Please forward the approvals from TDHCA and HUD/HUD Servicer once received, and we will commence the document modifications necessary for the operating agreement.

Thanks

Ashley Hagan
Senior Vice President
Asset Management

CREA

30 S. Meridian St, Suite 400 / Indianapolis, IN 46204
O: 317.808.7182 / C: 317.450.5442
ahagan@creallc.com / CREALLC.com

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September 20, 2023

Kristin Quintana, MAP Underwriter
MERCHANTS CAPITAL CORP.
410 Monon Boulevard, 5th Floor
Carmel, IN 46032-2345

SUBJECT: Firm Commitment Amendment III
Grand Station
FHA #115-35913
Austin (Travis County), TX 78728

Dear Ms. Quintana:

This letter represents amendment number three to the Firm Commitment dated September 11, 2020, Firm Commitment Amendment I dated December 14, 2020, and Firm Commitment Amendment II dated January 21, 2021, for the above-captioned project.

- The original Firm Commitment was issued based upon the assumption of the Broadly Affordable rents (100%) being restricted to 60% AMI. The Firm Commitment is being amended prior to final endorsement because the Regulatory Agreement is being revised to reflect the use of income averaging with new rents at **30%, 50%, 60%, and 70% AMI**.

All other terms and conditions to the Firm Commitment (09/11/2020), Firm Commitment Amendment I (12/14/2020), and Firm Commitment Amendment II (01/21/2021), as previously issued, remain in effect. If you have any questions regarding this amendment, please contact Fawn Barrington, Senior Underwriter, at Fawn.Barrington@hud.gov and Lisa Richardson, Closing Coordinator, at Lisa.Richardson@hud.gov.

Sincerely,

ARTHUR WELLS Digitally signed by: ARTHUR WELLS DN: CN = ARTHUR WELLS C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration Date: 2023.09.20 16:27:15 -05'00'

Arthur J. Wells
Fort Worth Underwriting Branch 3 Chief
Southwest Multifamily Region

Enclosures

September 20, 2023

Art Wells
Underwriting Branch Chief
US Department of Housing and Urban Development
Multifamily Housing, Southwest Region
307 W. 7th St., Suite 1000
Fort Worth, TX 76102

Re: Grand Station
FHA #115-35913
Request for Amendment

Dear Art,

Please allow this letter to serve as our formal request to amend the **Grand Station** HUD Firm Commitment dated **September 11, 2020**.

Underwriting Revisions

Grand Station initially endorsed February 2021 and is nearing construction completion. Final endorsement is targeted for September 27, 2023, with conversion taking place in October. Originally, rents were underwritten, and the Firm Commitment was issued under the assumption 100% of the Subject's units would be restricted to 60% AMI. However, the client has elected to use income averaging, which requires a change to the recorded Regulatory Agreement. The current Regulatory Agreement references the 20% at 50% AMI or 40% at 60% AMI set aside. The revised Regulatory Agreement will reference the Income Averaging set aside.

As we discussed via email this week, our plan is to submit this Amendment Request to the Firm Commitment, detailing the proposed change to income averaging, along with the below analysis and backup documentation on the current achieved rents versus the original underwritten rents (to document how the DSCR will be the same or higher). Once the Amendment Request is reviewed/approved by HUD, we will work with our attorneys to amend the Regulatory Agreement and send along to HUD OGC for review before anything is recorded.

Below is our rent analysis, which compares our original underwriting (100% @ 60%) to current leasing activity at 60% AMI to current leasing activity using income averaging. As you can see, utilization of income averaging results in nearly the exact amount of GPR as compared to 60% AMI rents.

Original Underwriting - 40@60					
Bedrooms	Square Feet	Units	Median Income	Net Rent per Unit	Monthly Rent
1	733	84	60%	$975	$81,900
2	1016	108	60%	$1,200	$129,600
3	1221	24	60%	$1,325	$31,800
					$243,300
				Annual	$2,919,600

Current Leasing Activity - 40@60					
Bedrooms	Square Feet	Units	Median Income	Net Rent per Unit	Monthly Rent
1	733	84	60%	$1,069	$89,796
2	1016	108	60%	$1,302	$140,616
3	1221	24	60%	$1,512	$36,288
					$266,700
				Annual	$3,200,400

Current Leasing Activity - Income Averaging					
Bedrooms	Square Feet	Units	Median Income	Net Rent per Unit	Monthly Rent
1	733	3	30%	$611	$1,833
1	733	3	50%	$1,049	$3,147
1	733	69	60%	$1,069	$73,761
1	733	9	70%	$1,069	$9,621
2	1016	4	30%	$736	$2,944
2	1016	4	50%	$1,262	$5,048
2	1016	88	60%	$1,302	$114,576
2	1016	12	70%	$1,302	$15,624
3	1221	1	30%	$849	$849
3	1221	1	50%	$1,456	$1,456
3	1221	19	60%	$1,512	$28,728
3	1221	3	70%	$1,512	$4,536
					$262,123
				Annual	$3,145,476

As shown below, the DSCR drops 3bps from 1.61x to 1.58x with income averaging.

	Original Application - 40@60	Current Leasing Activity 40@60	Current Leasing Activity Income Averaging
Potential Gross Rent	$2,919,600	$3,200,400	$3,145,476
Vacancy	-$152,948	-$166,988	-$164,242
Net Rental Income	$2,766,652	$3,033,412	$2,981,234
Other Income	$139,368	$139,368	$139,368
Effective Gross Income	$2,906,020	$3,172,780	$3,120,602
Advertising	$10,800	$10,800	$10,800
Management Fee	$87,181	$95,183	$93,618
Other Admin	$70,632	$70,632	$70,632
Electric	$47,066	$47,066	$47,066
Water/Sewer	$161,374	$161,374	$161,374
Trash Removal	$16,200	$16,200	$16,200
Payroll	$239,616	$239,616	$239,616
Repairs	$75,000	$75,000	$75,000
Exterminating	$5,000	$5,000	$5,000
Insurance	$62,640	$62,640	$62,640
Ground Expenses	$74,000	$74,000	$74,000
Replacement Reserves	$54,000	$54,000	$54,000
Other Taxes	$9,514	$9,514	$9,514
Total Expenses	$913,023	$921,025	$919,460
Net Operating Income	$1,992,997	$2,251,754	$2,201,142
Debt Service	$1,396,959	$1,396,960	$1,396,959
DSCR	1.43	1.61	1.58

Enclosed please find a rent roll dated 9/8/23 which we used for our above analysis. Please contact us with any questions. Thank you for your assistance.

Sincerely,

Michelle Small
FHA Chief Underwriter

Enclosure(s)

cc: Ken Cooper
Eddie Dietrick
David Hines
Kristin Quintana
Christin Currie
Regina Burks
Vicki Major
Michael Reichert

File #: 452 **Agenda Date:** 12/7/2023 **Agenda #:** 4.

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Azalea Trails (HTC #22312)

RECOMMENDED ACTION

WHEREAS, Azalea Trails (the Development) received a 9% Housing Tax Credit (HTC) award in 2022 for the acquisition and rehabilitation of 72 multifamily units in Atlanta, Cass County;

WHEREAS, Azalea Trails Apartments, LP (the Development Owner or Owner) is requesting approval for a 5.38% increase in the residential density as a result of a reduction in site acreage, from 7.891 acres to 7.488 acres, due to a discrepancy between the lot sizes noted between the appraisal reports and an updated ALTA survey;

WHEREAS, Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested change does not materially alter the Development in a negative manner, affect the HTC recommendation, and would not have adversely affected the selection of the Application;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment to the Application for Azalea Trails is approved as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Azalea Trails formerly known as Country Place Apartments received a 9% HTC award in 2022 for the acquisition and rehabilitation of 72 multifamily units in Atlanta, Cass County. At Application, the Development was legally four separate entities that would consolidate into one entity and continue to be operated and managed as one property with 7.891 acres. Country Place I and II (4.622 acres) were built in 1980 and consist of 36 two-bedroom units. Country Place III and Country Place IV (3.269 acres) were built in 1981 and consist of 36 two-bedroom units. In a letter dated November 6, 2023, Meredith, representative for the Owner, requested approval for a change in the acreage and residential density noted in the original Application.

At Application the Development site was listed at 7.891 acres based upon the appraisal's use of the Development's legal descriptions. The Owner indicated that, while a new survey was not required with the Application, as this site is a rural USDA property, the old records were inaccurate. Once the appraiser, Gill Group, was provided with an updated survey, they realized the acreage was incorrect and should have been 7.488 acres. Country Place II's lot size was not subtracted from Phase I's tract nor was the easement included. The Owner also stated the site plan has not changed from what was represented at Application, and there is no financial impact to the Development. This request is a correction of the miscalculation of the acreage based on older legal descriptions. This change in acreage from 7.891 acres to 7.488 acres will increase the residential density of the Development by 5.38%, from 9.124 units per acre to 9.615 units per acre. Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F).

Staff has reviewed the original Application against this amendment request and has concluded that the changes described above would not have affected the award. The final recommended credit amount will be determined at cost certification. It should be noted that this is a USDA transaction, and therefore, this will not affect the acquisition price because it will be based on the balance of the loan assumed.

Staff recommends approval of the amendment request presented herein.

November 6, 2023

Renee Norred, Asset Manager
TDHCA Asset Management Division
PO Box 13941
Austin, TX 78711

RE: Application Amendment for 22312 Azalea Trails

Dear Renee,

This letter concerns an application amendment for HTC 22312 Azalea Trails, a USDA development in Atlanta, Texas, for changes to the development acreage and residential density identified in the application. The amendment fee check has been mailed to TDHCA.

Change in Acreage

At Application, the development site was listed at 7.891 acres based upon the appraisal's use of the properties' legal descriptions. A new survey was not required with the application as this site is a rural USDA property, and these old records were inaccurate. The new ALTA survey is considered to have the correct information. Once the appraiser, Gill Group, was provided with this survey, they realized that the acreage calculation was incorrect. Country Place II's lot size was not subtracted from Phase I's tract, nor was the easement included. They have provided a letter explaining these discrepancies.

Change in Residential Density

The residential density at Application was 72 units / 7.891 acres for 9.124 units per acre. Due to the acreage changes noted above, the residential density is 72 units / 7.488 acres for 9.615 units per acre. This is an increase in density of 5.38%.

The site outline has not changed from what was represented in the application, and there are no changes to the finance exhibits, thus no financial impact to the development.

Explanation and Good Cause for the Amendment Request

The good cause for this amendment request is to correct misinformation regarding the acreage listed in the Application. There is no actual change to the development site represented in the Application, and this request is a correction of a miscalculation of the acreage based on older legal descriptions.

Thank you for your attention and please contact me at 303-513-0544 with any questions.

Regards,

Meredith Edwards
S. Anderson Consulting
1305 East 6th Street, Suite 12
Austin, TX 78702

GILL GROUP

NATIONWIDE VALUATION AND MARKET FEASIBILITY EXPERTS

October 23, 2023

Mr. Ryan Hamilton
Rural Housing Developers, LLC
3556 South Culpepper Circle, Suite 7
Springfield, Missouri 68504

RE: Country Place Apartments
(To Be Known as Azalea Trails Apartments)
1300 Courtland Road
Atlanta, Texas 75551

Dear Mr. Hamilton,

Please allow this letter to serve as an addendum letter for the appraisal reports dated February 27, 2022. There was a discrepancy noted between the lot sizes noted between the appraisal reports and the attached survey. The appraisals noted lot sizes totaling 7.891 acres, and the attached survey noted total lot sizes of 7.488 acres. The lot sizes included in the appraisals were obtained from the property's legal descriptions; however, the Country Place II's lot size was not subtracted from Phase I's tract, and the easement was not included. Therefore, the 7.488 acres is correct and should be utilized in the tax credit application. The updated land values following this letter.

Please let me know if we may be of any further assistance.

Sincerely,

Samuel T. Gill

Samuel T. Gill
State Certified General Real Estate Appraiser
TX# TX-1329698-G

573-624-6614
Fax: 573-624-2942

Gill Group
gillgroup.com

PO Box 784 | 2100 Gill Plaza Drive, Suite B
Dexter, MO 63841

Country Place I Land Analysis

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	1300 Courtland Road	704 Taylor Street		105 South Circle Drive		601 Holly Street	
City	Atlanta	Atlanta		Texarkana		Atlanta	
State	TX	TX		TX		TX	
Date	2/8/2022	4/17/2018		10/9/2020		6/24/2021	
Price		$4,000		$10,000		$49,900	
Acres	2.842	0.32		0.64		6.84	
Price Per Acre		$12,500		$15,625		$7,295	
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjsuted Price Per Acre		**$12,500**		**$15,625**		**$7,295**	
Market Trends Through	02/08/22	0%		0%		0%	
Adjusted Price Per Acre		$12,500		$15,625		$7,295	
Location	Average	Similar		Superior		Similar	
% Adjustment		0%		-5%		0%	
$ Adjustment		$0		-$781		$0	
Acres	2.842	0.32		0.64		6.84	
% Adjustment		0%		0%		20%	
$ Adjustment		$0		$0		$1,459	
Visibility/Access	Average	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Topography	Nearly Level	Nearly Level		Nearly Level		Nearly Level	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Zoning	R-2	C-2		GR		R-2	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Utilities	E, G, W, S	E, G, W, S		E, G, W, S		E, G, W, S	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Adjusted Price Per Acre		**$12,500**		**$14,844**		**$8,754**	
Net adjustments		0.0%		-5.0%		20.0%	
Gross adjustments		0.0%		5.0%		20.0%	

2.842 acres x $12,000 per acre = $34,104

Rounded $34,000

Country Place II Land Analysis

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	1300 Courtland Road	704 Taylor Street		105 South Circle Drive		601 Holly Street	
City	Atlanta	Atlanta		Texarkana		Atlanta	
State	TX	TX		TX		TX	
Date	2/8/2022	4/17/2018		10/9/2020		6/24/2021	
Price		$4,000		$10,000		$49,900	
Acres	1.031	0.32		0.64		6.84	
Price Per Acre		$12,500		$15,625		$7,295	
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjsuted Price Per Acre		**$12,500**		**$15,625**		**$7,295**	
Market Trends Through	02/08/22	0%		0%		0%	
Adjusted Price Per Acre		$12,500		$15,625		$7,295	
Location	Average	Similar		Superior		Similar	
% Adjustment		0%		-5%		0%	
$ Adjustment		$0		-$781		$0	
Acres	1.031	0.32		0.64		6.84	
% Adjustment		0%		0%		20%	
$ Adjustment		$0		$0		$1,459	
Visibility/Access	Average	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Topography	Nearly Level	Nearly Level		Nearly Level		Nearly Level	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Zoning	R-2	C-2		GR		R-2	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Utilities	E, G, W, S	E, G, W, S		E, G, W, S		E, G, W, S	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Adjusted Price Per Acre		**$12,500**		**$14,844**		**$8,754**	
Net adjustments		0.0%		-5.0%		20.0%	
Gross adjustments		0.0%		5.0%		20.0%	

1.031 acres x $12,000 per acre = $12,372

Rounded $12,000

Country Place III Land Analysis

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	1300 Courtland Road	704 Taylor Street		105 South Circle Drive		601 Holly Street	
City	Atlanta	Atlanta		Texarkana		Atlanta	
State	TX	TX		TX		TX	
Date	2/8/2022	4/17/2018		10/9/2020		6/24/2021	
Price		$4,000		$10,000		$49,900	
Acres	2.589	0.32		0.64		6.84	
Price Per Acre		$12,500		$15,625		$7,295	
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjsuted Price Per Acre		**$12,500**		**$15,625**		**$7,295**	
Market Trends Through	02/08/22	0%		0%		0%	
Adjusted Price Per Acre		$12,500		$15,625		$7,295	
Location	Average	Similar		Superior		Similar	
% Adjustment		0%		-5%		0%	
$ Adjustment		$0		-$781		$0	
Acres	2.589	0.32		0.64		6.84	
% Adjustment		0%		0%		20%	
$ Adjustment		$0		$0		$1,459	
Visibility/Access	Average	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Topography	Nearly Level	Nearly Level		Nearly Level		Nearly Level	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Zoning	R-2	C-2		GR		R-2	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Utilities	E, G, W, S	E, G, W, S		E, G, W, S		E, G, W, S	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Adjusted Price Per Acre		**$12,500**		**$14,844**		**$8,754**	
Net adjustments		0.0%		-5.0%		20.0%	
Gross adjustments		0.0%		5.0%		20.0%	

2.589 acres x $12,000 per acre = $31,068

Rounded $31,000

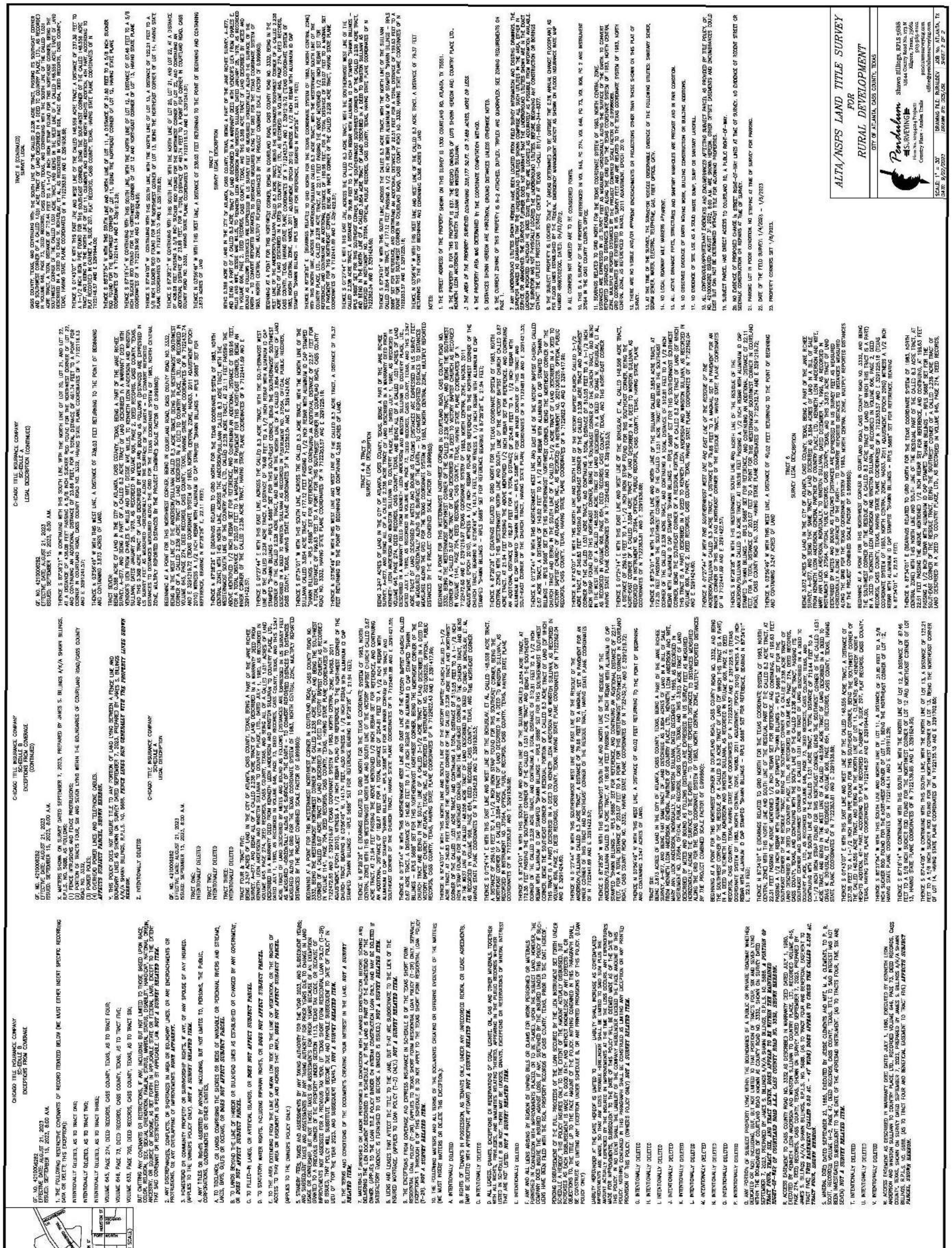
Country Place IV Land Analysis

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	1300 Courtland Road	704 Taylor Street		105 South Circle Drive		601 Holly Street	
City	Atlanta	Atlanta		Texarkana		Atlanta	
State	TX	TX		TX		TX	
Date	2/8/2022	4/17/2018		10/9/2020		6/24/2021	
Price		$4,000		$10,000		$49,900	
Acres	1.026	0.32		0.64		6.84	
Price Per Acre		$12,500		$15,625		$7,295	
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjsuted Price Per Acre		**$12,500**		**$15,625**		**$7,295**	
Market Trends Through	02/08/22	0%		0%		0%	
Adjusted Price Per Acre		$12,500		$15,625		$7,295	
Location	Average	Similar		Superior		Similar	
% Adjustment		0%		-5%		0%	
$ Adjustment		$0		-$781		$0	
Acres	1.026	0.32		0.64		6.84	
% Adjustment		0%		0%		20%	
$ Adjustment		$0		$0		$1,459	
Visibility/Access	Average	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Topography	Nearly Level	Nearly Level		Nearly Level		Nearly Level	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Zoning	R-2	C-2		GR		R-2	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Utilities	E, G, W, S	E, G, W, S		E, G, W, S		E, G, W, S	
% Adjustment		0%		0%		0%	
$ Adjustment		$0		$0		$0	
Adjusted Price Per Acre		**$12,500**		**$14,844**		**$8,754**	
Net adjustments		0.0%		-5.0%		20.0%	
Gross adjustments		0.0%		5.0%		20.0%	

1.026 acres x $12,000 per acre = $12,312

Rounded $12,000


ALTA/NSPS LAND TITLE SURVEY
FOR
RURAL DEVELOPMENT
COURTLAND ROAD NO. 3332
A.K.A. CASS COUNTY ROAD (PUBLIC)


ALTA/NSPS LAND TITLE SURVEY
FOR
RURAL DEVELOPMENT

File #: 439 **Agenda Date:** 12/7/2023 **Agenda #:** 5.

Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 2, Enforcement, Subchapter A General, Subchapter C Administrative Penalties, and Subchapter D, Debarment from Participation in Programs Administered by the Department, 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, the current rule relating to the requirements for Enforcement is in need of revisions to ensure that reference to the new inspection protocol of National Standards for Physical Inspections of Real Estate (NSPIRE), and revisions for consistency with no longer having the Executive Award Review and Advisory Committee, are included in the rule;

WHEREAS, further rule revisions are needed to clarify intent in areas that have caused confusion, amend the administrative penalty matrix as it relates to accessibility noncompliance, and add debarment criteria for failing to correct Events of Noncompliance prior to LURA expiration and for refusing to correct a physical violation after the rule becomes effective; and

WHEREAS, such proposed amendments will be published in the *Texas Register* for public comment from December 22, 2023, to January 22, 2024, 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 are hereby authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed action, together with the preamble in the form presented to this meeting, to be published in the *Texas Register* for public comment and, in connection, as they may deem necessary to effectuate the forgoing, including the preparation and requested revisions to the preamble.

BACKGROUND

Tex. Gov't Code §2306.053 provides for the Department to administer federal housing, community affairs, and community development programs. As it relates to Department programs, Chapter 2 governs how enforcement of programmatic requirements are handled.

The National Standards for the Physical Inspection of Real Estate (NSPIRE) is the new Housing and Urban Development (HUD) physical inspection standard protocol designed to reduce health and safety hazards in a home. NSPIRE was recently integrated into the Department's Compliance rules and replaces the Uniform Physical Condition Standards (UPCS) previously used by the Department. References to UPCS will be retained for a period, however NSPIRE is being added to be sure that all types of inspections would be covered. The amendment to the rule adds what the score cut-off must be if the most recent inspection was performed with NSPIRE.

The rule amendment also makes revisions to bring this rule into consistency with changes recently made to Chapter 1, Subchapter C, relating to Previous Participation reviews and removal to references of the now defunct Executive Award Review and Advisory Committee. It will also clarify intent in areas that have caused confusion, and amend the administrative penalty matrix to add an optional daily penalty component for unresolved accessibility noncompliance. Finally, the amendment adds new debarment criteria for failing to correct Events of Noncompliance prior to the expiration of a Land Use Restriction Agreement, and for refusing to correct a physical violation after the rule becomes effective.

Behind the proposed preamble for the proposed rule action is the rule shown in its blackline form reflecting changes to the rule.

Upon Board approval, the proposed section of the rule will be posted to the Department's website and published in the *Texas Register*. Public comment will be accepted from December 22, 2023, through January 22, 2024. After consideration for public comment, the amendment will be brought before the Board at its February 2024 Board meeting, for final approval and subsequently published in the *Texas Register* for adoption.

Attachment A: Preamble, including required analysis, for proposed amendments to 10 TAC Chapter 2, Enforcement, Subchapter A General, Subchapter C Administrative Penalties, and Subchapter D, Debarment from Participation in Programs Administered by the Department

The Texas Department of Housing and Community Affairs (the Department) proposes amending 10 TAC Chapter 2, Enforcement, Subchapter A General, Subchapter C Administrative Penalties, and Subchapter D, Debarment from Participation in Programs Administered by the Department. The amendments will add reference to a new inspection protocol, NSPIRE, and brings this rule into consistency with changes recently made to Chapter 1, Subchapter C, relating to previous participation reviews and the removal of references to the now defunct Executive Award Review and Advisory Committee (EARAC).

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.

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

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed rule action would be in effect, the proposed actions do not create or eliminate a government program, but relate to changes to an existing activity, the enforcement of the Department's program rules.

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 provides clarification to an existing regulation;

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 the adding a new federally required inspection standard and bringing the rule into consistency with other Department rules. 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.

REQUEST FOR PUBLIC COMMENT. All comments or questions in response to this action may be submitted in writing from December 22, 2023, through January 22, 2024. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston, P.O. Box 13941, Austin, Texas 78711-3941, or by email to brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 pm Austin local (Central) time, January 22, 2024.

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

SUBCHAPTER A GENERAL

§2.101 Policy and Purpose

This chapter sets forth the enforcement mechanisms that the Department may use to bring about compliant administration of Department funded programs, state or federal, and exclude or remove from Department programs, Persons who have established, through certain noncompliant behavior that they are either unwilling to act in a compliant manner, or are unable to do so. These enforcement mechanisms are in addition to any available contractual remedies under program agreements.

§2.102 Definitions

The words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Capitalized words used herein have the meaning assigned in the specific chapters of this title that govern the program associated with the request, in Chapter 1 of this title (relating to Administration), or assigned by federal or state law.

(1) Actively Monitored Development--A Development that within the last three years has been monitored by the Department, either through a Uniform Physical Condition Standards (UPCS) inspection, a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection, an onsite or desk file monitoring review, an Affirmative Marketing Plan review, or a Written Policies and Procedures Review. UPCS and NSPIRE inspections include inspections completed by Department staff, Department contractors and inspectors from the Real Estate Assessment Center through federal alignment efforts.

(2) Consultant--A Person who provides services or advice for a fee in a capacity other than as an employee and does not have Control.

(3) Control (including the terms Controlled and Controlling)--"Control" is defined in §11.1 of this title (relating to General) or as identified in the specific Program rule.

(4) Debarment--A prohibition from future participation in some or all Programs administered by the

Department. Except as otherwise stated in the Order, Debarment does not impact existing or ongoing participation in Department Programs, prior to the date of the Debarment, nor does it affect any continuing responsibilities or duties thereunder.

(5) Enforcement Committee ~~("~~(Committee~~")--~~)--A Committee of employees of the Department appointed by the Executive Director.~~ The voting members of that Committee shall be no fewer than five and no more than nine. Additionally, each voting member shall have an alternate member, also appointed by the Executive Director, in the event that the primary voting member is unavailable.~~ The Committee may be composed of any member of any Department division, but members from the referring division may not be present during deliberations. ~~Alternate members may serve on behalf of any voting member for purposes of assuring a quorum.~~ The Legal Division will designate person(s) to attend meetings and advise the Committee. A Legal Division designee will serve as Secretary to the Committee.

(6) Event of Noncompliance (including the alternate term ~~"~~Finding of Noncompliance~~")--~~)--Any event for which a Person may be found to be in noncompliance with Texas Government Code Chapters 2105 or 2306, any rule adopted thereunder, any Program Agreement requirement, or federal program requirements.

(7) Legal Requirements--All requirements, as it relates to the particular Department Program, of state, federal, or local statutes, rules, regulations, ordinances, orders, court opinions, official interpretations, policy issuances, OMB Circulars, representations to secure awards, or any similar memorialization of requirement, including contract requirements.

(8) Monitoring Event--An onsite or desk monitoring review, a ~~Uniform Physical Condition Standards~~UPCS inspection, a NSPIRE inspection, the submission of the Annual Owner's Compliance Report, Final Construction Inspection, a Written Policies and Procedures Review, or any other instance when the Department's Compliance Division or other reviewing area provides written notice to an Owner or Contact Person requesting a response by a certain date. This would include, but not be limited to, responding to a tenant complaint.

(9) Person--A legal entity including, without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability corporation, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever, and shall include any group of Persons acting in concert toward a common goal, including individual members of the group.

(10) Program--Includes any activity performed by a Subrecipient, Administrator, Contractor, Development Owner, or other Person under a Program Agreement or activities performed by a third party under a Program Agreement, including but not limited to a Subgrantee or Subcontractor.

(11) Program Agreements include:

(A) agreements between the Department and a Person setting forth Legal Requirements; and

(B) agreements between a Person subject to a Program Agreement and a third party to carry out one or more Legal Requirements.

(12) Responsible Party--Any Person subject to a Program Agreement.

(13) Vendor--A person who is procured by a subrecipient to provide goods or services in any way relating to a Department program or activity.

§2.103 General

(a) A Responsible Party must comply with all applicable Legal Requirements.

(b) A failure by the Department to identify, address, or take action with respect to any one or more Events of Noncompliance does not constitute a waiver, ratification, or approval of, consent to, or agreement with such noncompliance. It is the responsibility of a Responsible Party to be familiar with the applicable Legal Requirements.

(c) Recordkeeping. Each referring division will keep records in accordance with the Department's record retention schedule and any other state or Federal requirements of all Events of Noncompliance.

(d) As provided for in Texas Government Code, §2306.6719, parties subject to certain compliance requirements must be afforded written notice and a reasonable period to correct identified Events of Noncompliance that are susceptible to being corrected. It is the responsibility of each division to provide any required cure, Corrective Action, or notice period(s) prior to referral of any matter to the Committee under this chapter. Matters should not be referred to the Committee until such cure, Corrective Action, or notice periods have been completed or expired.

(e) For each Event of Noncompliance, the Department will evaluate which Person or Persons had Control of the Development, Program, or activity at the time the Event of Noncompliance occurred. A Person will not be referred for Debarment or assessed a Administrative Penalty because they have newly acquired a Development that has existing Events of Noncompliance, provided that the findings are resolved by transferee within a reasonable timeframe after purchase, in accordance with a plan that is approved by the Department in an ownership transfer request under §10.406 of this title (relating to Ownership Transfers (§2306.6713)). Sale or foreclosure of a property does not preclude Debarment consideration against the Person or Persons who had Control of the Development, Program, or activity at the time an Event of Noncompliance occurred.

§2.104 Enforcement Mechanisms

(a) The enforcement mechanisms referenced in this chapter are not the exclusive mechanisms whereby compliance may be obtained in any particular circumstance. Enforcement mechanisms related to Department programs may include, where applicable, those required or employed by other entities or agencies. With regard to the low-income housing tax credit program, if an identified Event of Noncompliance is required to be reported to the Internal Revenue Service, (IRS) it will be reported by the Compliance Division on form 8823. For federally funded Programs or activities, the Department may recommend that a federal funding agency initiate a debarment proceeding under

2 CFR Part 180 or 2 CFR 2424, as applicable. Program Agreements may also include additional enforcement mechanisms, federal reporting, or penalties.

(b) Enforcement mechanisms available to the Department include but are not limited to:

(1) Enforcement of contractual provisions in the Program Agreements including, but not limited to, options to place a Development into receivership, and rights of suspension or termination, and placement on a cost reimbursement status as described in Subchapter B of this chapter (relating to Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7);

(2) Consideration of a reasonable plan for correction, warning letter, informal conference, and assessment of administrative penalties, as further described in Subchapter C of this chapter (relating to Administrative Penalties); or

(3) Debarment, as described in Subchapter D of this chapter (relating to Debarment from Participation in Programs Administered by the Department).

SUBCHAPTER C ADMINISTRATIVE PENALTIES

§2.301 General

Department divisions will recommend to the Committee the initiation of proceedings to assess administrative penalties where the Responsible Party or Parties have violated Chapters 2105 or 2306 of the Texas Government Code or a rule or order adopted under Chapters 2105 or 2306 of the Texas Government Code and failed, despite written notice, to take appropriate and timely corrective action or seek and obtain for good cause an extension of the time to take corrective action. In addition, staff from any Department Divisions may recommend to the Committee the initiation of proceedings to assess administrative penalties where the Responsible Party or Parties has an established pattern of repeated substantive and material violations, even if corrected within the applicable corrective action periods. <u>All correspondence shall be delivered electronically.</u>

§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) ~~This~~<u>The</u> referring division will recommend the initiation of administrative penalty proceedings to the Committee by referral to the secretary of the Committee ~~("~~<u>(</u>Secretary~~").~~<u>).</u> 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 section, related 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 ~~EARAC as part of~~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. 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 ~~fourteen (~~14~~)~~ days after issuance of the report to the Board, the Executive Director will issue a Notice of Violation to the Responsible Party. 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; 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.

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Figure 1: 10 TAC §2.302(k)

Penalty table 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 not in compliance
Lack of providing requested documentation/item(s) for monitoring	Up to $500 per day for each item or documentation not provided	Up to $150 per day for each item or documentation not provided

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 requirements	Up to $100 for each instance	Up to $1,000 for each instance
Providing assistance to income or SAVE ineligible applicants	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 entity failed to comply	Up to $1,000 + up to $250 for each day the entity failed to com
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

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Figure 2: 10 TAC §2.302(k)

Penalty table 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 the Uniform Physical Condition Standards	Up to $500 for level 3 deficiencies, up to $250 for level 2 deficiencies, up to $125 for level 1 deficiencies, plus an optional $100 per day ~~if~~for each level 2 or level 3 ~~deficiencies remain~~deficiency that remains uncorrected 6 months from the corrective action deadline	Up to $1,000 for level 3 deficiencies, up to $500 for level 2 deficiencies, up to $250 for level 1 deficiencies, plus an optional $200 per day ~~if~~for each level 2 or level 3 ~~deficiencies remain~~deficiency that remains uncorrected 6 months from the corrective action deadline
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

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~~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	Up to $1,000 per day	Up to $1,000 per day

(including failure to appear for review)		
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 viola
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 as required by LURA	Up to $1,000	Up to $1,000
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	Up to $500	Up to $1,000

Owner's Compliance Report		
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 quarterly reports as required by §10.607 of this title	Up to $100, then and 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	Up to $1,000	Up to $1,000

failed to establish and maintain a reserve account in accordance with §10.404 of this title		
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	Up to $250 per violation	Up to $500 per violation

of this title (notice of termination language requirements)		
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)	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 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 only)	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 $~~250~~ 1,000	Up to $~~500~~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 ~~135.34 and 24 CFR 135.5 in~~Part 75in accordance with program rule, policy, or agreement	Up to $500	Up to $1,000

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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 Board requirements	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
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 us of funds for	Up to $500	Up to $1,000

sectarian or religious activity		
Failure to comply with Limited English Proficiency ("LEP") policies in accordance with program rule, policy or agreement	Up to $500	Up to $1,000
Failure to comply with labor standards requirements in accordance with program rule, policy or agreement	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 required by program rule, policy, or agreement	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	Up to $50 per day	Up to $150 per day

corrections to documentation		
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 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 rule, policy or agreements (such as contract termination, assessed penalties, disallowed costs, overpayment, Deobligation, or recapture)	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

SUBCHAPTER D DEBARMENT FROM PARTICIPATION IN PROGRAMS ADMINISTERED BY THE DEPARTMENT

§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. 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 ~~the effective date of this rule~~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 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 ~~the effective date of this rule~~April 1, 2021, where the foreclosure or deed in lieu of foreclosure terminates a subordinate TDHCA LURA;

(8) Controlling a multifamily Development and allowing a change in ownership after ~~the effective date of this rule~~April 1, 2021, without Department approval;

(9) Transferring a Development, after ~~the effective date of this rule~~April 1, 2021, without regard for a Right of First Refusal requirement;

(10) Being involuntary removed, or replaced due to a default by the General Partner under the Limited Partnership Agreement, after April 1, 2021;

(11) Controlling a multifamily Development and failing to correct Events of Noncompliance before the expiration of a Land Use Restriction Agreement, after the effective date of this rule;

(11) Refusing to comply with conditions approved by the Board that were recommended by the Executive Award Review Advisory Committee after ~~the effective date of this rule~~April 1, 2021;

(12) Having any Event of Noncompliance that ~~occur~~occurs after ~~the effective date of this rule~~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

(13) 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;

(14) Refusing to provide an amenity required by the LURA after ~~the effective date of this rule~~April 1, 2021;

(15) Failing to reserve units for Section 811 PRA participants after ~~the effective date of this rule;~~April

1, 2021;

(16) Failing to notify the Department of the availability of 811 PRA units after ~~the effective date of this rule;~~April 1, 2021;

(17) Taking "choice limiting" actions prior to receiving HUD environmental clearance (24 CFR §58.22);

(18) Substandard construction, as defined by the Program, and repeated failure to conduct required inspections;

(19) Repeated failure to provide eligible match. 24 CFR §92.220, 24 CFR §576.201, and as required by NOFA;

(20) Repeated failure to report program income. 24 CFR §200.80, 24 CFR §570.500, 24 CFR §576.407(c), ~~2~~24 CFR ~~Part 215 (if~~§92. 503, (as applicable), and 10 TAC §20.9, or as defined by Program Rule;

(21) Participating in activities leading to or giving the appearance of "Conflict of Interest". As applicable, in 2 CFR Part 215 ~~(if applicable),~~2 CFR Part 200. 24 CFR §~~84.42~~93.353, §92.356 ~~(if applicable),~~24 CFR, §570.489, 24 CFR §576.404, 10 TAC §20.9, or as defined by Program Rule;

(22) Repeated material financial system deficiencies. As applicable, 2 CFR Part 200, 24 CFR ~~§§84.21, 84.43, 85.20, 85.22, 85.36,~~§§, 92.205, 92.206, 92.350, 92.505, and 92.508 ~~(if applicable), OMB A-110 Relocated to~~, 2 CFR Part 215 ~~(if applicable), OMB A-87 Relocated to~~, 2 CFR Part 225 (if applicable), ~~OMB A-122 Relocated to~~ 2 CFR Part 230 ~~(if applicable),~~(, 10 TAC §20.9~~ and~~, Uniform Grant Management Standards~~ (if~~, and Texas Grant Management Standards (as applicable~~)~~), and as defined by Program Rule.

(23) Repeated violations of Single Audit or other programmatic audit requirements;

(24) Failure to remain a CHDO for Department committed HOME funds;

(25) Commingling of funds, Misapplication of funds;

(26) Refusing to submit a required Audit Certification Form, Single Audit, or other programmatic audit;

(27) Refusing to timely respond to reports/provide required correspondence;

(28) Failure to timely expend funds; and

(29) 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, 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 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.

(d) Material violations of a LURA. A Responsible Party 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 may temporarily decrease this NSPIRE score threshold with approval by the Executive Director, for a period of time not longer than one year, so long as the score threshold is applied evenly to all properties;

(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~~(4) Refuse to correct a UPCS, NSPIRE, or final construction inspection deficiency after the effective date of this rule;

(5) Fail to meet minimum set aside by the end of the first year of the credit period (HTC Developments only) after ~~the effective date of this rule~~April 1, 2021; or

(~~5~~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 ~~the effective date of this rule.~~April 1, 2021.

(e) Repeated Violations of a LURA that shall be referred to the Committee for Debarment.

(1) A Responsible Party 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 ~~the effective date of this rule;~~April 1, 2021 or NSPIRE violations that result in a score of 50 or below in sequential inspections after the effective date of this rule, or any combination thereof. The Compliance Division may temporally 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;

(C) Refuse to submit all or parts of the Annual Owner's Compliance Report for two consecutive years after ~~the effective date of this rule; or~~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. Persons 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 ~~for mandatory will be referred for Debarment~~ if an inspection or referral, after ~~the effective date of this rule~~April 1, 2021, indicates the following:

(A) 50% or more of the Actively Monitored Developments in the portfolio have been referred to the Enforcement Committee~~; or,~~ 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, so long as the score threshold is applied evenly to all properties.

(f) Debarment for violations of ~~all other~~ 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, multifamily 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 ~~the effective date~~April 1, 2021 ~~of this rule~~;

(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~~ and~~, 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, ~~and~~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, ~~and~~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, ~~and~~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, ~~and~~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) Refusing to reimburse excess cash on hand;

(5) Using Department funds to demolish a homeowner's dwelling and then refusing to rebuild;

(6) 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 with written notice of the referral to the Committee, setting forth the facts and circumstances that justify the referral for Debarment consideration.

(h) The Secretary shall then offer the Responsible Party the opportunity to attend an Informal Conference with the Committee to discuss resolution of the. 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 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, an agreement to dismiss the matter with no further action, an agreement to dismiss the matter with corrective action being taken, or any other action as the Committee deems appropriate, which will then be reported to the Executive Director.

(j) 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.

(k) The Executive Director shall accept, reject, or modify the Debarment recommendation by the Committee and shall provide written notice to the Responsible Party 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 may appeal the Debarment determination in writing to the Board as described in §1.7 of this title (relating to Appeals Process).

(l) 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.

(m) Until the Responsible Party's Debarment referral is fully resolved, the Responsible Party may not participate in new Department financing and assistance opportunities.

(n) 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 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.

(o) 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.

(p) All correspondence under this rule shall be delivered electronically.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 440 **Agenda Date:** 12/7/2023 **Agenda #:** 6.

Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter Chapter 8, Project Rental Assistance Program Rule, §8.4, Qualification Requirements for Existing Developments, 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, the current rule relating to the Section 811 Project Rental Assistance (811 PRA) Program, is in need of revisions to ensure that reference to the new inspection protocol of National Standards for Physical Inspections of Real Estate (NSPIRE) is included and that an applicable eligibility scoring cut-off is provided for; and

WHEREAS, such proposed amendments will be published in the *Texas Register* for public comment from December 22, 2023, to January 22, 2024, 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 are hereby authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed action, together with the preambles in the form presented to this meeting, to be published in the *Texas Register* for public comment and, in connections, as they may deem necessary to effectuate the forgoing, including the preparation and requested revisions to 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, including the low-income housing tax credit program. As it relates to Department programs, Chapter 8 governs the Section 811 PRA Program.

The National Standards for the Physical Inspection of Real Estate (NSPIRE) is the new Housing and Urban Development (HUD) physical inspection standard protocol designed to reduce health and safety hazards in a home. NSPIRE was recently integrated into the Department's Compliance rules and replaces the Uniform Physical Condition Standards (UPCS) previously used by the Department. References to UPCS will be retained for a period, however NSPIRE is being added to be sure that all types of inspections would be covered.

The amendment to the rule also adds what the score cut-off must be if the most recent inspection was performed with NSPIRE. While the Department does not have any data yet by which to set the score, anecdotally we are hearing that properties are scoring lower than UPCS scores. This may be because the NSPIRE protocol is very unit focused and heavily weighted on unit deficiencies. There are over 100 life threatening deficiencies compared to the significantly fewer under UPCS. Therefore, staff is recommending in the draft that the threshold score for NSPIRE for 811 be a score of 75. This will assure that only good properties are participating, but will give a little more flexibility on the score.

Behind the proposed preamble for the proposed rule action is the rule shown in its blackline form reflecting changes to the rule.

Upon Board approval, the proposed section of the rule will be posted to the Department's website and published in the *Texas Register*. Public comment will be accepted from December 22, 2023, through January 22, 2024. After consideration for public comment, the amendment will be brought before the Board for final approval and subsequently published in the *Texas Register* for adoption.

Attachment A: Preamble, including required analysis, for proposed amendments to 10 TAC Chapter Chapter 8, Project Rental Assistance Program Rule, §8.4, Qualification Requirements for Existing Developments

The Texas Department of Housing and Community Affairs (the Department) proposes amending 10 TAC Chapter 8, Project Rental Assistance Program Rule, §8.4, Qualification Requirements for Existing Developments. The amendments will add reference to a new inspection protocol, NSPIRE, and specify what the minimum NSPIRE score must be to qualify for the 811 PRA Program as an existing development.

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.

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

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed rule action would be in effect, the proposed actions do not create or eliminate a government program, but relate to changes to an existing activity, existing properties qualifying for the 811 PRA Program.

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

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

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

5. The proposed amendment to the rule will not create a new regulation, but merely revises a regulation to reference a new inspection protocol;

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

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

8. The proposed 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 the clarification of what inspection method may be used and what the cut-off score would be for the NSPIRE inspection. 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.

REQUEST FOR PUBLIC COMMENT. All comments or questions in response to this action may be submitted in writing from December 22, 2023, through January 22, 2024. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston, P.O. Box 13941, Austin, Texas 78711-

3941, or by email to brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 pm Austin local (Central) time, January 22, 2024.

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

§8.4, Qualification Requirements for Existing Developments

Eligible Existing Developments must meet all of the requirements in §8.3 of this chapter (relating to Participation as a Proposed Development). In addition, the Existing Development must meet the following requirements:

(1) The Development received an award (tax credit, direct loan, etc.) under a Department administered program in or after 2002, or has been otherwise approved by the Department in writing;

(2) The Development has at least 5 housing units;

(3) For Developments that were placed in service on or before January 1, 2020~~2017~~, the most current vacancy report as reflected in CMTS evidences that the Development maintained at least 85% physical occupancy for a period of at least 3 consecutive months;

(4) For Developments that have received a UPCS inspection, the Development received a UPCS score of at least 80 on its most recent Department REAC inspection and all compliance issues associated with that inspection have been resolved; or for Developments whose most recent Department inspection is an NSPIRE inspection, the Development must have received a NSPIRE score of at least 75 and all compliance issues associated with that inspection must have been resolved;

(5) The Development is operating in accordance with the accessibility requirements of Section 504, the Rehabilitation Act of 1973 (29 U.S.C. Section 794), as specified under 24 C.F.R. Part 8, Subpart C, or operating under the 2010 ADA standards with the exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" Federal Register 79 FR 29671; and

(6) The Development is not Transitional Housing as defined in ~~the 2018 Uniform Multifamily Rules~~Chapter 11 of this title.

File #: 457 **Agenda Date:** 12/7/2023 **Agenda #:** 7.

Presentation, discussion, and possible action on order proposing the repeal of 10 TAC Chapter 23, Single Family HOME Program, and orders proposing new 10 TAC Chapter 23, Single Family HOME Program Rules, 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, the Department is proposing to repeal all sections of 10 TAC Chapter 23, Single Family HOME Program and proposing all new 10 TAC Chapter 23, Single Family HOME Program, to maintain compliance with federal and state requirements, conform with the federal HOME Program regulations at 24 CFR Part 92, as amended, and provide for consistency with other provisions of the rule; 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 December 22, 2023 to January 22, 2024;

NOW, therefore, it is hereby

RESOLVED, that the proposed repeal of 10 TAC Chapter 23, Single Family HOME Program, and new 10 TAC Chapter 23 regarding the Single Family HOME Program 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 proposed repeal of 10 TAC Chapter 23, Single Family HOME Program, and new 10 TAC Chapter 23, Single Family HOME Program 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 Single Family HOME Program rules at 10 TAC Chapter 23 provide the administrative framework for all Single Family HOME Program activities, including Homeowner Reconstruction Assistance (HRA), Contract for Deed (CFD), Single Family Development (SFD), Tenant-Based Rental Assistance (TBRA), and Homebuyer Assistance with New Construction (HANC).

The purpose of repealing 10 TAC Chapter 23, Single Family HOME Program rule and proposing a new 10 TAC Chapter 23 is to update and implement procedures for implementation of the HOME Program. Changes were made to most subchapters; therefore, the Department is repealing and proposing a new Chapter instead of amending the existing Chapter. Staff has summarized the significant changes proposed to be made to the Single Family HOME Rule at 10 TAC Chapter 23 below. A black line version with all changes will be available on the Department's website during the public comment period.

The Department held a roundtable discussion on November 10, 2023, regarding the Single Family HOME Program. The roundtable discussion included changes to the Single Family HOME Program approved in the consolidated plan and the proposed changes to HOME Single Family rule. Comments and suggestions received from the roundtable discussions were taken into consideration during the preparation of the proposed HOME Rule as presented at this meeting.

Summary of Significant Changes:

- Administrative deficiency resolution deadline for Administrator Applications increased from seven days to 14 days.
- Property inspection photos for construction Activities must include clear photos of the entire property, including other structures.
- Deadline for submission of project completion report may be amended to exceed 60 days.
- Administrative Funds increased for each HOME Program Activity eligible for these funds. The new limitations proposed are five percent for HRA, eight percent for CFD and HANC, and ten percent for TBRA.
- If a TBRA applicant is a local government, Service Area may be limited to the applicant's jurisdiction instead of an entire county.
- Increases the number of ways that a TBRA assisted household may be eligible for extended assistance.
- Administrators may obtain the Department's consent to issue a Certificate of Eligibility prior to reserving funds for a TBRA applicant.
- Monthly subsidy requests for TBRA are allowed starting on the 10th day of the month prior to the subsidized month.

Attachment A: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 23, Single Family HOME Program Rule

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 23, Single Family HOME Program Rule. The purpose of the proposed repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

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.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed repeal would be in effect, the proposed repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, administration of the HOME Program.

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor is the proposed repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal does not result in an increase in fees paid to the Department, nor 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 action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the administration of the Single Family HOME Program.

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 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 proposed repeal and determined that the proposed 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 nor 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 repealed chapter 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 has also 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. The public comment period will be held December 22, 2023, to January 22, 2024, to receive input on the proposed repealed chapter. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Abigail Versyp, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email HOME@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central time, January 22, 2024.

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 repealed chapter affects no other code, article, or statute.

SUBCHAPTER A, GENERAL GUIDANCE
§23.1 Applicability and Purpose
§23.2 Definitions

SUBCHAPTER B, AVAILABILITY OF FUNDS, APPLICATION REQUIREMENTS, REVIEW AND AWARD PROCEDURES, GENERAL ADMINISTRATIVE REQUIREMENTS, AND RESALE AND RECAPTURE OF FUNDS
§23.20 Availability of Funds and Regional Allocation Formula
§23.21 Application Forms and Materials and Deadlines
§23.22 Contract Award Application Review Process for Open and Competitive Application Cycles

§23.23 Reservation System Participant Review Process
§23.24 Administrative Deficiency Process
§23.25 General Threshold and Selection Criteria
§23.26 Contract Benchmarks and Limitations
§23.27 Reservation System Participant (RSP) Agreement
§23.28 General Administrative Requirements
§23.29 Resale and Recapture Provisions

SUBCHAPTER C HOMEOWNER REHABILITATION ASSISTANCE PROGRAM
§23.30 Homeowner Rehabilitation Assistance (HRA) Threshold and Selection Criteria
§23.31 Homeowner Rehabilitation Assistance (HRA) General Requirements
§23.32 Homeowner Rehabilitation Assistance (HRA) Administrative Requirements

SUBCHAPTER D, HOMEBUYER ASSISTANCE PROGRAM
§23.40 Homebuyer Assistance (HBA) Threshold and Selection Criteria
§23.41 Homebuyer Assistance (HBA) General Requirements
§23.42 Homebuyer Assistance (HBA) Administrative Requirements

SUBCHAPTER E, CONTRACT FOR DEED PROGRAM
§23.50 Contract for Deed (CFD) Threshold and Selection Criteria
§23.51 Contract for Deed (CFD) General Requirements
§23.52 Contract for Deed (CFD) Administrative Requirements

SUBCHAPTER F, TENANT-BASED RENTAL ASSISTANCE PROGRAM
§23.60 Tenant-Based Rental Assistance (TBRA) Threshold and Selection Criteria
§23.61 Tenant-Based Rental Assistance (TBRA) General Requirements
§23.62 Tenant-Based Rental Assistance (TBRA) Administrative Requirements

SUBCHAPTER G, SINGLE FAMILY DEVELOPMENT PROGRAM
§23.70 Single Family Development (SFD) Threshold and Selection Criteria
§23.71 Single Family Development (SFD) General Requirements
§23.72 Single Family Development (SFD) Administrative Requirements

SUBCHAPTER H, HOMEBUYER ASSISTANCE WITH NEW CONSTRUCTION (HANC) OR REHABILITATION
§23.80 Homebuyer Assistance with New Construction (HANC) or Rehabilitation Threshold and Selection Criteria
§23.81 Homebuyer with New Construction or Rehabilitation (HANC) General Requirements
§23.82 Homebuyer with New Construction (HANC) Administrative Requirements

Attachment B: Preamble for proposed new 10 TAC Chapter 23 Single Family HOME Program Rule

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 23, Single Family HOME Program Rule. The purpose of the proposed new chapter is to update the rule to implement a more germane rule and better align administration to state and federal requirements.

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 proposed new rule would be in effect:

1. The proposed new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to administration of the Department's Single Family HOME Program activities, including Homeowner Reconstruction Assistance, Contract for Deed, Tenant-Based Rental Assistance, Single Family Development, and Homebuyer Assistance with New Construction.

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 work load 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 a decrease in fees paid to the Department.

5. The proposed new rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The proposed new rule will not expand or repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the administration of the Department's Single Family HOME Program.

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, in drafting this proposed new rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code, §2306.111.

1. The Department has evaluated this proposed new rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. There are approximately 60 rural communities currently participating in construction activities under the Single Family HOME Program that are subject to the proposed new rule for which the no economic impact of the rule is projected during the first year the rule is in effect.

3. The Department has determined that because the proposed new rule serves to clarify and update existing requirements and does not establish new requirements for which there would be an associated cost, there will be no 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 nor 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 rule will be in effect the proposed new rule has no economic effect on local employment because the rule serves to clarify and update existing requirements and does not establish new requirements or activities that may positively or negatively impact local economies.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that participation in the Single Family HOME Program is at the discretion of the local government or other eligible subrecipients, there are no "probable" effects of the proposed new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). 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 rule will be an updated and more germane rule. There will not be any economic cost to any individuals required to comply with the new section because the HOME Program provides reimbursement to those entities whom are subject to the rule for the cost of compliance with the rule.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson has also determined that for each year of the first five years the proposed new 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 because the Single Family HOME Program is a federally funded program, and no increase in the requirement to match federal funds is proposed in the rule.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held December 22, 2023, to January 22, 2024, to receive input on the new proposed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Abigail Versyp, Rule Comments, P.O. Box 13941, Austin, Texas 8711-3941, by fax to (512) 475-0220, or email abigail.versyp@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central time, January 22, 2024.

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

CHAPTER 23 SINGLE FAMILY HOME PROGRAM

SUBCHAPTER A GENERAL GUIDANCE

§23.1 Applicability and Purpose

(a) Applicability. This Chapter governs the use and administration of all HOME single family Activities funds provided to the Texas Department of Housing and Community Affairs (the "Department") by the U.S. Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 as amended (42 U.S.C. §§12701 - 12839) and HUD regulations at 24 CFR Part 92, as amended. Chapter 20 of this Title relating to Single Family Programs Umbrella Rule and Chapters 1 and 2 of this Title will apply to all single family activities, including Single Family Development. Unless otherwise noted herein or required by law, all provisions of this Chapter apply to any Application for a Contract award, or any Reservation submitted or received on or after the date of adoption of this Chapter. Existing Agreements executed within the preceding 12 months from the date of adoption of this Chapter or current pending Applications may be amended in writing at the request of the Administrator or Applicant, and with Department approval, so that all provisions of this Chapter apply to the Agreement or Application. Amendments proposing only partial adoption of this Chapter are prohibited. No amendment adopting this Chapter shall be granted if, in the discretion of the Department, any of the provisions of this Chapter conflict with the Notice of Funding Availability (NOFA) under which the existing Agreement was awarded or Application was submitted. The Governing Board may waive rules subject to this Chapter for good cause to meet the purpose of the HOME Program as described further in subsection (b) of this section, provided the waiver does not conflict with the federal regulations governing the use of these funds, or impact federally imposed obligation or expenditure deadlines governing the HOME Program.

(b) Purpose. The State's HOME Program is designed to:

(1) focus on the areas with the greatest housing need described in the State Consolidated Plan;

(2) provide funds for home ownership and rental housing through acquisition, Reconstruction, New Construction, and Tenant-Based Rental Assistance;

(3) promote partnerships among all levels of government and the private sector, including nonprofit and for-profit organizations; and

(4) provide low, very low, and extremely low-income families with affordable, decent, safe, and sanitary housing.

§23.2 Definitions

These words when used in this Chapter shall have the following meanings, unless the context clearly indicates otherwise. Additional definitions may be found in Tex. Gov't Code Chapter 2306 or Chapter 20 of this Title relating to Single Family Programs Umbrella Rule.

(1) Area Median Family Income--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 eligibility of Applicants for the HOME Program, also referred to as AMFI.

(2) CFR--Code of Federal Regulations.

(3) Commitment of Funds--Occurs when the funds are awarded to an Administrator for a specific Activity approved by the Department and set up in the Integrated Disbursement and Information System (IDIS) established by HUD.

(4) Construction Completion Date--The Construction Completion Date shall be the date of completion of all improvements as stated on the affidavit of completion, provided that the affidavit is filed within ten days of the stated date of completion or the date of filing as outlined in Tex Prop. Code §53.106.

(5) Date of Assistance--The date that assistance is provided to the Household. For Tenant-Based Rental Assistance, this is the start date of the rental subsidy. For Homeowner Reconstruction Assistance and Contract for Deed, this is the date of the loan closing or date of execution of grant agreement. For Single Family Development and Homebuyer Assistance with New Construction, this is the date that the Household executes the purchase agreement.

(6) Development Site--The area, or if scattered site, areas on which the development is proposed to be located.

(7) Direct Activity Costs--The total costs of hard construction costs, demolition costs, aerobic septic systems, refinancing costs (as applicable), acquisition and closing costs for acquisition of real property, and rental and utility subsidy and deposits.

(8) HOME Final Rule--The regulations with amendments promulgated at 24 CFR, Part 92 as published by HUD for the HOME Investment Partnerships Program at 42 U.S.C. §§12701 - 12839.

(9) Homeownership--Ownership in fee simple title in a one to four unit dwelling or in a condominium unit, or equivalent form of ownership approved by the Department. Homeownership is not right to possession under a contract for deed, installment contract, or land contract that has not converted into a deed for title ownership.

(10) Identity of Interest--An acquisition will be considered to be an Identity of Interest transaction when the purchaser has any financial interest whatsoever in the seller or lender or is subject to common control, or any family relationship by virtue of blood, marriage, or adoption exists between the purchaser and the seller or lender.

(11) Match--Funds contributed to an Activity that meet the requirements of 24 CFR §§92.218 - 92.220. Match contributed to an Activity does not include mortgage revenue bonds, non HOME-assisted projects, and cannot include any other sources of Department funding unless otherwise approved in writing by the Department.

(12) New Construction--Construction of a new Single Family Housing Unit which involves:

(A) Construction on a lot that was not the site of a Single Family Housing Unit on the date HOME assistance was requested;

(B) Construction of a new Single Family Housing Unit following acquisition; or

(C) Construction of a site-built Single Family Housing Unit that replaces a manufactured housing unit.

(13) Person--Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character.

(14) Persons with Special Needs--Individuals or categories of individuals determined by the Department to have unmet housing needs as provided in the Consolidated Plan and the State's One Year Action Plan.

(15) Predevelopment Costs--Costs consistent with 24 CFR §92.212 related to a specific eligible Activity including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, and site control;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies and legal fees; and

(C) Predevelopment costs do not include general operational or administrative costs.

(16) Principal--A Person, or Persons, that will exercise Control over a partnership, corporation, limited liability company, trust, or any other private entity. In the case of:

(A) Partnerships: Principals include all General Partners, special limited partners, and Principals with ownership interest;

(B) Corporations: Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer, and all other executive officers, and each stock holder having a ten percent or more interest in the corporation; and

(C) Limited liability companies: Principals include all managing members, members having a ten percent or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

(17) Reconstruction--Has the same meaning as the defined term in 24 CFR §92.2.

(18) Reservation System Participant (RSP)--Administrator who has executed a written Agreement with the Department that allows for participation in the Reservation System.

(19) Service Area--The city(ies), county(ies) and/or place(s) identified in the Application and/or Agreement that the Administrator will serve.

(20) Third Party--A Person who is not:

(A) An Applicant, Administrator, Borrower, General Partner, Developer, Development Owner, or General Contractor; or

(B) An Affiliate, Affiliated Party to the Applicant, Administrator, Borrower, General Partner, Developer, Development Owner, or General Contractor; or

(C) A Person receiving any portion of the administration, contractor fee, or developer fee.

SUBCHAPTER B AVAILABILITY OF FUNDS, APPLICATION REQUIREMENTS, REVIEW AND AWARD PROCEDURES, GENERAL ADMINISTRATIVE REQUIREMENTS, AND RESALE AND RECAPTURE OF FUNDS

§23.20 Availability of Funds and Regional Allocation Formula

Funds made available through an open Application cycle and subject to regional allocation formula shall be made available to each region and subregion for a time period to be specified in the applicable NOFA, after which the funds remaining shall collapse and be made available statewide.

§23.21 Application Forms and Materials and Deadlines

(a) The Department will produce an Application to satisfy the Department's requirements to be qualified to administer HOME activities. The Application will be available on the Department's website.

(b) The Department must receive all Applications by the deadline specified in the NOFA.

§23.22 Contract Award Application Review Process for Open Application Cycles

An Application received by the Department in response to an open Application cycle NOFA will be assigned a "Received Date." An Application will be prioritized for review based on its "Received Date." Application acceptance dates may be staggered under an open Application cycle to prioritize Applications which propose to serve areas identified in Tex. Gov't Code §2306.127 as priority for certain communities. An Application with outstanding administrative deficiencies under Section 23.24 of this Chapter, may be suspended from further review until all administrative deficiencies have been cured or addressed to the Department's satisfaction. Applications that have completed the review process may be presented to the Board for approval with priority over Applications that continue to have administrative deficiencies at the time Board materials are prepared, regardless of "Received Date." If all funds available under a NOFA are awarded, all remaining Applicants will be notified and the remaining Applications will not be processed.

§23.23 Reservation System Participant Review Process

An Application for a Reservation System Participant (RSP) Agreement shall be reviewed and if approved under Chapter 1, Subchapter C of this Title, as amended or superseded, concerning Previous Participation and the Executive Award and Review Advisory Committee, and not denied under Section 23.24 of this Chapter, will be drafted and processed in the order in which it was accepted to be executed and made effective.

§23.24 Administrative Deficiency Process

(a) The administrative deficiency process allows staff to request that an Applicant provide clarification, correction, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. Staff will request such information via a deficiency notice. Staff will send the deficiency notice via an email or if an email address is not provided in the Application, by facsimile to the Applicant. Responses must be submitted electronically to the Department. A review of the Applicant's response may reveal that issues initially identified as an administrative deficiency are actually determined to be beyond the scope of an administrative deficiency process, meaning that they are in fact matters of a material nature not susceptible to being resolved. Department staff may, in good faith, provide an Applicant confirmation that an administrative deficiency response has been received or that such response is satisfactory. Communication from staff that the response was satisfactory does not establish any entitlement to points, eligibility status, or to any presumption of having fulfilled any requirements. Final determination regarding the sufficiency of documentation submitted to cure an administrative deficiency as well as the distinction between material and non-material missing information are reserved for the Executive Director or authorized designee, and Board, as applicable.

(b) An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, and may not add any set-asides, except in response to a direct request from the Department to remedy an administrative deficiency or by amendment of an Application after the Board approval of a HOME award. An administrative deficiency may not be cured if it would, in the Department's determination, substantially change an Application, or if the Applicant provides any new unrequested information to cure the deficiency.

(c) The time period for responding to a deficiency notice commences on the first day following the deficiency notice date. If an administrative deficiency is not resolved to the satisfaction of the Department by 5:00 p.m., central time, on the ~~seventh~~14th day following the date of the deficiency notice, the application may be terminated. The Department may accept a corrected Board Resolution submitted after the deficiency deadline on the condition that the corrected Board Resolution resolves the deficiencies to the satisfaction of the Department, but the Board Resolution must be received and deemed satisfactory by the Department before the RSP Agreement or Contract start date. Applicants that have been terminated may reapply.

§23.25 General Threshold Criteria

(a) General Threshold. All Applicants and Applications to administer a HOME Program award from the Department must submit or comply with the following:

(1) An Applicant certification of compliance with state rules promulgated by the Department, and federal laws, rules and guidance governing the HOME Program as provided in the Application.

(2) A Resolution from the Applicant's direct governing body which includes:

(A) Authorization of the submission of the Application specifying the NOFA under which funds are requested for Contract award Applications;

(B) Commitment and amount of cash reserves, if applicable, for use during the Contract or RSP Agreement term;

(C) Source of funds for Match obligation and Match ~~dollar amount~~amount to be contributed as a percentage of Direct Activity Costs, if applicable;

(D) ~~Name and title~~Title of the person authorized to represent the organization and who also has signature authority to execute a Contract and grant agreement or loan documents, as applicable, unless otherwise stated; and

(E) Date that the resolution was passed by the governing body, which must be within six months preceding Application submission for Reservation System Participation Agreement Applications, and no earlier than the date of the Department's Governing Board approval of the NOFA for Contract award Applications.

(3) An Applicant must be registered in the System for Award Management (SAM) and have a current ~~Data Universal Numbering System (DUNS~~Unique Entity Identification (UEID) number.

(4) An Application must be substantially complete when received by the Department. An Application will be terminated if an entire tab of the Application is missing; has excessive omissions of documentation from the threshold or selection criteria or uniform Application documentation; or is so unclear, disjointed, or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department. Such Application will be terminated without being processed as an administrative deficiency. To the extent that a review was able to be performed, specific reasons for the Department's termination will be included in the notification sent to the Applicant but, because of the suspended review, may not include an all inclusive list of deficiencies in the Application.

§23.26 Contract Benchmarks and Limitations

(a) Contract Award Funding Limits. Limits on the total amount of a Contract award will be established in the NOFA.

(b) Contract Award Terms. Homeowner Reconstruction Assistance awards will have a Contract term of not more than 21 months, exclusive of any applicable affordability period or loan term. Single Family Development awards will have a Contract term of not more than 24 months, exclusive of any applicable affordability period or loan term. Tenant-Based Rental Assistance awards will have a Contract term of not more than 36 months.

(c) Contract Award Benchmarks. Administrators must have attained environmental clearance for the contractually required number of Households served within six months of the effective date of the Contract. Contract Administrators must submit to the Department complete Activity setup information for the Commitment of Funds of all contractually required Households in accordance with the requirements herein within nine months from the effective date of the Contract. All remaining funds will be deobligated and reallocated in accordance with Chapter 1 of this Title relating to Reallocation of Financial Assistance.

(d) Voluntary deobligation. The Administrator may fully deobligate funds in the form of a written request signed by the signatory, or successor thereto, of the Contract. The Administrator may partially deobligate funds under a Contract in the form of a written request from the signatory if the letter also deobligates the associated number of targeted Households, funds for administrative costs, and Match and the partial deobligation would not have impacted the award of the Contract. Voluntary deobligation of a Contract does not limit an Administrator's ability to participate in an open application cycle.

(e) The Department may request information regarding the performance or status under a Contract prior to a Contract benchmark or at various times during the term of a Contract. Administrator must respond within the time limit stated in the request. Prolonged or repeated failure to respond may result in suspension of funds and ultimately in termination of the Contract by the Department.

(f) Pre-Contract Costs.

(1) The Administrator may be reimbursed for eligible administrative and Activity soft costs incurred before the effective date of the Contract in accordance with 24 CFR §92.212 and at the sole discretion of the Department.

(2) A Community Housing Development Organization may be reimbursed for Predevelopment Costs as defined in this Chapter for an Activity funded under Single Family Development.

(3) In no event will the Department reimburse expenses incurred more than six months prior to Governing Board approval of the Administrator's award.

(g) Amendments to Contract awards will be processed in accordance with Chapter 20 of this Title, relating to Single Family Programs Umbrella Rule.

§23.27 Reservation System Participant (RSP) Agreement

(a) Terms of Agreement. The term of an RSP Agreement will not exceed 36 months. Execution of an RSP Agreement does not guarantee the availability of funds under a reservation system. Reservations submitted under an RSP agreement will be subject to the provisions of this Chapter in effect as of the date of submission by the Administrator.

(b) Limits on Number of Reservations. Except for Activities submitted under the Disaster set-aside, RSP Administrators may have no more than five Reservations per county within the RSP's Service Area submitted to the Department for approval at any given time, except that Tenant-Based Rental Assistance Reservations submitted for approval under an RSP Agreement is limited to 30 at any given time.

(c) Extremely Low-Income Households. Except for Households submitted under the Disaster set-aside, each RSP will be required to serve at least one extremely low-income Household out of every four Households submitted and approved for assistance. For purposes of this subsection, extremely low-income is defined as families that are either at or below 30 percent AMFI for the county in which they will reside or have an income that is lower than the statewide 30 percent income limit without adjustments to HUD limits.

(d) Match. Administrators must meet the Match requirement per Activity approved for assistance.

(e) Completion of Construction. For Activities involving construction, construction must be complete within 12 months from the Commitment of Funds for the Activity, unless amended in accordance with paragraph (g) of this Section.

(f) Household commitment contract term. The term of a Household commitment contract may not exceed 12 months, except that the Household commitment contract term for Tenant-Based Rental Assistance may not exceed 24 months. Household commitment contracts may commence after the end date of an RSP Agreement only in cases when the Administrator has submitted a Reservation on or before the termination date of the RSP Agreement.

(g) Amendments to Household commitment contracts may be considered by the Department provided the approval does not conflict with the federal regulations governing use of these funds, or impact federally imposed obligation or expenditure deadlines.

(1) The Executive Director's authorized designee may approve an amendment that extends the term of a Household commitment contract by not more than six months, except that the term of a Household commitment contract for Tenant-Based Rental Assistance may not be extended to exceed a total Household commitment contract term of 24 months.

(2) The Executive Director's authorized designee may approve one or more amendments to a Household commitment contract to:

(A) extend the Construction Completion Date by not more than six months;

(B) extend the term of rental subsidy up to a total term of 24 months;

(C) extend the draw period by not more than three months after the Construction Completion Date or termination of rental subsidy; or

(D) to increase Activity funds within the limitations set forth in this Chapter.

(3) The Executive Director may approve amendments to a Household commitment contract, except amendments to extend the contract term of a Household Commitment contract by more than 12 months.

(h) Pre-agreement costs. The Administrator may be reimbursed for eligible administrative and Activity soft costs incurred before the effective date of the RSP Agreement in accordance with 24 CFR §92.212 and at the sole discretion of the Department. In no event will the Department reimburse expenses incurred more than six months prior to the effective date of the RSP Agreement.

(i) Administrator must remain in good standing with the Department, the state of Texas, and HUD. If an Administrator is not in good standing, participation in the Reservation System will be suspended and may result in termination of the RSP Agreement.

§23.28 General Administrative Requirements

Unless otherwise provided in this Chapter, the Administrator or Developer must comply with the requirements described in paragraphs (1) - (21) of this section, for the administration and use of HOME funds:

(1) Complete training, as applicable.

(2) Provide all applicable Department Housing Contract System access request information and documentation requirements.

(3) Establish and maintain sufficient records at its regular place of business and make available for examination by the Department, HUD, the U.S. General Accounting Office, the U.S. Comptroller, the State Auditor's Office of Texas, the Comptroller of Public Accounts, or any of their duly authorized representatives, throughout the applicable record retention period.

(4) For non-Single Family Development Contracts, develop and establish written procurement procedures that comply with federal, state, and local procurement requirements including:

(A) Develop and comply with written procurement selection criteria and committees, including appointment of a procurement officer to manage any bid process;

(B) Develop and comply with a written code of conduct governing employees, officers, or agents engaged in administering HOME funds;

(C) Ensure consultant or any procured service provider does not participate in or direct the process of procurement for services. A consultant cannot assist in their own procurement before or after an award is made;

(D) Ensure that procedures established for procurement of building construction contractors do not include requirements for the provision of general liability insurance coverage in an amount to exceed the value of the contract and do not give preference for contractors in specific geographic locations;

(E) Ensure that building construction contractors are procured in accordance with State and Federal regulations for single family HOME Activities;

(F) Ensure that professional service providers (consultants) are procured using an open competitive procedure and are not procured based solely on the lowest priced bid; and

(G) Ensure that any Request for Proposals or Invitation for Bid include:

(i) an equal opportunity disclosure and a notice that bidders are subject to search for listing on the Excluded Parties List;

(ii) bidders' protest rights and an outline of the procedures bidders must take to address procurement related disputes;

(iii) a conflict of interest disclosure;

(iv) a clear and accurate description of the technical requirements for the material, product, or service to be procured. The description must include complete, adequate, and realistic specifications;

(v) for sealed bid procedures, disclose the date, time and location for public opening of bids and indicate a fixed-price contract;

(vi) must not have a term of services greater than five years; and

(vii) for competitive proposals, disclose the specific election/evaluation criteria.

(5) In instances where a potential conflict of interest exists, follow procedures to submit required documentation to the Department sufficient to submit an exception request to HUD for any conflicts prohibited by 24 CFR §92.356. The request submitted to the Department must include a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict by newspaper publication, a description of how the public disclosure was made, and an attorney's opinion that the conflict does not violate state or local law. No HOME funds will be committed to or reserved to assist a Household impacted by the conflict of interest regulations until HUD has granted an exception to the conflict of interest provisions.

(6) Perform environmental clearance procedures, as required, before acquiring any Property or before performing any construction activities, including demolition, or before the occurrence of the loan closing, if applicable.

(7) Develop and comply with written Applicant intake and selection criteria for program eligibility that promote and comply with Fair Housing requirements and the State's One Year Action Plan.

(8) Complete Applicant intake and Applicant selection. Notify each Applicant Household in writing of either acceptance or denial of HOME assistance within 60 days following receipt of the intake application.

(9) Determine the income eligibility of a Household using the "Annual Income" as defined at 24 CFR §5.609, by using the list of income included in HUD Handbook 4350.3 (or most recent version), and excluding from income those items listed in HUD's Updated List of Federally Mandated Exclusions from Income.

(10) Complete an updated income eligibility determination of a Household if the date of certification is more than six months prior to the Date of Assistance.

(11) For single family Activities involving construction, perform initial inspection in accordance with Chapter 20 of this Title (relating to Single Family Programs Umbrella Rule). Property inspections must include photographs of the front, back, and side ~~elevation~~elevations of the housing unit and at least one picture of each of the kitchen, family room, ~~one of the bedrooms~~each bedroom and ~~one of the~~each bathrooms. The inspection must be signed and dated by the inspector and the Administrator. The photographs submitted with the initial inspection should evidence the deficiencies noted on the initial inspection and must clearly show the entire property, including other buildings located on the property, ~~clearly~~.

(12) Submit a substantially complete request for the Commitment or Reservation of Funds, loan closing preparation, and for disbursements. Administrators must upload all required information and verification documentation in the Housing Contract System. Requests determined to be substantially incomplete will not be reviewed and may be disapproved by the Department. Expenses for which reimbursement is requested must be documented as incurred. If the Department identifies administrative deficiencies during review, the Department will allow a cure period of 14 calendar days beginning at the start of the first day following the date the Administrator or Developer is notified of the deficiency. If any administrative deficiencies remain after the cure period, the Department, in its sole discretion, may disapprove the request. Disapproved requests will not be considered sufficient to meet the performance benchmark and shall not constitute a Reservation of Funds.

(13) Submit signed program documents timely as may be required for the completion of a Commitment or Reservation of Funds, and for closing preparation of the loan or grant documents. Department reserves the right to cancel or terminate Activities when program documents are not executed timely, in the Department's sole and reasonable discretion.

(14) Not proceed or allow a contractor to proceed with construction, including demolition, on any Activity or development without first completing the required environmental clearance procedures, preconstruction conference and receiving notice to proceed, if applicable, and execution of grant agreement or loan closing with the Department, whichever is applicable.

(15) Submit any Program Income received by the Administrator or Developer to the Department within 14 days of receipt; any fund remittance to the Department, including refunds, must include a written explanation of the return of funds, the Contract number, name of Administrator or Developer, Activity address and Activity number, and must be sent to the Department's accounting division.

(16) Submit required documentation for project completion reports no later than 60 days after the completion of the Activity, unless this term is extended though amendment.

(17) For Contract awards, submit certificate of Contract Completion within 14 days of the Department's request.

(18) Submit to the Department reports or information regarding the operations related to HOME funds provided by the Department.

(19) Submit evidence with the final draw for construction related activities that the builder has provided a one-year warranty specifying at a minimum that materials and equipment used by the contractor will be new and of good quality unless otherwise required, the work will be free from defects other than those inherent in the work as specified, and the work will conform to the requirements of the contract documents.

(20) Provide the Household all warranty information for work performed by the builder and any materials purchased for which a manufacturer or installer's warranty is included in the price.

(21) If required by state or federal law, place the appropriate bonding requirement in any contract or subcontract entered into by the Administrator or Developer in connection with a HOME award may result in termination of the RSP Agreement.

§23.29 Resale and Recapture Provisions

(a) Recapture is the primary method the Department will use to recoup HOME funds under 24 CFR §92.254(a)(5)(ii).

(b) To ensure continued affordability, the Department has established the recapture provisions described in paragraphs (1) - (4) of this subsection and further defined in 24 CFR §92.254(a)(5)(ii).

(1) In the event that a federal affordability period is required and the assisted property is rented, leased, or no member of the Household has it as the Principal Residence, the entire HOME investment is subject to recapture. The Department will include any loan payments previously made when calculating the amount subject to recapture. Loan forgiveness is not the same thing as loan payments for purposes of this subsection.

(2) In the event that a federal affordability period is required and the assisted property is sold, including through a short sale, deed in lieu of foreclosure, or foreclosure, prior to the end of the affordability period, the Department will recapture the available amount of net proceeds based on the requirements of 24 CFR §92.254, and as outlined in the State's One Year Action Plan.

(3) The Household can sell the unit to any willing buyer at any price. In the event of sale to a qualified low-income purchaser of a HOME-assisted unit, the qualified low-income purchaser may assume the existing HOME loan and assume the recapture obligation entered into by the original buyer if no additional HOME assistance is provided to the low-income purchaser. 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 24 CFR §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.

(4) If there are no net proceeds from the sale, no repayment will be required of the Household and the balance of the loan shall be forgiven as outlined in the State's applicable One Year Action Plan.

(c) The Department has established the resale provisions described in paragraphs (1) - (7) of this subsection, only in the event that the Department must impose the resale provisions of 24 CFR §92.254(a)(i).

(1) Resale is defined as the continuation of the affordability period upon the sale or transfer, rental or lease, refinancing, and no member of the Household is occupying the property as their Principal Residence.

(2) 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.

(3) 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) The resale provisions shall remain in force from the date of loan closing until the expiration of the required affordability period.

(5) The Household is required to sell the home at an affordable price to a reasonable range of low-income homebuyers that will occupy the home 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 AMFI and meet all program requirements.

(A) The seller will be afforded a fair return on investment 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.

(B) Fair return on investment is paid to the seller at sale once first mortgage debt 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 the appropriate partial fair return shall remain in force.

(6) The appreciated value is the affordable sales price less first mortgage debt less fair return.

(A) If appreciated value is zero, or less than zero, then no appreciated value exists.

(B) The initial homebuyer's investment of down payment and closing costs divided by the Department's HOME investment equals the percentage of appreciated value that shall be paid to the initial homebuyer or persons as otherwise directed by law. The balance of appreciated value shall be paid to the Department.

(7) The property qualified by the initial Household will be encumbered with a lien for the full affordability period.

(d) In the event the housing unit transfers by devise, descent, or operation of law upon the death of the assisted homeowner, forgiveness of installment payments under the loan may continue until maturity or the penalty amount for noncompliance under the conditional grant agreement may be waived, if the new Household qualifies for assistance in accordance with this subchapter. If the new Household does not qualify for assistance in accordance with this Chapter, forgiveness of installment payments will cease and repayment of scheduled payments under the loan will commence and continue until maturity or payment of a penalty amount under the conditional grant agreement may be required in accordance with the terms of the conditional grant agreement.

(e) Forgiveness of installment payments under the loan may continue until maturity or the penalty amount under conditional grant agreement may be waived by the Department if the housing unit is sold by the decedent's estate to a purchasing Household that qualifies for assistance in accordance with this Chapter.

(f) Grants subject to conditional grant agreements are not subject to the entire penalty amount in the event the property is no longer the Principal Residence of any Household member.

SUBCHAPTER C HOMEOWNER RECONSTRUCTION ASSISTANCE PROGRAM

§23.30 Homeowner Reconstruction Assistance (HRA) Threshold and Selection Criteria

(a) Match requirement. Excluding Applications under the disaster relief and persons with disabilities set asides, Match shall be required based on the tiers described in paragraphs (1) and (2) of this subsection:

(1) Zero percent of Direct Activity Costs, exclusive of Match, is required as Match:

(A) when the Service Area includes the entire unincorporated area of a county and where the population of Administrator's Service Area is less than or equal to 20,000 persons; or

(B) when the Service Area does not include the entire unincorporated area of a county and the population of the Administrator's Service Area is less than or equal to 3,000 persons.

(2) One percent of Direct Activity Costs, exclusive of Match, is required as Match for every 1,000 in population to a maximum of 15 percent.

(b) The Department shall use population figures from the most recently available U.S. census bureau's American Community Survey (ACS) as of the date of submission of the Application to determine the applicable Match. The Department may incentivize or provide preference to Applicants committing to provide additional Match above the requirement of this subsection. Such incentives may be established as selection criteria in the NOFA.

(c) Documentation is required of a commitment of at least $40,000 in cash reserves to facilitate administration of the program and to ensure the capacity to cover costs prior to reimbursement or costs determined to be ineligible for reimbursement. The amount of the cash reserve commitment must be included in the Applicant's resolution. To meet this requirement, Applicants must submit:

(1) financial statements indicating adequate local unrestricted cash or cash equivalents to utilize as cash reserves and a letter from the Applicant's bank(s) or financial institution(s) indicating that current account balances are sufficient; or

(2) evidence of an available line of credit or equivalent in an amount equal to or exceeding the requirement in this subsection.

(d) Selection criteria for this activity will be outlined in the NOFA.

§23.31 Homeowner Reconstruction Assistance (HRA) General Requirements

(a) Program funds may be used for the following under this subchapter:

(1) Reconstruction of housing on the same site meeting the following conditions:

(A) Replacement of an owner-occupied site-built house with either a new site-built house or a new Manufactured Housing Unit (MHU) on the same site;

(B) Replacement of an owner-occupied MHU with a new MHU on the same site;

(C) A unit that is not owner-occupied has been destroyed may be eligible for Reconstruction under subparagraph (A) or (B) of this paragraph if:

(i) the unit was the Principal Residence of the Household as of the date of destruction where evidence of the Household's Principal Residence is established by a homestead exemption from the local taxing jurisdiction and Household certification in effect at the date of destruction; and

(ii) HOME funds are committed within 12 months of the date of destruction.

(2) New Construction of housing meeting the following conditions:

(A) Construction of site-built housing on the same site to replace an existing owner-occupied MHU;

(B) Replacement of existing owner-occupied housing with an MHU or construction of site-built housing on another site contingent upon written approval of the Department; or

(C) Replacement of a housing unit determined to be uninhabitable within four years of submission of a Reservation for funds on the same site or another site when:

(i) the unit has been rendered uninhabitable as a direct result of a natural or man-made disaster, a condemnation order from the unit of local government, or a determination from the unit of local government that the unit presents an imminent threat to life, health, and safety of occupants; and

(ii) the Household's Principal Residence is established by a homestead exemption from the local taxing jurisdiction as of the date of the disaster, condemnation order, or determination of uninhabitably though a Certification.

(b) If a housing unit has an existing mortgage loan and Department funds are provided in the form of a loan, the Department will require a first lien position if the existing mortgage loan has an outstanding balance that is less than the investment of HOME funds and any of the statements described in paragraphs (1) - (3) of this subsection are true:

(1) A federal affordability period is required;

(2) Any existing mortgage has been in place for less than three years from the date the Household applies for assistance; or

(3) The HOME loan is structured as a repayable loan.

(c) The Household must be current on any existing mortgage loans or home equity loans. If the Department's assistance is provided in the form of a loan, the property cannot have any existing home equity loan liens.

(d) Direct Activity Costs, exclusive of Match funds, are limited to the amounts described in this subsection; however, not more than once per year, the Board in its sole discretion, may increase or decrease by up to five percent of the limitation for Direct Activity Costs. Total Activity costs may not exceed HUD Subsidy Limits. Dollar amounts in a Household commitment contract are set at the time of contract execution and may not be adjusted through this process. Current dollar amounts under this subsection will be reflected on the Department's website.

(1) Reconstruction and New Construction of site-built housing: the lesser of $120 per square foot of conditioned space or $135,000 or for Households of five or more Persons the lesser of $120 per square foot of conditioned space or $150,000 for a four-bedroom unit;

(2) Replacement with energy efficient MHU: $90,000; and

(3) Limits established in this subsection may be updated not more than annually at the discretion of the Board.

(e) In addition to the Direct Activity Costs allowable under subsection (d) of this section, a sum not to exceed $15,000 may be requested and if approved, used to pay for any or all of the following, as applicable:

(1) Necessary environmental mitigation as identified during the Environmental review process;

(2) Installation of an aerobic septic system; and

(3) Homeowner requests for accessibility features.

(f) Activity soft costs eligible for reimbursement for Activities of the following types are limited to:

(1) Reconstruction or New Construction of site-built housing: no more than $12,000 per housing unit;

(2) Replacement with an MHU: no more than $3,500 per housing unit; and

(3) Third-party Activity soft costs related to costs incurred in connection with an Activity under this section, such as required housing counseling, appraisals, title reports or insurance, tax certificates, recording fees, surveys, and first year hazard and flood insurance are not subject to a maximum per Activity.

(g) Funds for administrative costs are limited to no more than ~~four~~five percent of the Direct Activity Costs, exclusive of Match funds.

(h) For New Construction Activities, the assistance to an eligible Household shall be in the form of a loan in the amount of the Direct Activity Costs excluding Match funds. The loan will be at zero percent interest and include deferral of payment and annual pro rata forgiveness with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

(i) For Reconstruction Activities, the assistance to an eligible Household will be in the form of a grant agreement with a five year affordability period.

(j) To ensure affordability, the Department will impose resale and recapture provisions established in this Chapter.

(k) Site-built housing units must meet or exceed the 2000 International Residential Code and all applicable local codes, standards, ordinances, and zoning requirements. In addition, Reconstruction and New Construction housing is required to meet 24 CFR §92.251(a)(2) as applicable. MHUs must be installed according to the manufacturer's instructions and in accordance with Federal and State laws and regulations.

(l) Unless an exception is requested by the Household and approved by the Division Director prior to submission of the Activity, each unit must meet the design and quality requirements described in paragraphs (1) - (4) of this subsection:

(1) Include the following amenities: Wired with RG-6 COAX or better and CAT3 phone cable or better to each bedroom and living room; Blinds or window coverings for all windows; Oven/Range; Exhaust/vent fans (vented to the outside) in bathrooms; Energy-Star or equivalently rated lighting in all rooms, which may include LED bulbs. The living room and each bedroom must contain at least one ceiling lighting fixture and wiring must be capable of supporting ceiling fans;

(2) Contain no less than two bedrooms. Each unit must contain complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation;

(3) Each bedroom must be no less than 100 square feet; have a length or width no less than 8 feet; be self contained with a door; have at least one window that provides exterior access; and have at least one closet that is not less than two feet deep and three feet wide and high enough to contain at least five feet of hanging space; and

(4) Be no less than 800 total net square feet for a two bedroom home; no less than 1,000 total net square feet for a three bedroom and two bathroom home; and no less than 1,200 total net square feet for a four bedroom and two bathroom home.

(m) Housing proposed to be constructed under this subchapter must meet the requirements of Chapters 20 and 21 of this Title and must be certified by a licensed architect or engineer.

(1) The Department will reimburse only for the first time a set of architectural plans are used, unless any subsequent site specific fees are paid to a Third Party architect, or a licensed engineer.

(2) A NOFA may include incentives or otherwise require architectural plans to incorporate "green building" elements.

§23.32 Homeowner Reconstruction Assistance (HRA) Administrative Requirements

(a) Commitment or Reservation of Funds. The Administrator must submit the true and complete information, certified as such, with a request for the Commitment or Reservation of Funds as described in paragraphs (1) - (20) of this subsection:

(1) Head of Household name and address of housing unit for which assistance is being requested;

(2) A budget that includes the amount of Activity funds specifying the acquisition costs, construction costs, soft costs and administrative costs requested, a maximum of five percent of hard construction costs for contingency items, proposed Match to be provided, evidence that Direct Activity Cost and Soft Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed;

(3) Verification of environmental clearance;

(4) A copy of the Household's intake application on a form prescribed by the Department;

(5) Certification of the income eligibility of the Household signed by the Administrator and all Household members age 18 or over, and including the date of the income eligibility determination. In instances where the total Household income is within $3,000 of the 80 percent AMFI, all documentation used to determine the income of the Household;

(6) Project cost estimates, construction contracts, and other construction documents necessary to ensure applicable property standard requirements will be met at completion;

(7) When assistance is provided in the form of a loan, provide written consent from all Persons who have a valid lien or ownership interest in the Property;

(8) In the instance of relocation from one site to another site, the Household must document Homeownership of the existing unit to be replaced and must establish Homeownership of the lot on which the replacement housing unit will be constructed. The Household must agree to the demolition of the existing housing unit. HOME Activity funds cannot be used for the demolition of the existing unit and any funding used for the demolition is not eligible Match; however, solely for a Activity under this paragraph, the Administrator Match obligation may be reduced by the cost of such demolition without any Contract amendment;

(9) Identification of any Lead-Based Paint (LBP);

(10) For housing units located within the 100-year floodplain or otherwise required to carry flood insurance by federal or local regulation, certification from the Household that they understand the flood insurance requirements;

(11) Consent to demolish from any existing mortgage lien holders and consent to subordinate to the Department's loan, if applicable;

(12) If applicable, documentation to address or resolve any potential conflict of interest, Identity of Interest, duplication of benefit, or floodplain mitigation;

(13) A title commitment or policy or a down date endorsement to an existing title policy evidencing the Household's ownership of the property:

(A) For New Construction Activities, a title commitment or down-date endorsement to an existing title policy the effective date title commitment must be no more than 60 days prior to of the date of Activity submission. Title commitments for loan projects that expire prior to the loan closing date must be updated and must not have any adverse changes; and

(B) For Reconstruction Activities, a title report or a title commitment dated not more than six months prior to the date of Activity submission;

(14) Documents evidencing ownership, such as a warranty deed, life estate, or 99-year leasehold;

(15) If the housing to be replaced is an MHU, a Statement of Ownership and Location (SOL) for the MHU;

(16) Tax certificate that evidences a current paid status, and in the case of delinquency, evidence of an approved payment plan with the taxing authority and evidence that the payment plan is current;

(17) In the instances of replacement with an MHU, information necessary to draft loan documents or grant agreements to issue SOL;

(18) Life event documentation, as applicable, and all information necessary to prepare any applicable affidavits such as marital status and heirship;

(19) For disaster relief set-aside Activities, evidence that the housing unit occupied by the eligible Household was damaged as a direct result of a federal, state, or locally declared disaster that occurred less than four years prior to the submission of the Activity; and

(20) Any other documentation necessary to evidence that the Activity meets the program requirements.

(b) Loan closing or grant agreement. In addition to the documents required under subsection (a) of this section, the Administrator must submit the appraisal or other valuation method approved by the Department which establishes the post construction value of improvements for Activities involving construction prior to the issuance of grant or loan documents by the Department.

(c) Disbursement of funds. The Administrator must comply with all of the requirements described in paragraphs (1) - (12) of this subsection, for a request for disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the Administrator's compliance with requirements described in paragraphs (1) - (12) of this subsection, may be required with a request for disbursement:

(1) For construction costs associated with a loan, a down date endorsement to the title policy not older than the date of the last disbursement of funds or 45 days, whichever is later. For release of retainage the down date endorsement must be dated at least 40 days after the Construction Completion Date;

(2) For construction costs associated with a grant agreement, an interim lien waiver or final lien waiver. For release of retainage the release on final payment must be dated at least 40 days after the Construction Completion Date;

(3) If applicable, a maximum of 50 percent of Activity funds for an Activity may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Activity funds disbursed;

(4) Property inspections, including photographs of the front, back, and side ~~elevation~~elevations of the housing unit and at least one picture of the each of the kitchen, family room, ~~one of the bedrooms~~each bedroom and ~~one of the bathrooms~~each bathroom with date and property address reflected on each photo. The inspection must be signed and dated by the inspector and Administrator;

(5) Certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursal of, and accounting for, funds provided; that no Person that would benefit from the award of HOME funds; that it has satisfied any applicable cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME funds is for the actual cost of providing a service; and that the service does not violate any conflict of interest provisions;

(6) The executed grant agreement or original, executed, legally enforceable loan documents and statement of location, if applicable, for each assisted Household containing remedies adequate to enforce any applicable affordability requirements. Original documents must evidence that such agreements have been recorded in the real property records of the county in which the housing unit is located and the original documents must be returned, duly certified as to recordation by the appropriate county official;

(7) Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness for expenditures submitted for reimbursement. The Department may request Administrator to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such

additional requirements for payment of HOME funds to Administrator as may be necessary or advisable for compliance with all program requirements;

(8) The request for funds for administrative costs must be proportionate to the amount of Direct Activity Costs requested or already disbursed;

(9) Include the withholding of ten percent of hard construction costs for retainage. Retainage will be held until at least 40 days after the Construction Completion Date;

(10) For final disbursement requests, submission of documentation required for Activity completion reports and evidence that the demolition or, if an MHU, salvage and removal of all dilapidated housing units on the lot, certification or other evidence acceptable to Department that the replacement house, whether site-built or MHU, was constructed or placed on and within the same lot for which ownership was established and on and within the same lot secured by the loan or grant agreement, if applicable, and evidence of floodplain mitigation;

(11) The final request for disbursement must be submitted to the Department with support documentation no later than 60 days after the termination date of the Contract in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract; and

(12) For costs associated with insurance policies, including title policies and homeowner insurance policies, charged as Activity costs, evidence of payment of the cost must be submitted with the retainage request.

SUBCHAPTER D CONTRACT FOR DEED PROGRAM

§23.40 Contract for Deed (CFD) Threshold and Selection Criteria

Documentation that the Applicant can commit at least $40,000 in cash reserves to facilitate administration of the program and to ensure the capacity to cover costs prior to reimbursement or costs determined to be ineligible for reimbursement. The amount of the cash reserve commitment must be included in the Applicant's resolution. To meet this requirement, Applicants must submit:

(1) financial statements indicating adequate local unrestricted cash or cash equivalents to utilize as cash reserves and a letter from the Applicant's bank(s) or financial institution(s) indicating that current account balances are sufficient; or

(2) evidence of an available line of credit or equivalent in an amount equal to or exceeding the requirement in this subsection.

§23.41 Contract for Deed (CFD) General Requirements

(a) Program funds may be utilized for Acquisition or refinance, and New Construction, of single family housing units occupied by the purchaser as shown on an executory contract for conveyance.

(b) The Household's income must not exceed 80 percent AMFI.

(c) The Department shall limit the availability of funds for CFD for a minimum of 60 days for Activities proposing to serve Households whose income does not exceed 60 percent AMFI, and for properties located in a Colonia as defined in Tex. Gov't Code §2306.083.

(d) The Department will require a first lien position.

(e) Direct Activity Costs, exclusive of Match funds, are limited to the amounts described in this subsection; however, not more than once per year, the Board in its sole discretion, may increase or decrease by up to five percent of the limitation for Direct Activity Costs. Total Activity costs may not exceed HUD Subsidy Limits. Dollar amounts in a Household commitment contract are set at the time of contract execution and may not be adjusted through this process. Current dollar amounts under this subsection will be reflected on the Department's website.

(1) Refinance, acquisition, and closing costs: $35,000. In the case of a contract for deed housing unit that involves the refinance or acquisition of a loan on an existing MHU and/or the loan for the associated land, the Executive Director may grant an exception to exceed this amount, however, the Executive Director will not grant an exception to exceed $40,000 of assistance;

(2) Reconstruction and New Construction of site-built housing: the lesser of $120 per square foot of conditioned space or $135,000, or for Households of five or more Persons the lesser of $120 per square foot of conditioned space or $150,000 for a four-bedroom unit; and

(3) Replacement with an energy efficient MHU: $90,000.

(f) In addition to the Direct Activity Costs allowable under subsection (e) of this section, a sum not to exceed $15,000 may be used to pay for any or all of the following, as applicable:

(1) Necessary environmental mitigation as identified during the Environmental review process;

(2) Installation of an aerobic septic system; and

(3) Homeowner requests for accessibility features.

(g) Activity soft costs eligible for reimbursement for Activities of the following types are limited to:

(1) Acquisition or refinance, and New Construction of site-built housing: no more than $13,500 per housing unit; and

(2) Acquisition or refinance, and replacement with an MHU: no more than $5,000 per housing unit.

(h) Funds for administrative costs are limited to no more than ~~four~~eight percent of the Direct Activity Costs, exclusive of Match funds.

(i) The assistance to an eligible Household shall be in the form of a loan in the amount of the Direct Activity Costs excluding Match funds. The loan will be at zero percent interest and include deferral of payment and annual pro rata forgiveness with a term based on the federal affordability requirements as defined in 24 CFR §92.254. For refinancing activities, the minimum loan term and affordability period is 15 years, regardless of the amount of HOME assistance.

(j) To ensure affordability, the Department will impose resale or recapture provisions established in this Chapter.

(k) Site-built housing units must meet or exceed the 2000 International Residential Code and all applicable local codes, standards, ordinances, zoning requirements, and the standards outlined in 24 CFR §92.251(a)(2) as applicable. MHUs must be installed according to the manufacturer's instructions and in accordance with Federal and State laws and regulations.

(l) Unless an exception is requested by the Household and approved by the Division Director prior to submission of the Activity, each unit must meet the design and quality requirements described in paragraphs (1) - (4) of this subsection:

(1) Include the following amenities: Wired with RG-6 COAX or better and CAT3 phone cable or better to each bedroom and living room; Blinds or window coverings for all windows; Oven/Range; Exhaust/vent fans (vented to the outside) in bathrooms; Energy-Star or equivalently rated lighting in all rooms, which may include LED bulbs. The living room and each bedroom must contain at least one ceiling lighting fixture and wiring must be capable of supporting ceiling fans;

(2) Contain no less than two bedrooms. Each unit must contain complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation;

(3) Each bedroom must be no less than 100 square feet, have a length or width no less than eight fee, be self-contained with a door, have at least one window that provides exterior access, and have at least one closet that is not less than two feet deep and three feet wide and high enough to contain at least five feet of hanging space; and

(4) Be no less than 800 total net square feet for a two bedroom home; no less than 1,000 total net square feet for a three bedroom and two bathroom home; and no less than 1,200 total net square feet for a four bedroom and two bathroom home.

(m) Housing proposed to be constructed under this subchapter must meet the requirements of Chapters 20 and 21 of this Title (relating to Single Family Programs Umbrella Rule and Minimum Energy Efficiency Requirements for Single Family Construction Activities, respectively) and must be certified by a licensed architect or engineer.

(1) The Department will reimburse only for the first time a set of architectural plans are used, unless any subsequent site specific fees are paid to a Third Party architect, or a licensed engineer.

(2) A NOFA may include incentives or otherwise require architectural plans to incorporate "green building" elements.

§23.42 Contract for Deed (CFD) Administrative Requirements

(a) Commitment or Reservation of Funds. The Administrator must submit true and correct information, certified as such, with a request for the Commitment or Reservation of Funds as described in paragraphs (1) - (15) of this subsection:

(1) Head of Household name and address of housing unit for which assistance is being requested;

(2) A budget that includes the amount of Activity funds specifying the acquisition costs, construction costs, soft costs and administrative costs requested, a maximum of five percent of hard construction costs for contingency items, proposed Match to be provided, evidence that Activity and soft costs limitations are not exceeded, and evidence that any duplication of benefit is addressed;

(3) Verification of environmental clearance;

(4) A copy of the Household's intake application on a form prescribed by the Department;

(5) Certification of the income eligibility of the Household signed by the Administrator and all Household members age 18 or over, and including the date of the income eligibility determination. In instances the total Household income is within $3,000 of the 80 percent AMFI, all documentation used to determine the income of the Household;

(6) Project cost estimates, construction contracts, and other construction documents necessary to ensure applicable property standard requirements will be met at completion;

(7) Identification of Lead-Based Paint (LBP);

(8) For housing units located within the 100-year floodplain or otherwise required to carry flood insurance by federal or local regulation, certification from the Household that they understand the flood insurance requirements;

(9) If applicable, documentation to address or resolve any potential Conflict of Interest, Identity of Interest, duplication of benefit, or floodplain mitigation;

(10) Appraisal which includes post construction improvements for Activities involving construction;

(11) A title commitment to issue a title policy that evidences the property will transfer with no tax lien, child support lien, mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. The effective date of the title commitment must be no more than 60 days

prior to the date of Activity submission. Commitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close;

(12) In the instances of replacement with an MHU, information necessary to draft loan documents and issue Statement of Ownership and Location (SOL);

(13) Life event documentation, as applicable, and all information necessary to prepare any applicable affidavits such as marital status and heirship;

(14) A copy of the recorded executory contact and a current payoff statement; and

(15) Any other documentation necessary to evidence that the Activity meets the program requirements.

(b) Disbursement of funds. The Administrator must comply all of the requirements described in paragraphs (1) - (12) of this subsection, for a request for disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the Administrator's compliance with requirements described in paragraphs (1) - (12) of this subsection may be required with a request for disbursement:

(1) For construction costs, a down date endorsement to the title policy not older than the date of the last disbursement of funds or 45 days, whichever is later. For release of retainage the down date endorsement must be dated at least 40 days after the Construction Completion Date;

(2) If applicable, a maximum of 50 percent of Activity funds for an Activity may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Activity funds disbursed;

(3) Property inspections, including photographs of the front, back, and side ~~elevation~~elevations of the housing unit and at least one picture of each of the kitchen, family room, ~~one of the bedrooms~~each bedroom and ~~one of the bathrooms~~each bathroom with date and property address reflected on each photo. The inspection must be signed and dated by the inspector and Administrator;

(4) Certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursal of, and accounting for, funds provided, no Person that would benefit from the award of HOME funds has satisfied the Applicant's cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions;

(5) Original, executed, legally enforceable loan documents, and statement of location, as applicable, for each assisted Household containing remedies adequate to enforce any applicable affordability requirements. Original documents must evidence that such agreements have been recorded in the real property records of the county in which the housing unit is located and the original documents must be returned, duly certified as to recordation by the appropriate county official. This provision is not applicable for funds made available at the loan closing;

(6) Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness of each expenditure submitted for reimbursement. The Department may request Administrator or Developer to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to

establish such additional requirements for payment of HOME funds to Administrator as may be necessary or advisable for compliance with all program requirements;

(7) The request for funds for administrative costs must be proportionate to the amount of Direct Activity Costs requested or already disbursed;

(8) Table funding requests must be submitted to the Department with complete documentation no later than 14 calendar days prior to the anticipated loan closing date. Such a request must include a draft closing disclosure, title company payee identification information, the Administrator or Developer's authorization for disbursement of funds to the title company, request letter from title company to the Comptroller of Public Accounts with bank account wiring instructions, and invoices for costs being paid at closing;

(9) include the withholding of ten percent of hard construction costs for retainage. Retainage will be held until at least 40 days after the Construction Completion Date;

(10) For final disbursement requests, submission of documentation required for Activity completion reports and evidence that the demolition or, if an MHU, salvage and removal of all dilapidated housing units on the lot, certification or other evidence acceptable to Department that the replacement house, whether site-built or MHU, was constructed or placed on and within the same lot secured by the loan, and evidence of floodplain mitigation;

(11) The final request for disbursement must be submitted to the Department with support documentation no later than 60 days after the termination date of the Contract in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract; and

(12) For costs associated with insurance policies, including title policies and homeowner's insurance policies charged as Activity costs, evidence of payment of the cost must be submitted with the retainage request.

SUBCHAPTER E TENANT-BASED RENTAL ASSISTANCE PROGRAM

§23.50 Tenant-Based Rental Assistance (TBRA) Threshold and Selection Criteria

All Applicants and Applications must submit Documentation of a commitment of at least $15,000 for cash reserves to facilitate administration of the program and to ensure the capacity to cover costs prior to reimbursement or costs determined to be ineligible for reimbursement. The amount of the cash reserve commitment must be included in the Applicant's resolution. To meet this requirement, Applicants must submit:

(1) financial statements indicating adequate local unrestricted cash or cash equivalents to utilize as cash reserves and a letter from the Applicant's bank(s) or financial institution(s) indicating that current account balances are sufficient; or

(2) evidence of an available line of credit or equivalent in an amount equal to or exceeding the requirement in this subsection; and

(3) evidence that the Service Area for a Contract or RSP Agreement includes the entire rural or urban area of a county as identified in the Application, excluding Participating Jurisdictions. However, Service Areas must include Participating Jurisdictions as applicable if the Agreement includes access to the Persons with Disabilities set-aside. If the Applicant is a unit of local government, the Service Area may be limited to the boundaries of the jurisdiction of the Applicant.

§23.51 Tenant-Based Rental Assistance (TBRA) General Requirements

(a) Households assisted under the general set-aside must participate in a self-sufficiency program, as described in the Administrator's policies and procedures.

(b) The amount of assistance will be determined using the HUD Housing Choice Voucher method.

(c) A Household certifying to zero income must also complete a questionnaire that includes a series of questions regarding how basic hygiene, dietary, transportation, and other living needs are met.

(d) The minimum Household contribution toward gross monthly rent must be ten percent of the Household's adjusted monthly income. The maximum Household contribution toward gross monthly rent at initial occupancy is limited to 40 percent of the Household's gross monthly income.

(e) Activity funds are limited to:

(1) Rental subsidy: Each rental subsidy term is limited to no more than 24 months. Total lifetime assistance to a Household may not exceed 36 months cumulatively, except that a maximum of 24 additional months of assistance, for a total of 60 months cumulatively may be approved if:

(A) the Household has applied for a Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program, and is placed on a waiting list during their TBRA participation tenure; and

(B) the Household has not been removed from the waiting list for the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental

Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program due to failure to respond to required notices or other ineligibility factors; ~~and~~or

(C) the Administrator submits documentation evidencing that:

(i) no Public Housing Authority within a 50 mile radius of the Household's address during their participation in TBRA has opened their waitlist during the term of the Household's participation in TBRA, or has excluded the Household's application for placement on the waiting list for any reason other than eligibility or failure to respond to required notices, such as a randomized drawing of applications that may be placed on the waitlist; and

(ii) no waiting list was opened during the term of the Household's participation in TBRA for any HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program located within a 50 mile radius of the Household's address during their participation in TBRA; or

(iii) the Household is not eligible for placement on a waiting list for any HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program located within a 50 mile radius of the Household's address during their participation in TBRA; and

(D) the Household has not been denied participation in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program while they were being assisted with HOME TBRA; and

(~~D~~E) the Household did not refuse to participate in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program when a voucher was made available.

(2) Security deposit: no more than the amount equal to two month's rent for the unit.

(3) Utility deposit in conjunction with a TBRA rental subsidy.

(f) The payment standard is determined at the Date of Assistance. The payment standard utilized by the Administrator must be:

(1) For metropolitan counties and towns, the current U.S. Department of Housing and Urban Development (HUD) Small Area Fair Market Rent for the Housing Choice Voucher Program;

(2) For nonmetropolitan counties and towns, the current HUD Fair Market Rent for the Housing Choice Voucher Program;

(3) For a HOME assisted unit, the current applicable HOME rent; or

(4) The Administrator may submit a written request to the Department for approval of a different payment standard. The request must be evidenced by a market study or documentation that the PHA serving the market area has adopted a different payment standard. An Administrator may request a Reasonable Accommodation as defined in Section 1.204 of this Title for a specific Household if the

Household, because of a disability, requires the features of a specific unit, and units with such features are not available in the Service Area at the payment standard.

~~(g) Administrators must select the method under which funds for administrative costs and Activity soft costs may be reimbursed prior to execution of an RSP agreement or at Application for an award of funds. Administrators of an existing RSP Agreement may request an amendment to an existing Agreement in accordance with Section 23.1 of this Chapter. Applicants and Administrators may choose from one of the following options, and in any case funds for Administrative costs may be increased by an additional one percent of Direct Activity Costs if Match is provided in an amount equal to five percent or more of Direct Activity Costs:~~

~~(1~~(g) Funds for Administrative costs are limited to ~~four~~ten percent of Direct Activity Costs, excluding Match funds~~, and Activity soft costs are limited to $1,200 per Household assisted. Activity soft costs may reimburse expenses for costs related to determining Household income eligibility, including recertification, and conducting Housing Quality Standards (HQS) inspections.~~. All costs must be reasonable and customary for the Administrator's Service Area~~; or~~.

~~(2) Funds for Administrative costs are limited to eight percent of Direct Activity Costs, excluding Match funds, and Administrator may not be reimbursed for Activity soft costs.~~

(h) Administrators must have a written agreement with Owner that the Owner will notify the Administrator within one month if a tenant moves out of an assisted unit prior to the lease end date.

(i) Administrator must not approve 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 restriction against Administrator approval of a unit only applies at the time the Household initially receives assistance under a Contract or Agreement, but does not apply to Administrator approval of a recertification with continued tenant-based assistance in the same unit.

(j) Administrators must maintain Written Policies and Procedures established for the HOME Program in accordance with Section 10.802 of this Title, except that where the terms Owner, Property, or Development are used Administrator or Program will be substituted, as applicable. Additionally, the procedures in subsection (l) of this section (relating to the Violence Against Women Act (if in conflict with the provisions in Section 10.802 of this Title)~~)~~ will govern).

(k) Administrators serving a Household under a Reservation Agreement may not issue a Certificate of Eligibility to the Household prior to reserving funds for the Activity without prior written consent of the Department.

(l) Administrators are required to comply with regulations and procedures outlined in the Violence Against Women Act (VAWA), and provide tenant protections as established in the Act.

(1) An Administrator of Tenant-Based Rental Assistance must provide all Applicants (at the time of admittance or denial) and Households (before termination from the Tenant-Based Rental Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance Coupon Contract) the Department's "Notice of Occupancy Rights under the Violence Against Women Act", (based on HUD

form 5380) and also provide to Households "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking" (HUD form 5382) prior to execution of a Rental Coupon Contract and before termination of assistance from the Tenant-Based Rental Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance coupon contract.

(2) Administrator must notify the Department within three days when tenant submits a Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and/or alternate documentation to Administrator and must submit a plan to Department for continuation or termination of assistance to affected Household members.

(3) Notwithstanding any restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, Administrator may "bifurcate" a rental coupon contract, or otherwise remove a Household member from a rental coupon contract, without regard to whether a Household member is a signatory, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a recipient of TBRA and who engages in criminal acts of physical violence against family members or others. This action may be taken without terminating assistance to, or otherwise penalizing the person subject to the violence.

§23.52 Tenant-Based Rental Assistance (TBRA) Administrative Requirements

(a) Commitment or Reservation of Funds. The Administrator must submit the documents described in paragraphs (1) - (10) of this subsection, with a request for the Commitment or Reservation of Funds:

(1) Head of Household name and address of housing unit for which assistance is being requested;

(2) A budget that includes the amount of Direct Activity Costs, Activity soft costs, administrative costs requested, Match to be provided, evidence that Direct Activity Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed;

(3) Verification of environmental clearance;

(4) A copy of the Household's intake application on a form prescribed by the Department;

(5) Certification of the income eligibility of the Household signed by the Administrator, and all Household members age 18 or over, and including the date of the income eligibility determination. Administrator must submit documentation used to determine the income and rental subsidy of the Household;

(6) Identification of Lead-Based Paint (LBP);

(7) If applicable, documentation to address or resolve any potential conflict of interest or duplication of benefit;

(8) Project address within 90 days of preliminary set up approval, if applicable;

(9) For Households assisted under the Disaster set-aside, verification that the household was displaced or is at-risk of displacement as a direct result of a Federal, State, or Locally declared disaster approved by the Department within four years of the date of Activity submission; and

(10) Any other documentation necessary to evidence that the Activity meets the program requirements.

(b) Disbursement of funds. The Administrator must comply with all of the requirements described in paragraphs (1) - (7) of this subsection for a request for disbursement of funds. Submission of documentation related to the Administrator compliance with requirements described in paragraphs (1) - (7) of this subsection may be required with a request for disbursement:

(1) If required or applicable, a maximum of 50 percent of Direct Activity Costs for an Activity may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Direct Activity Costs disbursed;

(2) Certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursal of, and accounting for, funds provided, no Person that would benefit from the award of HOME funds has satisfied the Applicant's cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions;

(3) Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness of each expenditure submitted for reimbursement. The Department may request Administrator to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of HOME funds to the Administrator or Developer as may be necessary or advisable for compliance with all Program Requirements;

(4) With the exception of a maximum of 25 percent of the total funds available for administrative costs, the request for funds for administrative costs must be proportionate to the amount of Direct Activity Costs requested or already disbursed;

(5) ~~Requests~~Monthly subsidy may ~~come in~~ not ~~more~~be requested earlier than ~~15 days in advance of~~ the ~~first~~tenth day of the ~~following~~month prior to the upcoming subsidized month;

(6) For final disbursement requests, submission of documentation required for Activity completion reports; and

(7) The final request for disbursement must be submitted to the Department with support documentation no later than 60 days after the termination date of the Contract in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract.

SUBCHAPTER F SINGLE FAMILY DEVELOPMENT PROGRAM

§23.60 Single Family Development (SFD) Threshold and Selection Criteria

All Applicants and Applications must submit or comply with this section.

(1) An Application for Community Housing Development Organization (CHDO) certification. Applicants must meet the requirement for CHDO certification as defined in Section 13.2 of this Title (relating to the Multifamily Direct Loan Rule).

(2) The Applicant must provide:

(A) evidence of a line of credit or equivalent tool of at least $80,000 from a financial institution that will be available for use during the proposed development activities; or

(B) a letter from a third party Certified Public Accountant (CPA) verifying the capacity of the owner or developer to provide at least $80,000 as a short term loan for development; and

(C) a letter from the developer's or owner's bank(s) confirming funds amounting to at least $80,000 is available.

(3) A proposed development plan that is consistent with the requirements of this Chapter, all other federal and state rules, and includes:

(A) a floor plan and front exterior elevation for each proposed unit which reflects the exterior building composition;

(B) a FEMA Issued Flood Map that identifies the location of the proposed site(s);

(C) letters from local utility providers, on company letterhead, confirming each site has access to the following services: water and wastewater, sewer, electricity, garbage disposal and natural gas, if applicable;

(D) documentation of site control of each proposed lot: A recorded warranty deed with corresponding executed settlement statement; or a contract or option for the purchase of the proposed lots that is valid for at least 120 days from the date of application submission; and

(E) an "as vacant" appraisal of at least one of the proposed lots if: The Applicant has an Identity of Interest with the seller or current owner of the property; or any of the proposed property is part of a newly developed or under-development subdivision in which at least three other third-party sales cannot be evidenced. The purchase price of any lot in which the current owner has an Identity of Interest must not exceed the appraised value of the vacant lot at the time of Activity submission. The appraised value of the lot may be included in the sales price for the homebuyer transaction.

(4) The Department may prioritize Applications or otherwise incentivize Applications that partner with other lenders to provide permanent purchase money financing for the purchase of units developed with funds provided under this subchapter.

§23.61 Single Family Development (SFD) General Requirements

(a) Program funds under this subchapter may be used for the Development of new single family housing for homeownership that complies with affordability requirements as defined at 24 CFR §92.254.

(b) Program funds under this subchapter are only eligible to be administered by a CHDO certified as such by the Department. A separate grant for CHDO operating expenses may be awarded to CHDOs that receive a Contract award if funds are provided for this purpose in the NOFA. A CHDO may not receive more than one grant of CHDO operating funds in an amount not to exceed $50,000 within any one year period, and may not draw more than $25,000 in CHDO operating funds in any twelve month period from any source, including CHDO operating funds from other HOME Participating Jurisdictions.

(c) The Household's income must not exceed 80 percent AMFI.

(d) Each unit must meet the design and quality requirements described in paragraphs (1) - (5) of this subsection:

(1) Current applicable International Residential Code, local codes, ordinances, and zoning ordinances in accordance with 24 CFR §92.251(a);

(2) Include the following amenities: Wired with RG-6 COAX or better and CAT3 phone cable or better to each bedroom and living room; Blinds or window coverings for all windows; Disposal and Energy-Star or equivalently rated dishwasher (must only be provided as an option to each Household); Oven/Range; Exhaust/vent fans (vented to the outside) in bathrooms; Energy-Star or equivalently rated lighting in all rooms, which may include LED bulbs. The living room and each bedroom must contain at least one ceiling lighting fixture and wiring must be capable of supporting ceiling fans; and Paved off-street parking for each unit to accommodate at least one mid-sized car and access to on-street parking for a second car;

(3) Contain no less than two bedrooms. Each unit must contain complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation;

(4) Each bedroom must be no less than 100 square feet; have a length or width no less than 8 feet; be self contained with a door; have at least one window that provides exterior access; and have at least one closet that is not less than two feet deep and three feet wide and high enough to contain at least five feet of hanging space; and

(5) Be no less than 800 total net square feet for a two bedroom home; no less than 1,000 total net square feet for a three bedroom and two bathroom home; and no less than 1,200 total net square feet for a four bedroom and two bathroom home.

(e) Housing proposed to be constructed under this subchapter must meet the requirements in Chapters 20 and 21 of this Title and plans submitted with the Application must be certified by a licensed architect or engineer.

(f) The total hard construction costs are limited to $120 per square foot of conditioned space and $135,000 for units with three or fewer bedrooms and the lesser of $120 per square foot of conditioned space or $150,000 units with four or more bedrooms. Not more than once per year, the Board in its sole discretion, may increase or decrease by up to 5 percent of the limitation for hard construction costs. Total Activity costs may not exceed HUD Subsidy Limits. Current dollar amounts under this subsection will be reflected on the Department's website.

(g) In addition to the Direct Activity Costs allowable under subsection (f) of this section, a sum not to exceed $15,000 may be used to pay for any or all of the following, as applicable:

(1) Necessary environmental mitigation as identified during the Environmental review process;

(2) Installation of an aerobic septic system; and

(3) Homebuyer requests for accessibility features.

(h) Developer fees (including consulting fees) are limited to 15 percent of the total hard construction costs. The developer fee will be reduced by one percent per month or partial month that the construction period exceeds the original term of the construction period financing.

(i) General Contractor Fees are limited to 15 percent of the total hard construction costs. The General Contractor is defined as one who contracts for the construction of an entire development Activity, rather than a portion of the work. The General contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors. A prime subcontractor will also be treated as a General Contractor, and any fees payable to the prime subcontractor will be treated as fees to the General Contractor, in the scenarios described in paragraphs (1) and (2) of this subsection:

(1) Any subcontractor, material supplier, or equipment lessor receiving more than 50 percent of the contract sum in the construction contract will be deemed a prime subcontractor; or

(2) If more than 75 percent of the contract sum in the construction contract is subcontracted to three or fewer subcontractors, material suppliers, and equipment lessors, such parties will be deemed prime subcontractors.

(j) Construction period financing for each unit shall be structured as a zero percent interest loan with a 12-month term. The maximum construction loan amount may not exceed the total development cost less developer fees/profit, closing costs associated with the permanent mortgage financing, and ineligible Activity costs. Prior to construction loan closing, a sales contract must be executed with a qualified homebuyer.

(k) In the instance that the total development cost equals more than 100 percent of the appraised value, the portion of the development cost that exceeds 100 percent of the appraised value will be granted to the developer to buy down the purchase price. Reasonable and customary seller closing costs may be provided with HOME funds as a grant to the Developer.

(l) Direct assistance to the buyer will be structured as a first and/or second lien loan(s):

(1) A first-lien, fully amortizing, repayable loan with a 30-year term may be provided by the Department and will initially be evaluated at zero percent interest. The loan amount will not exceed the total development cost combined with reasonable and customary buyer's closing costs. Should the estimated housing payment, including all funding sources, be less than the minimum required housing payment for the minimum term, the Department may charge an interest rate to the homebuyer such that the total estimated housing payment is no less than the required minimum housing payment. In no instance shall the interest rate charged to the homebuyer exceed five percent, and such result may deem the applicant as overqualified for assistance.

(A) The total Mortgage Loan may include costs incurred for the total development cost and Mortgage Loan Closing Costs, exclusive of Match funds.

(B) The total Debt-to-Income Ratio shall not exceed the limitations set forth in Chapter 20 of this Title.

(C) For buyers whose income is equal to or less than 50 percent AMFI, the minimum required housing payment shall be no less than 15 percent of the household's gross income. For homebuyers whose income exceeds 50 percent AMFI, the minimum required housing payment shall be no less than 20 percent of the household's gross income.

(2) Downpayment and closing costs assistance is limited to the lesser of downpayment required by a third-party lender and reasonable and customary buyer's closing costs, or the amount required to ensure affordability of the HOME financing. Downpayment and closing cost assistance may not exceed ten percent of the total development cost and shall be structured as a five or ten-year deferred, forgivable loan with a subordinate lien, in accordance with the required federal affordability period.

(3) A first lien conventional mortgage not provided by the Department must meet the mortgage financing requirements outlined in Chapter 20 of this Title.

(m) Earnest money is limited to no more than $1,000, which may be credited to the homebuyer at closing, but may not be reimbursed as cash.

(n) If a Household should become ineligible or otherwise cease participation and a replacement Household is not located within 90 days of the end of the construction period, all additional funding, closings, and draws on the award will cease and the Department will require the Applicant to repay any outstanding construction debt in full.

(o) The Division Director may approve the use of alternative floor plans or lots from those included in the approved Application, provided the requirements of this section can still be met and such changes do not materially affect the total budget.

(p) To ensure affordability, the Department will impose resale or recapture provisions established in this Chapter.

§23.62 Single Family Development (SFD) Administrative Requirements

(a) Commitment or Reservation of Funds. The Administrator must submit true and correct information, certified as such, with a request for the Commitment of Funds as described in paragraphs (1) - (12) of this subsection:

(1) Head of Household name and address of housing unit for which assistance is being requested;

(2) A budget that includes the amount of Activity funds specifying the acquisition cost, construction costs, contractor fees, and developer fees, as applicable. A maximum of five percent of hard construction costs for contingency items, proposed Match to be provided, evidence that Activity Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed;

(3) Verification of environmental clearance;

(4) A copy of the Household's intake application on a form prescribed by the Department;

(5) Certification of the income eligibility of the Household signed by the Administrator and all Household members age 18 or over, and including the date of the income eligibility determination. All documentation used to determine the income of the Household must be provided;

(6) Project cost estimates, construction contracts, and other construction documents necessary, in the Department's sole determination, to ensure applicable property standard requirements will be met at completion;

(7) Identification of Lead-Based Paint (LBP) if site remediation is needed;

(8) Executed sales contract and documentation that the first lien mortgage meets the eligibility requirements;

(9) Evidence that the housing unit will be located outside the 100-year floodplain;

(10) If applicable, documentation to address or resolve any potential conflict of interest, Identity of Interest, duplication of benefit, or floodplain mitigation;

(11) Appraisal, which includes post construction improvements; and

(12) Any other documentation necessary to evidence that the Activity meets the program requirements.

(b) Construction Loan closing. The Administrator must submit the documents described in paragraphs (1) - (2) of this subsection, with a request for the preparation of loan closing with the request for the Commitment of Funds:

(1) A title commitment to issue a title policy that evidences the property will transfer with no tax lien, child support lien, mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. The effective date of the title commitment must be no more than 60 days prior to the date of project submission. Commitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close; and

(2) Within 90 days after the loan closing date, the Administrator must submit to the Department the original recorded deed of trust and transfer of lien, if applicable. Failure to submit these documents within 90 days after the loan closing date will result in the Department withholding payment for disbursement requests.

(c) Disbursement of funds. The Administrator must comply with the requirements described in paragraphs (1) - (11) of this subsection, for a request for disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the Administrator compliance with requirements described in paragraphs (1) - (11) of this subsection may be required with a request for disbursement:

(1) For construction costs, an interim construction binder advance endorsement not older than the date of the last disbursement of funds or 45 days, whichever is later. For release of retainage a down date endorsement to the mortgagee policy issued to the homebuyer dated at least 40 days after the Construction Completion Date;

(2) If required or applicable, a maximum of 50 percent of Direct Activity Costs for an Activity may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Activity funds disbursed;

(3) Property inspections, including photographs of the front, back, and side ~~elevation~~elevations of the housing unit and at least one picture of each of the kitchen, family room, ~~one of the bedrooms~~each bedroom and ~~one of the bathrooms~~each bathroom with date and property address reflected on each photo. The inspection must be signed and dated by the inspector and Administrator or Developer;

(4) Certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursal of, and accounting for, funds provided, no Person that would benefit from the award of HOME funds has provided a source of Match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions;

(5) Original, executed, legally enforceable loan documents containing remedies adequate to enforce any applicable affordability requirements. Original documents must evidence that such agreements have been recorded in the real property records of the county in which the housing unit is located and the original documents must be returned, duly certified as to recordation by the appropriate county official;

(6) Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness for expenditures submitted for reimbursement. The Department may request Administrator or Developer to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of HOME funds to Administrator or Developer as may be necessary or advisable for compliance with all Program Requirements;

(7) Table funding requests must be submitted to the Department with complete documentation no later than 14 days prior to the anticipated loan closing date. Such a request must include a draft settlement statement, title company payee identification information, the Administrator or Developer's authorization for disbursement of funds to the title company, request letter from title company to the Comptroller of Public Accounts with bank account wiring instructions, and invoices for costs being paid at closing;

(8) Include the withholding of ten percent of hard construction costs for retainage. Retainage will be held until at least 40 days after the Construction Completion Date;

(9) For final disbursement requests, submission of documentation required for Activity completion reports;

(10) The final request for disbursement must be submitted to the Department with support documentation no later than 60 days after the termination date of the Contract in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract; and

(11) For costs associated with insurance policies, including title policies and homeowner's insurance policies, charged as Activity costs, evidence of payment of the cost must be submitted with the retainage request.

SUBCHAPTER G HOMEBUYER ASSISTANCE WITH NEW CONSTRUCTION (HANC)

§23.70 Homebuyer Assistance with New Construction (HANC) Threshold and Selection Criteria

(a) Threshold Match requirement. The Department shall use population figures from the most recently available U.S. Census Bureau's American Community Survey (ACS) as of the date that an Application is first submitted under the NOFA to determine the applicable Threshold Match requirement. The Department may incentivize or provide preference to Applicants committing to provide additional Threshold Match above the requirement of this subsection. Such incentives may be established as selection criteria in the NOFA. Excluding Applications under the disaster relief and persons with disabilities set asides, Threshold Match shall be required based on the tiers described in paragraphs (1) and (2) of this subsection:

(1) No Threshold Match is required when:

(A) the Service Area includes the entire unincorporated area of a county and where the population of Administrator's Service Area is less than or equal to 20,000 persons; or

(B) the Service Area does not include the entire unincorporated area of a county, and the population of the Administrator's Service Area is less than or equal to 3,000 persons.

(2) One percent of Direct Activity Costs, exclusive of Match, is required as Match for every 1,000 in population up to a maximum of 15 percent.

(b) Cash Reserve Threshold Requirement. When HOME funds will be utilized for construction activities, documentation, as described in paragraphs (1) and (2) of this subsection, must be submitted at the time of Application that demonstrates that the Applicant has at least $40,000 in cash reserves. The cash reserves may be utilized to facilitate administration of the program, and to ensure the capacity to cover costs prior to reimbursement or costs determined to be ineligible for reimbursement. The amount of the cash reserve commitment must be included in the Applicant's resolution. To meet this requirement, Applicants must submit:

(1) financial statements indicating adequate local unrestricted cash or cash equivalents to utilize as cash reserves and a letter from the Applicant's bank(s) or financial institution(s) indicating that current account balances are sufficient; or

(2) evidence of an available line of credit or equivalent in an amount equal to or exceeding the requirement in this subsection.

(c) Other Threshold and/or Selection criteria for this Activity may be outlined in the NOFA.

§23.71 Homebuyer Assistance with New Construction (HANC) General Requirements

(a) Eligible Activities must meet the ownership requirement in paragraph (1) of this subsection and an Activity described in paragraph (2) of this subsection:

(1) Ownership requirement. A site must be owned by the beneficiary or the HOME Activity must include one of the two following Activities:

(A) Acquisition of existing single family housing or a parcel; or

(B) Refinance of non-owner occupied real property parcel not prohibited for single family housing by zoning or restrictive covenants.

(2) All Activities must include New Construction of a unit of single family housing not occupied by the Household prior to assistance; New Construction described in this subsection includes the purchase and installation of a new unit of Manufactured Housing (MHU).

(b) The unit of housing in any of the Activities described in subsection (a) of this section must be occupied by the assisted Household as their principal residence for a minimum of 15 years from the Construction Completion Date.

(c) If the assisted property is owned by the Household prior to participation, the Household must be current on any existing Mortgage Loans and taxes, and the property cannot have any existing home equity loan liens. HOME funds may not be utilized to refinance loans made or insured by any federal program.

(d) The purchase price of acquired property and the post-improvement value of the unit may not exceed the limitations set forth in 24 CFR §92.254. Compliance with the purchase price limitation must be evidenced prior to loan closing. Compliance with the post-improvement value limitation must be evidenced with a final appraisal of the completed project prior to release of retainage.

(e) Activity Costs. Total Activity Costs, exclusive of Match funds, are limited to an amount not to exceed the federal subsidy limitations defined in 24 CFR §92.250. Direct Activity Costs, exclusive of Match and leverage, for construction are limited to:

(1) Construction of new site-built housing: The Direct Activity Costs are not restricted beyond the Total Activity Costs as identified in this subsection; and

(2) Placement of an energy efficient MHU: $90,000.

(f) In addition to the Direct Activity Costs allowable under subsection (e) of this section, a sum not to exceed $15,000 and not causing the total subsidy to exceed the limitations set forth by 24 CFR §92.250 may be requested and, if approved, used to pay for any or all of the following, as applicable:

(1) Necessary environmental mitigation as identified during the Environmental review process;

(2) Installation of an aerobic septic system; and

(3) Homebuyer requests for accessibility features.

(g) Activity soft costs eligible for reimbursement are limited to:

(1) New Construction of site-built housing: no more than $13,500 per housing unit; or

(2) Replacement with an MHU: no more than $5,000 per housing unit.

(h) Funds for administrative costs are limited to no more than ~~four~~eight percent of the Direct Activity Costs, exclusive of Match funds.

(i) Homebuyers may choose to obtain financing for the acquisition or construction, or any combination thereof, from a third-party lender so long as the loan meets the requirements of Section 20.13 of this Title (relating to Loan, Lien and Mortgage Requirements for Activities).

(j) Direct assistance will be structured as a fully amortizing, repayable loan and will initially be evaluated at zero percent interest. The minimum loan term shall be equal to the required federal affordability period based on the HOME investment, and shall be calculated by setting the total estimated housing payment (including principal, interest, property taxes, insurance, and any other homebuyer assistance), equal to at least the minimum required housing payment. Should the estimated housing payment, including all funding sources, be less than the minimum required housing payment for the minimum term, the Department may charge an interest rate to the homebuyer such that the total estimated housing payment is no less than the required minimum housing payment. In no instance shall the interest rate charged to the homebuyer exceed five percent and such result may deem the applicant as overqualified for assistance. The term shall not exceed 30 years and not be less than 15 years.

(1) The total Mortgage Loan may include costs incurred for Acquisition or Refinance, Mortgage Loan closing costs, and Direct Activity Costs, exclusive of Match funds.

(2) The total Debt-to-Income Ratio shall not exceed the limitations set forth in Chapter 20 of this Title.

(3) For buyers whose income is equal to or less than 50 percent AMFI, the minimum required housing payment shall be no less than 15 percent of the household's gross income. For homebuyers whose income exceeds 50 percent AMFI, the minimum required housing payment shall be no less than 20 percent of the household's gross income.

(k) Earnest money may be credited to the homebuyer at closing, but may not be reimbursed as cash. HOME funds may be used to pay other reasonable and customary closing costs that are HOME eligible costs.

(l) To ensure affordability, the Department will impose recapture provisions established in this Chapter.

(m) For New Construction, site-built housing units must meet or exceed the 2000 International Residential Code and all applicable local codes, standards, ordinances, and zoning requirements. In addition, New Construction housing is required to meet 24 CFR §92.251(a)(2) as applicable. MHUs must be installed according to the manufacturer's instructions and in accordance with Federal and State laws and regulations.

(n) Housing proposed to be constructed under this subchapter must meet the requirements of Chapters 20 and 21 of this Title (relating to Single Family Programs Umbrella Rule and Minimum Energy Efficiency Requirements for Single Family Construction Activities, respectively) and must be certified by a licensed architect or engineer.

(1) To the extent that a set of architectural plans are generated and used by an Applicant for more than one home site, the Department will reimburse only for the first time a set of architectural plans is used, unless any subsequent site specific fees are paid to a Third Party architect, or a licensed engineer for the reuse of the plans on that subsequent specific site.

(2) A NOFA may include incentives or otherwise require architectural plans to incorporate "green building" elements.

§23.72 Homebuyer Assistance with New Construction (HANC) Administrative Requirements

(a) Commitment or Reservation of Funds. The Administrator must submit the true and complete information, certified as such, with a request for the Commitment or Reservation of Funds as described in paragraphs (1) - (15) of this subsection:

(1) Head of Household name and address of housing unit for which assistance is being requested;

(2) A budget that includes the amount of Activity funds specifying the acquisition costs, construction costs, soft costs and administrative costs requested, a maximum of five percent of hard construction costs for contingency items, proposed Match to be provided, evidence that Direct Activity Cost and Soft Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed;

(3) Verification of environmental clearance from the Department;

(4) A copy of the Household's intake application on a form prescribed by the Department;

(5) Certification of the income eligibility of the Household signed by the Administrator and all Household members age 18 or over, and including the date of the income eligibility determination. All documentation used to determine the income of the Household must be provided;

(6) Project cost estimates, construction contracts, and other construction documents necessary to ensure applicable property standard requirements will be met at completion;

(7) Identification of any Lead-Based Paint (LBP) if activity involves an existing unit and certification that LBP will be mitigated as required by 24 CFR §92.355;

(8) Evidence that the housing unit will be located outside of the 100-year floodplain;

(9) If applicable, documentation to address or resolve any potential conflict of interest, Identity of Interest, or duplication of benefit;

(10) Information necessary to draft Mortgage Loan documents, including issuance of an SOL;

(11) Life event documentation, as applicable, and all information necessary to prepare any applicable affidavits such as marital status and heirship;

(12) Documentation of homebuyer completion of a homebuyer counseling program/class provided by a HUD certified housing counselor;

(13) For Activities involving acquisition of real property:

(A) A title commitment to issue a title policy that evidences that the property will transfer with no tax lien, child support lien, mechanics or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. The effective date of the title commitment must be no more than 60 days prior to the date of project submission. Commitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close;

(B) Executed sales contract; and

(C) A loan estimate or letter from any other lender confirming that the loan terms and closing costs will be consistent with the executed sales contract, the first lien Mortgage Loan requirements, and the requirements of this Chapter;

(14) For Activities that do not involve acquisition of real property:

(A) A title commitment or policy, or a down date endorsement to an existing title policy, and the actual documents, or legible copies thereof, establishing the Household's ownership, such as a warranty deed or ground lease for a 99-year leasehold. The effective date of the title commitment must be no more than 60 days prior to of the date of project submission. Title commitments for loan projects that expire prior to the loan closing date must be updated and must not have any adverse changes. These documents must evidence the definition of Homeownership is met;

(B) A tax certificate that evidences a current paid status;

(C) Written consent from all Persons who have a valid lien or ownership interest in the Property;

(D) Consent to demolish from any existing Mortgage Loan lien holders and consent to subordinate to the Department's loan, if applicable; and

(15) Any other documentation necessary to evidence that the Activity meets the Program requirements.

(b) Loan closing. In addition to the documents required under subsection (a) of this section, the Administrator must submit the appraisal or other valuation method approved by the Department which establishes the post construction value of improvements prior to the issuance of loan documents by the Department.

(c) Disbursement of funds. The Administrator must comply with all of the requirements described in paragraphs (1) - (11) of this subsection, for a request for disbursement of funds to reimburse eligible costs incurred. Submission of additional documentation related to the Administrator's compliance with requirements described in paragraphs (1) - (11) of this subsection, may be required with a request for disbursement:

(1) For construction costs that are part of a loan subject to the requirements of this subsection, a down date endorsement to the title policy not older than the date of the last disbursement of funds or 45 days, whichever is later, is required. For release of retainage, the down date endorsement must be dated at least 40 days after the Construction Completion Date;

(2) If applicable, a maximum of 50 percent of Activity funds for an Activity may be drawn before providing evidence of Match. Thereafter, each Administrator must provide evidence of Match, including the date of provision, in accordance with the percentage of Activity funds disbursed;

(3) Property inspections, including photographs of the front, back, and side ~~elevation~~elevations of the housing unit and at least one picture of each of the kitchen, family room, ~~one of the bedrooms~~each bedroom, and ~~one of the bathrooms~~each bathroom with date and property address reflected on each photo, are required to be submitted. The inspection must be signed and dated by the inspector and Administrator;

(4) Certification of the following is required:

(A) That its fiscal control and fund accounting procedures are adequate to assure the proper disbursal of, and accounting for, funds provided;

(B) That no Person that would benefit from the award of HOME funds has satisfied the Applicant's cash reserve obligation or made promises in connection therewith;

(C) That each request for disbursement of HOME funds is for the actual cost of providing a service; and

(D) That the service does not violate any conflict of interest provisions;

(5) Original, fully executed, legally enforceable loan documents for each assisted Household containing remedies adequate to enforce any applicable affordability requirements are required. Certified copies of fully executed, recorded loan documents that are required to be recorded in the real property records of the county in which the housing unit is located must be returned to the Department, duly certified as to recordation by the appropriate county official. This documentation prior to disbursement is not applicable for funds made available at the loan closing;

(6) Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness for expenditures submitted for reimbursement. The Department may request Administrator to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of HOME funds to Administrator as may be necessary or advisable for compliance with all program requirements;

(7) The request for funds for administrative costs must be proportionate to the amount of Direct Activity Costs requested or already disbursed;

(8) Disbursement requests must include the withholding of ten percent of hard construction costs for retainage. Retainage will be held until at least 40 days after the Construction Completion Date;

(9) For final disbursement requests, the following is required:

(A) Submission of documentation required for Activity completion reports and evidence that the demolition or, if an MHU, salvage and disposal of all dilapidated housing units on the lot;

(B) Certification or other evidence acceptable to Department that the replacement house, whether site-built or MHU, was constructed or placed on and within the same lot for which ownership was established and on and within the same lot secured by the loan; and

(C) A final appraisal of the property after completion of improvements;

(10) The final request for disbursement must be submitted to the Department with support documentation no later than 60 days after the termination date of the Contract in order to remain in compliance with the Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract; and

(11) For costs associated with insurance policies, including title policies and homeowner insurance policies charged as Activity costs, evidence of payment of the cost must be submitted with the retainage request.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 458 **Agenda Date:** 12/7/2023 **Agenda #:** 8.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, and an order proposing new 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, 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; and

WHEREAS, pursuant to Tex. Gov't Code §2306.752, the Department is required to establish, operate, monitor, and fund an Owner-Builder Loan Program to enable Owner- Builders to purchase or refinance real property on which to build new residential housing or improve existing residential housing, and the Texas Bootstrap Loan Program fulfills this statutory requirement;

WHEREAS, the proposed new 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, further clarifies program administration and Administrator certification requirements, updates terminology and housing counseling requirements, and defines income calculation requirements; 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 December 22, 2023 to January 22, 2024.

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 repeal of 10 TAC Chapter 24 and proposed new 10 TAC Chapter 24, regarding the Texas Bootstrap Loan Program, 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 purpose of repealing 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule and proposing a new 10 TAC Chapter 24, is to update and clarify administrative requirements, refine the Administrator certification process, and update housing counseling requirements. Changes are proposed for several sections in the Chapter; therefore, the Department proposes repeal and replacement instead of amending the existing chapter, which also allows for public comment on all sections of the proposed new rule. Staff has summarized the significant changes proposed to the Texas Bootstrap Loan Program Rule below. A blackline version with all changes is attached and will be available on the Department's website during the public comment period.

The Department held a virtual roundtable discussion on November 10, 2023, regarding the Texas Bootstrap Loan Program Rule and other single family rules being presented under separate items at this meeting. Comments and suggestions received from the roundtable discussions were taken into consideration during the preparation of the proposed Texas Bootstrap Loan Program Rule as presented at this meeting.

The blackline proposed rule is attached to indicate to the Board and the public what is being changed. The significant updates proposed to 10 TAC Chapter 24 are:

- Definitions
  - Loan Commitment replaces Applicant Eligibility Letter.
  - Reservation Agreement replaces Loan Agreement.

- Program Administration
  - Administrator certification for loan servicing agreement expires yearly and must be renewed annually by submission of a Recertification Application provided by the Loan Servicing section of TDHCA.

- Owner-Builder Qualifications
  - For eligibility determination of a Household, two months proof of annual income is required. Annual income is defined at 24 CFR §5.619 using guidelines in most recent HUD 4350 Handbook.

- Administrator Certification
  - Administrators must submit a new Application every three years to be issued a Reservation Agreement, which confirms their certification.
  - Application would require submission of a plan for provision of HUD approved housing counseling for all Owner-Builders.

Attachment A: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule. The purpose of the proposed repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

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.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed repeal would be in effect, the proposed repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, administration of the Texas Bootstrap Loan Program.

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor is the proposed repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal does not result in an increase in fees paid to the Department, nor 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 action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the administration of the Texas Bootstrap Loan Program.

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 this proposed repeal and determined that the proposed 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 nor 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 repealed chapter would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed chapter.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson has also 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. The public comment period will be held December 22, 2023, to January 22, 2024, to receive input on the proposed repealed chapter. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Abigail Versyp, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email abigail.versyp@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central time, January 22, 2024.

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 repealed chapter affects no other code, article, or statute.

10 TAC Chapter 24, Texas Bootstrap Loan Program Rule

§24.1 Purpose
§24.2 Definitions
§24.3 Allocation of Funds
§24.4 Administrator Requirements
§24.5 Program Activities
§24.6 Prohibited Fees
§24.7 Distribution of Funds

Attachment B: Preamble for proposed new 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule. The purpose of the proposed new rule is to implement a more germane rule and better align administration to state requirements.

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 proposed new rule would be in effect:

1. The proposed new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to administration of the Texas Bootstrap Loan Program

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 work load 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 does not result in an increase in fees paid to the Department nor a decrease in fees paid to the Department.

5. The proposed new rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The proposed new rule will not expand or repeal an 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, in drafting this proposed new rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code §2306.111.

1. The Department has evaluated this rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. There are approximately 20 rural communities currently participating in the Texas Bootstrap Loan Program that are subject to the proposed new rule for which no economic impact of the rule is projected during the first year the rule is in effect.

3. The Department has determined that because the proposed new rule serves to clarify and update existing requirements and does not establish new requirements for which there would be an associated cost, there will be no 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 nor 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 rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the proposed new rule has no economic effect on local employment because the rule serves to clarify and update existing requirements and does not establish new requirements or activities that may positively or negatively impact local economies.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that participation in the Texas Bootstrap Loan Program is at the discretion of the eligible subrecipients, there are no "probable" effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). 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 rule will be a more germane rule that better aligns administration to state requirements. There will not be any economic cost to any individuals required to comply with the proposed new rule because the processes described by the rule have already been in place through the rule found at this chapter being repealed.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson has also determined that for each year of the first five years the proposed new 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 because the rule updates and clarifies existing requirements and does not impose new requirements.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held December 22, 2023, to January 22, 2024, to receive input on the proposed new rule. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Abigail Versyp, Rule Comments, P.O. Box 13941, Austin, Texas 8711-3941, by fax to (512) 475-0220, or email abigail.versyp@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central time, January 22, 2024.

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

CHAPTER 24 TEXAS BOOTSTRAP LOAN PROGRAM RULE

§24.1 Purpose

(a) This chapter clarifies the Texas Bootstrap Loan Program, administered by the Texas Department of Housing and Community Affairs (the Department), also known as the Owner-Builder Loan Program. The Texas Bootstrap Loan Program provides assistance to income-eligible individuals, families and households to purchase or refinance real property, on which to build new residential housing or improve existing residential housing. The Program is administered in accordance with Tex. Gov't Code, Chapter 2306, Subchapter FF, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), Chapter 21 of this title (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities), and Chapter 26 of this title (relating to Texas Housing Trust Fund Rule).

(b) The Texas Bootstrap Loan Program is a self-help housing construction Program designed to provide Low Income families an opportunity to help themselves attain homeownership or repair their existing homes under applicable building codes and housing standards.

§24.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Other definitions may be found in Tex. Gov't Code, Chapter 2306, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), Chapter 21 of this title (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities), and Chapter 26 of this title (relating to Texas Housing Trust Fund Rule).

(1) Capital Recovery Fee--A charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or

facility expansions necessitated by and attributable to the new development. The term includes amortized charges, lump-sum charges, contributions in aid of construction, and any other fee that functions as described by this definition.

(2) Loan Commitment--A written agreement between the Department and Administrator that memorializes the term of the commitment of funds for a specific Mortgage Loan to a Qualified Household.

(3) Loan Origination and Reservation System Access Agreement~~--~~ (Reservation Agreement)--A written agreement, including all amendments thereto between the Department and the Administrator that authorizes the Administrator to originate certain loans under the Texas Bootstrap Loan Program.

(~~3)~~4) Low Income--Household income does not exceed the greater of 80% of the Area Median Family Income or 80% of the State Median Family Income, adjusted for Household size, in accordance with the current HOME Investment Partnerships Program income limits, as defined by HUD.

(~~4~~5) New Construction--A Single Family Housing Unit that is newly built on a previously vacant lot that will be occupied by an Income Eligible Household.

(~~5~~6) Owner-Builder--A person, other than a person who owns or operates a construction business and who owns or purchases a piece of real property through a warranty deed and deed of trust; or is purchasing a piece of real property under a Contract for Deed entered into before January 1, 1999; and who undertakes to make improvements to that property.

(~~6~~7) Rehabilitation--The improvement, including reconstruction, or modification of an existing Single Family Housing Unit through an alteration, addition, or enhancement on the same lot.

(~~7~~8) Very Low Income--Household income does not exceed the greater of 60% of the Area Median Family Income or 60% of the State Median Family Income, adjusted for Household size, in accordance with the current HOME Investment Partnerships Program income limits, as defined by HUD.

§24.3 Allocation of Funds

(a) The Department administers all Texas Bootstrap Loan Program funds provided to the Department in accordance with Tex. Gov't Code, Chapter 2306, Subchapter FF.

(b) The Department may make loans for the Texas Bootstrap Loan Program from:

(1) Available funds in the Texas Housing Trust Fund established under Tex. Gov't Code, §2306.201; or

(2) Federal block grants that may be used for the purposes of this chapter.

(c) Each state fiscal year the Department shall transfer at least $3 million (or another amount if so required by Tex. Gov't Code or the General Appropriations Act) to the Texas Bootstrap Loan Program from money received under federal block grants or from available funds in the Texas Housing Trust Fund.

(d) The Department may use up to 10% of Program funds available per state fiscal year to enhance the ability of tax-exempt organizations described by Tex. Gov't Code, §2306.755(a), to increase the number of such organizations that are able to implement the Program. The Department shall use that available revenue to provide financial assistance, technical training and management support.

§24.4 Administrator Requirements

(a) Eligible Administrators. The following organizations or entities are eligible to become Administrators of the Texas Bootstrap Loan Program:

(1) Colonia Self Help Centers established under Tex. Gov't Code, Chapter 2306, Subchapter Z; or

(2) Nonprofit Organizations certified by the Department pursuant to Tex. Gov't Code, §2306.755.

(b) Eligibility requirements. The Administrator must enter into a ~~Loan Origination~~Reservation Agreement with the Department in order to be eligible to submit an Activity through the Reservation System. The Administrator must have the capacity to administer and manage resources as evidenced by previous experience of managing state or federal programs.

§24.5 Program Activities

(a) Texas Bootstrap Loan Program funds may be used to finance affordable housing and promote homeownership through acquisition, New Construction, or Rehabilitation of single family residential housing~~.~~ subject to P~~p~~rogram M~~m~~anual and S~~s~~urvey requirements. Administrators may reserve funds by submitting a loan application on behalf of an Owner-Builder Applicant for the Texas Bootstrap Loan Program.

(b) Manufactured Housing Units are not eligible housing types for the Texas Bootstrap Loan Program.

(c) All Texas Bootstrap Loan Program Loans will be evidenced by a promissory note and will be secured by a lien on the subject property. The following Activities are permitted by the Department under the Program:

(1) Purchase Money Loans. All Program funds are used to finance the purchase of a single-family dwelling unit and/or a piece of real property. The Department makes a loan to the Owner-Builder and the Owner-Builder's repayment obligation begins immediately. In certain situations, eligible closing costs may be financed by the loan proceeds;

(2) Residential Construction Loans. This transaction is treated as a purchase money loan and is a one-time closing with the Owner-Builder. Construction period may be up to 12 months;

(3) Interim Construction (Closing with Administrator) Loans. Interim construction is a commercial transaction between the Administrator and the Department that is with respect to a specific Owner-Builder. The construction period may be up to 12 months. Once the construction of the home is completed, the closing with the Owner-Builder will take place as a purchase money loan; and

(4) Purchase of Mortgage Loans. The Department may purchase and take assignments from Mortgage lenders of notes and other obligations evidencing loans or interest in loans for purchase money transactions as described in paragraph (1) of this

§24.6 Prohibited Fees

The fees described in paragraphs (1) - (8) of this section are prohibited Program fees and may not be charged directly to the Owner-Builder; however, these fees may be charged as an allowable fee by a third party lender or servicer for a Texas Bootstrap Loan Program loan:

(1) Payment of delinquent property taxes or related fees or charges on properties to be assisted with Texas Bootstrap Loan Program funds;

(2) Loan origination fees;

(3) Application fees;

(4) Discount fees;

(5) Underwriter fees;

(6) Loan processing fees;

(7) Loan servicing fees; and

(8) Other fees not approved by the Department in writing prior to expenditure.

§24.7 Distribution of Funds

(a) Set-Asides. In accordance with Tex. Gov't Code §2306.753(d), at least two-thirds of the dollar amount of Program loans made in each fiscal year must be made to Owner-Builders whose real property is located in a census tract that has a median household income that is not greater than 75% of the median state household income for the most recent year for which statistics are available.

(b) Balance of State. The remaining one-third of the dollar amount of Program loans made may be made to Owner-Builders anywhere in the state.

(c) Loan Priority. The Department may allow an Administrator access to the Reservation System 24 hours prior to all other Administrators for reservations for Owner-Builder Applicants that meet the following criteria:

(1) Annual household income is less than $17,500; or

(2) Real property is located in a county or municipality that agrees in writing to waive the Capital Recovery Fees, building permit fee or other fees related to the house(s) to be built with the loan proceeds. Owner-Builder Applicant will not receive priority if there are none of the fees described in §24.6 of this chapter (relating to Prohibited Fees) imposed by the county or municipality or water supply company.

§24.8 Criteria for Funding and Reservations

(a) The Department will distribute Program funds in accordance with the Texas Housing Trust Fund (Texas HTF) Plan in effect at the time. The Department will publish an announcement for a NOFA in the Texas Register and post the NOFA on the Department's website. The rules referenced in §24.1 of this Chapter (relating to Purpose) and the NOFA will establish and define the terms, conditions, and maximum Reservation amounts allowed per Administrator. The Department may also set a deadline for receiving Reservations or Applications. The NOFA will indicate the approximate amount of available funds. The Department may increase the amount of funds made available through the NOFA from time to time without republishing the NOFA in the Texas Register. Such increases will be reflected on the Department's website.

(b) Any Reservation containing false information will be disqualified. The Department will review and process all Reservations in the order received.

(c) Reservations received by the Department in response to a NOFA will be handled as described in paragraphs (1) - (5) of this subsection.

(1) The Department will accept Reservations until all funds under the NOFA have been committed. The Department may limit the eligibility of Reservations in the NOFA.

(2) Each Reservation will be assigned a "received date" based on the date and time the Reservation was entered into the Texas Bootstrap Loan Program Reservation system. Each Reservation will be reviewed in accordance with the Program rules.

(3) Reservations must comply with all applicable Texas Bootstrap Loan Program requirements or regulations established in this chapter. Reservations that do not comply with such requirements may be disqualified. The Administrator will be notified in writing of any cancelled or disqualified Reservations.

(4) If a Reservation contains deficiencies which, in the determination of the Department, require clarification or correction of information submitted at the time of the Reservation, the Department may request clarification or correction in the form of a deficiency notice to the Administrator. If the Administrator is unable to cure any deficiencies within 14 calendar days, the Department may decline to fund the Reservation. The Department may provide one 14 calendar day extension to the curative deadline outlined in the deficiency notice.

(5) Prior to issuing ~~an Applicant eligibility letter~~a Loan Commitment, the Department may decline to fund any Reservation entered into the Reservation system if the proposed housing Activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Reservation which are entered, and may decide it is in the Department's best interest to refrain from committing the funds. If the Department has issued ~~an Applicant eligibility letter to the Owner-Builder Applicant~~a Loan Commitment, but the Administrator or Owner-Builder Applicant has not complied with all the Program rules and guidelines, the Department may suspend funding until the Administrator or Owner-Builder Applicant has satisfied all requirements of the Program.

§24.9 Program Administration

(a) Pursuant to Tex. Gov't Code §2306.754(b), the Department shall not exceed $45,000 in household assistance for any Texas Bootstrap Loan Program loan. If it is not possible for an Owner-Builder to purchase necessary real property and build or rehabilitate adequate housing for $45,000, the Owner-Builder must obtain the additional amounts necessary from other sources, which may include other types of Department funds, excluding Texas HTF.

(b) The Department shall make loans for Owner-Builder Applicants to enable them to:

(1) Build new residential housing, including the purchase or refinance of real property, if needed, on which to undertake such Activity; or

(2) Improve existing residential housing, including the purchase or refinance of real property, if needed, on which to undertake such Activity.

(c) Upon approval by the Department, the Administrator shall enter into, execute, and deliver to the Department the ~~Loan Origination~~Reservation Agreement. The Department may terminate the ~~Loan~~

~~Origination~~Reservation Agreement in whole or in part if the Administrator has not performed as outlined in the Program Rule, NOFA, ~~Loan Origination~~Reservation Agreement, or Program Manual.

(d) If the Owner-Builder Applicant qualifies for the Program, the Department will issue ~~an Applicant eligibility letter~~a Loan Commitment which reserves up to $45,000 in funds for 12 months from the date of the ~~Applicant eligibility letter~~Loan Commitment. The Owner-Builder Applicant will not be required to re-qualify if the Owner-Builder Applicant closes by the expiration date on the ~~Applicant eligibility letter.~~Loan Commitment. If an Owner-Builder Applicant does not close by the expiration date, the Owner-Builder Applicant must re-qualify for the Program; however, the Department may grant an extension of up to 180 days from the expiration date on the original ~~Applicant eligibility letter.~~Loan Commitment. If the Owner-Builder Applicant fails to close on the loan after the extension is granted the Reservation or loan will be cancelled.

(e) Roles and responsibilities for administering the Program Contract. Administrators are required to:

(1) Qualify potential Owner-Builders for loans;

(2) Provide Owner-Builder homeownership education classes and ensure provision of HUD-certified housing counseling;

(3) Supervise and assist Owner-Builders to build or Rehabilitate housing;

(4) Facilitate loans made or purchased by the Department under the Program; and

(5) Implement and administer the Program on behalf of the Department.

(f) Loan Servicing Agreement. Administrators may service Program loans originated on behalf of the Department. Administrators servicing Program loans on behalf of the Department must obtain prior approval and enter into a loan servicing agreement with the Department. Administrator certification for a loan servicing agreement expires annually, after which an Administrator in good standing with the Department may apply for recertification of the loan servicing agreement utilizing the recertification application provided by the Department's Loan Servicing section. Loan servicing agreements may be reevaluated from time to time and may be terminated at the discretion of the Department.

(g) First Year Consultation Agreement. If the Department notifies the Administrator that an Owner-Builder has failed to make a scheduled payment due under the Program loan, or other payments due under the Program loan documents, within the first 12 months of funding, the Administrator must meet with the Owner-Builder and provide counseling to assist in bringing the payments current. After such consultation and in the event that the Department and Administrator are not able to bring the Program loan current, the Department in accordance with its administrative rules, may apply appropriate graduated sanctions leading up to, but not limited to, deobligation of funds and future debarment from participation in the Program.

(h) Administrative Fee. The Administrator will be granted a 10% administrative fee upon completion of the house and funding of each Mortgage ~~loan~~Loan.

(i) Construction Plans. If the activity is New Construction or reconstruction, Administrator must submit a legible copy of the proposed construction plans for approval by the Department prior to the Administrator accepting applications for Owner-Builder Applicants.

(j) Work Write-up. If Administrator's activity is Rehabilitation, Administrator must adhere to TMCS and submit work write-ups and cost estimates for Department approval prior to construction.

(k) Loan Program Requirements. The Department may purchase or originate loans that conform to the lending parameters and the specific loan Program requirements as described in paragraphs (1) - (6) of this subsection:

(1) Minimum loan amount is $1,000;

(2) Loan term may not exceed 30 years;

(3) Loan term may not be less than five years;

(4) Loan must be at zero percent (0%) interest for the entire loan term;

(5) When refinancing a Contract for Deed, the Department will not disburse any portion of the Department's loan until the Owner-Builder receives a deed to the property; and

(6) Owner-Builder must have resided in Texas for the preceding six months prior to the date of loan application.

(l) Loan Assumption. A Program loan is assumable if the Department determines that the Owner-Builder Applicant complies with all Program requirements in effect at the time of the assumption.

§24.10 Owner-Builder Qualifications

The Owner-Builder must:

(1) Own or be purchasing a piece of real property with the conveyance of said property evidenced by a warranty deed or Contract for Deed;

~~(~~2) Be qualified as Low Income. ~~Eligibility Income calculated utilizing the total Household income including all income (salary, tips, bonus, overtime, alimony, child support, benefits, etc.) received by the Owner-Builder Applicant, co-Applicant and any other persons living in the home. No income is excluded in this calculation~~ Income eligibility of a Household is determined using the "Annual Income" as defined at 24 CFR §5.609, by using the list of income included in HUD Handbook 4350.3 (or most recent version), and excluding from income those items listed in HUD's Updated List of Federally Mandated Exclusions from Income. At least two months of source documentation of earned income must be provided.

(3) Execute a self-help agreement committing to specify and satisfy one of the criteria provided for in subparagraphs (A) - (D) of this paragraph:

(A) Provide at least 65% of the labor necessary to build or rehabilitate the proposed housing through a state-certified Administrator;

(B) Provide an amount of labor equivalent to 65% in connection with building or rehabilitating housing for others through a state-certified Administrator;

(C) Provide through the noncontract labor of friends, family, or volunteers and through personal labor at least 65% of the labor necessary to build or rehabilitate the proposed housing through a state-certified Administrator; or

(D) If due to a documented disability or other limiting circumstances the Owner-Builder cannot provide the amount of personal labor otherwise required, provide through the noncontract labor of friends, family or volunteers at least 65% of the labor necessary to build or rehabilitate the proposed housing through a state-certified Administrator;

(4) Successfully complete an Owner-Builder homeownership education class and HUD-certified housing counseling prior to loan funding;

(5) Not have any outstanding judgments or liens on the property; and

(6) Occupy the residence as a Principal Residence within 30 days of the end of the construction period or the closing of the loan, whichever is later. If the Owner-Builder fails to do so, the Department may declare the loan in default and accelerate the note. Any additional habitable structures must be removed from the property prior to closing; however, a portion of the structure may be utilized as storage upon the Department's written approval prior to closing.

§24.11 Property Guidelines and Related Issues

(a) A final appraisal is required by the Department on each property prior to loan closing.

(b) Title Commitment.

(1) A copy of the preliminary title report including complete legal description and copies of all schedules, covenants, conditions and restrictions, easements, and any supplements thereto is required at the time of submission, and must not be more than 90 days old.

(2) Title commitments must list the Department's Loan.

(3) The final title commitment or title report submitted to the Department to draft Loan documents should not be more than 30 days old at the time of the submission in order to remain valid and effective at the date of the loan closing. Title commitments older than 90 days are no longer valid and must be updated prior to the date of loan closing.

(c) For acquisition of existing Single Family Housing Unit that will not be rehabilitated, a property inspection will be required to be completed by an inspector licensed by the Texas Real Estate Commission. A copy of the inspection report must be submitted and any deficiencies listed on the report must be corrected prior to closing. Cosmetic issues such as paint, wall texture, etc. may not be required to be corrected if utilizing a self-help construction Program. A copy of the inspection report must be provided to the Owner-Builder Applicant and the Department. The Administrator or the Owner-Builder Applicant will be responsible for the selection and the fee of the licensed inspector.

§24.12 Administrator Certification

(a) An Administrator must be certified prior to execution of a ~~loan origination agreement or a loan servicing agreement. Administrator certification expires after three years~~Reservation Agreement. The term of the Reservation Agreement shall not exceed 36 months, after which an Administrator must ~~apply~~reapply for ~~recertification.~~certification and a new Reservation Agreement.

(b) ~~Initial Certification. Initial certification for entities must meet all of~~The Department will produce an Application to satisfy the Department's requirements to be certified to administer the Texas Bootstrap

Loan Program. The Application will be available on the Department's website. Applications for a Reservation Agreement will include, at a minimum, criteria listed in subsections (~~d) - (n~~c) - (m) of this section.

~~(c) Recertification. Recertification for loan origination requires that an Administrator be in good standing with the Department. Submission of the criteria listed subsections (d) - (j) of this section is only required if any changes have occurred. Recertification for the purposes of loan servicing activities requires that the Administrator be in good standing with the Department and that they complete an annual recertification to the loan servicing agreement.~~

(~~d~~c) An Application for certification ~~or recertification~~ must be submitted in the format required by the Department.

(~~e~~d) If the Applicant is a Nonprofit Organization, Applicant must demonstrate:

(1) The Applicant is registered and in good standing with Office of the Secretary of State and the State Comptroller's Office as a nonprofit corporation under the Texas Business Code or a nonprofit organization under any other state not-for-profit/nonprofit statute ~~as evidenced by charter or Certificate of Formation~~;

(2) The net earnings of the Applicant may not inure to the benefit of any member, founder, contributor, or individual, as evidenced by charter, B~~b~~ylaws, or Certificate of Formation or Articles of Incorporation, as applicable;

(3) The Applicant has been granted 501(c)(3) tax-exempt status ~~(by submission of a current letter of determination from the Internal Revenue Service (IRS)~~ as a charitable, nonprofit corporation or as a subordinate organization of a central nonprofit corporation under §501(c)(3) of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS dated 1986 or later. The exemption ruling must be effective on the date of the Application and must continue to be effective while certified as an Administrator.

(4) The Applicant have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's charter, Certificate of Formation, Articles of Incorporation, Resolutions, or Bylaws.

(~~f~~e) The Applicant must conform to the United States Generally Accepted Accounting Principles (GAAP) as evidenced by a notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department or certification from a Certified Public Accountant.

(~~g~~f) If the Applicant proposes to provide interim or residential construction funds, it must provide an audited financial statement for the most recent fiscal year or a signed and dated financial statement for the period since last published audit. If the Applicant does not have audited financial statements or a signed and dated financial statement for the period since last published audit must provide a resolution from the Board of Directors that is signed and dated within 6 months from the date of Application and certifies that the accounting procedures used by the organization conform to the GAAP. Certified Administrators that do not have audited financial statements or a signed and dated financial statement for the period since last published audit are restricted to only originating permanent loans and will be ineligible for any interim or residential construction loans, until the Department has reviewed the most current audited financial statements.

(~~h~~g) The Applicant must demonstrate capacity for carrying out Mortgage Loan origination and self-help housing construction Activities, as evidenced by resumes or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with Texas Bootstrap Loan Program funds; or contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with Texas Bootstrap Loan Program funds, to train appropriate key staff of the organization.

(~~i~~h) Religious or Faith-based Organizations (RFOs) may sponsor an Applicant if the Applicant meets all the requirements of this section. While the governing board of an Applicant sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the RFO may retain control over appointments to the board. Additionally, RFOs must comply with the following:

(1) Housing developed must be made available exclusively for the residential use of Program beneficiaries, and must be made available to all persons regardless of religious affiliations or beliefs;

(2) Texas Bootstrap Loan Program funds may never be used to support any explicitly religious activities such as worship, religious instruction, or proselytizing; and

(3) Compliance with paragraphs (1) and (2) of this subsection must be evidenced by the Bylaws, charter or Certificate of Formation.

(~~j~~i) Program Design and Guidelines. The Applicant must have policies for how the Owner-Builders participating in its Program will meet the self-help requirements and guidelines related to qualifying potential Owner-Builders.

(~~k~~j) The Applicant must provide to the Department the number of houses they are proposing to build, type of proposed financing structure and construction timelines, to evidence its ability to carry out the Program.

(~~l~~k) The Applicant must provide ~~copies of Program guidelines and homebuyer course~~ curriculum related to homebuyer education, as well as evidence of its ~~experience in qualifying potential Owner-Builders and in providing education classes,~~ability to provide HUD-certified housing counseling~~ and training.~~, which may be provided by the Administrator or another HUD-certified provider.

(~~m~~l) The Applicant must be in compliance with 10 TAC §1.403, (relating to Single Audit Requirements), and 10 TAC §20.8, (relating to Fair Housing, Affirmative Marketing and Reasonable Accommodations) at the time of Application.

(~~n~~m) The Applicant must be in compliance with any existing Contracts awarded by the Department and is subject to the Department's Previous Participation Review process provided for in 10 TAC §1.302 (relating to Previous Participation Reviews for Department Program Awards Not Covered by §1.301 of this Subchapter) and §1.303 (relating to Executive Award and Review Advisory Committee (EARAC) of this title.

File #: 459 **Agenda Date:** 12/7/2023 **Agenda #:** 9.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and an order proposing new 10 TAC Chapter 20, Single Family Programs Umbrella Rule, 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, the proposed new 10 TAC Chapter 20, Single Family Programs Umbrella Rule primarily updates requirements for improvement surveys and creates consistency for housing counseling and loan closing procedures for Department funded Mortgage Loans; and

WHEREAS, upon Board approval, the proposed new rule will be submitted for publication in the *Texas Register* to receive public comment, which will be accepted from December 22, 2023 to January 22, 2024;

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 repeal of 10 TAC Chapter 20 and proposed new 10 TAC Chapter 20, regarding the Single Family Programs Umbrella Rule, 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 purpose of repealing 10 TAC Chapter 20, Single Family Programs Umbrella Rule and proposing a new 10 TAC Chapter 20, is to update and clarify survey requirements for construction activities and to create consistency as it relates to requirements for Single Family Programs Mortgage Loans. The proposed rule requires that all Households that enter into a Mortgage Loan subject to the rule receive HUD approved housing counseling, and requires that the Department prepare loan closing documents, including disclosures. While the changes included in the proposed new rule are minimal, staff recommends proposed repeal and replacement of the entire chapter in order to solicit public comment on all sections of the rule. Staff has summarized the significant changes proposed to be made to the Single Family Programs Umbrella Rule below. A blackline version with all changes is attached and will be available on the Department's website during the public comment period.

The Department held two virtual roundtable discussions on November 10, 2023, regarding the Single

Family Umbrella Rule and other single family rules being presented under separate items at this meeting. Comments and suggestions received from the roundtable discussions were taken into consideration during the preparation of the proposed Single Family Programs Umbrella Rule, as presented at this meeting.

The blackline proposed rule is attached to indicate to the Board and the public what is being changed. The significant updates proposed to 10 TAC Chapter 20 are:

- Fair Housing, Waitlist Policy, Affirmative Marketing and Procedures, Housing Counseling, Denials, Notice to Applicants, Reasonable Accommodations, and Limited English Proficiency
    - Requires HUD approved housing counseling for all Department issued Mortgage Loans.
- Survey Requirements
    - Specifies that the survey must show the existing improvements at the time of application for construction activities
- Insurance and Title Requirements
    - Clarifies that for construction activities, some types of insurance are required prior to Loan Closing while other types are required prior to the retainage draw.
- Loan, Lien and Mortgage Requirements for Activities
    - Proposed changes require that the Department prepare closing documents for all TDHCA issued Mortgage Loans.

Attachment A: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule. The purpose of the proposed action is to repeal the current rule, while replacing it with a new rule with revisions under separate action.

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.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed repeal would be in effect, the proposed repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, administration of the Department's Single Family Programs.

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor is the proposed repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal does not result in an increase in fees paid to the Department, nor 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 action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the administration of the Department's Single Family Programs.

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 this proposed repeal and determined that the proposed 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 repealed chapter would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed chapter.

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. The public comment period will be held December 22, 2023, to January 22, 2024, to receive input on the proposed repealed chapter. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Abigail Versyp, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email HOME@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central time, January 22, 2024.

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 repealed chapter affects no other code, article, or statute.

10 TAC Chapter 20, Single Family Programs Umbrella Rule

§20.1 Purpose
§20.2 Applicability
§20.3 Definitions
§20.4 Eligible Single Family Activities
§20.5 Funding Notices
§20.6 Applicant Eligibility
§20.7 Household Eligibility Requirements
§20.8 Single Family Housing Unit Eligibility Requirements

Attachment B: Preamble for proposed new 10 TAC Chapter 20, Single Family Programs Umbrella Rule

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 20, Single Family Programs Umbrella Rule. The purpose of the proposed new sections is to implement a more germane rule and better align administration to federal and state requirements.

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 proposed new rule would be in effect:

1. The proposed rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to administration of the Department's Single Family Programs.

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 work load to a degree that eliminates any existing employee positions.

3. The proposed new rule changes do not require additional future legislative appropriations.

4. The proposed new rule changes will not result in an increase in fees paid to the Department nor a decrease in fees paid to the Department.

5. The proposed new rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The proposed new rule will not expand or repeal an 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, in drafting this proposed new rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code, §2306.111.

1. The Department has evaluated this proposed new rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. There are approximately 60 rural communities currently participating in construction activities under Single Family Programs that are subject to the proposed new rule for which no economic impact of the rule is projected during the first year the rule is in effect.

3. The Department has determined that because the proposed new rule serves to clarify and update existing requirements and does not establish new requirements for which there would be an associated cost, there will be no 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 rule will be in effect the proposed new rule has no economic effect on local employment because the rule serves to clarify and update existing requirements and does not establish new requirements or activities that may positively or negatively impact local economies.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that participation in the Department's Single Family Programs is at the discretion of the local government or other eligible subrecipients, there are no "probable" effects of the proposed new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). 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 rule will be a more germane rule that better aligns administration to federal and state requirements. There will not be any economic cost to any individuals required to comply with the new section because the processes described by the rule have already been in place through the rule found at this section being repealed.

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 rule does not have any foreseeable implications related to costs or revenues of the state or local governments because the rule updates and clarifies existing requirements and does not impose new requirements.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held December 22, 2023, to January 22, 2024, to receive input on the proposed new rule. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Abigail Versyp, Rule Comments, P.O. Box 13941, Austin, Texas 8711-3941, by fax to (512) 475-0220, or email abigail.versyp@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central time, January 22, 2024.

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

CHAPTER 20 SINGLE FAMILY PROGRAMS UMBRELLA RULE

§20.1 Purpose

This chapter sets forth the common elements of the Texas Department of Housing and Community Affairs' (the Department) single family Programs, which include the Department's HOME Investment Partnerships Program (HOME), Texas Housing Trust Fund (Texas HTF), Texas Neighborhood Stabilization Program (NSP), and Office of Colonia Initiatives (OCI) Programs and other single family Programs as developed by the Department. Single family Programs are designed to improve and provide affordable housing opportunities to low-income individuals and families in Texas and in accordance with Chapter 2306 of the Tex. Gov't Code and any applicable statutes and federal regulations.

§20.2 Applicability

(a) This chapter only applies to single family Programs. Program Rules may impose additional requirements related to any provision of this chapter. Where a Program Rule is less restrictive and federal law does not preempt the item, the provisions of this chapter will govern Program decisions.

(b) Activities performed under Chapter 27 (relating to Texas First Time Homebuyer Program Rule) and Chapter 28 (related to Taxable Mortgage Program) of this title are excluded from this chapter.

§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) 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).

(4) 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.

(5) 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.

(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) Enforcement Committee--The Committee as defined in Chapter 2 of this title (relating to Enforcement).

(29) 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) 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.

(31) HOME Program--A HUD funded Program authorized under the HOME Investment Partnerships Program at 42 U.S.C. §§12701 - 12839.

(32) 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."

(33) 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.

(34) HUD--The United States Department of Housing and Urban Development or its successor.

(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.

(36) Life-of-Loan Flood Certification--Tracks the flood zone of the Single Family Housing Unit for the life of the Mortgage Loan.

(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) 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) 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.

(40) Mortgage--Has the same meaning as defined in §2306.004 of the Tex. Gov't Code.

(41) Mortgage Loan--Has the same meaning as defined in §2306.004 of the Tex. Gov't Code.

(42) 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.

(43) 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.

(44) 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.

(45) 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.

(46) Parity Lien--A lien position whereby two or more lenders share a security interest of equal priority in the collateral.

(47) 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) Principal Residence--The primary Single Family Housing Unit that a Household inhabits. May also be referred to as "primary residence."

(49) Program--The specific fund source from which single family funds are applied for and used.

(50) 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.

(51) 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.

(52) Program Rule--Chapters of Part 1 of this title which pertain to specific single family Program requirements.

(53) 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.

(54) Reservation--Funds set-aside for a Household submitted through the Department's Reservation System.

(55) Reservation System--The Department's online tracking system that allows Administrators to reserve funds for a specific Household.

(56) 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) Reverse Mortgage--A Home Equity Conversion Mortgage insured by the FHA.

(58) 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) Service-Area--The geographical area where an Administrator conducts Activities under a Contract.

(60) 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) 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) TAC--Texas Administrative Code.

(63) Texas Housing Trust Fund (Texas HTF)--Funding source for state-funded Programs authorized under Chapter 2306 of Tex. Gov't Code.

(64) TMCS--Texas Minimum Construction Standards.

§20.4 Eligible Single Family Activities

(a) Availability of funding for and specific Program requirements related to the Activities described in subsection (b)(1) - (7) of this section are defined in each Program's Rules.

(b) Activity Types for eligible single family housing Activities include the following, as allowed by the Program Rule or NOFA:

(1) Rehabilitation or new construction of Single Family Housing Units;

(2) Reconstruction of an existing Single Family Housing Unit on the same site;

(3) Replacement of existing owner-occupied housing with a new MHU;

(4) Acquisition of Single Family Housing Units, including acquisition with rehabilitation and accessibility modifications;

(5) Refinance of an existing Mortgage or Contract for Deed mortgage;

(6) Tenant-based rental assistance; and

(7) Any other single family Activity as determined by the Department.

§20.5 Funding Notices

(a) The Department will make funds available for eligible Administrators for single family activities through NOFAs, requests for qualifications (RFQs), request for proposals (RFPs), or other methods describing submission and eligibility guidelines and requirements.

(b) Funds may be allocated through Contract awards by the Department or by Department authority to submit Reservations.

(c) Funds may be subject to regional allocation in accordance with Chapter 2306 of the Tex. Gov't Code.

(d) Eligible Applicants must comply with the provisions of the Application materials and funding notice and are responsible for the accuracy and timely submission of all Applications and timely correction of all deficiencies.

§20.6 Administrator Applicant Eligibility

(a) Eligible Applicants seeking to administer a single family Program are limited to entities described in the Program Rule and/or NOFA; and

(1) Shall be in good standing with the Department, Texas Secretary of State, Texas Comptroller of Public Accounts and HUD, as applicable.

(2) Shall comply with all applicable state and federal rules, statutes, or regulations including those administrative requirements in Chapters 1 and 2 of this title (relating to Administration and Enforcement).

(3) Must provide Resolutions in accordance with the applicable Program Rule.

(b) The actions described in the following paragraphs (1) - (3) of this subsection may cause an Applicant and any Applications they have submitted to administer a Single Family Program to be ineligible:

(1) Applicant did not satisfy all eligibility and/or threshold requirements described in the applicable Program Rule and NOFA;

(2) Applicant is debarred by HUD or the Department; or

(3) Applicant is currently noncompliant or has a history of noncompliance with any Department Program. Each Applicant will be reviewed by the Executive Award and Review Advisory Committee (EARAC) for its compliance history by the Department, as provided in §1.302 (relating to Previous Participation Reviews for Department Program Awards Not Covered by §1.301 of this Subchapter) and §1.303 (relating to Executive Award and Review Advisory Committee (EARAC)) of this title. An Application submitted by an Applicant found to be in noncompliance or otherwise violating the rules of the Department may be recommended with conditions or not recommended for funding by EARAC.

(c) The Department reserves the right to adjust the amount awarded based on the Application's feasibility, underwriting analysis, the availability of funds, or other similar factors as deemed appropriate by the Department.

(d) The Department may decline to fund any Application to administer a Single Family Program if the proposed Activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual components of any Application.

(e) If an Applicant/Administrator is originating or servicing a Mortgage Loan, the Applicant/Administrator must possess all licenses required under state or federal law for taking the Application of and/or servicing a residential mortgage loan and must be in good standing with respect thereto, unless Applicant/Administrator is specifically exempted from such licensure pursuant to the applicable state and federal laws and regulations regarding residential mortgage loans.

§20.7 Single Family Housing Unit Eligibility Requirements

(a) A Single Family Housing Unit must be located in the State of Texas.

(b) Real property taxes assessed on an owner-occupied Single Family Housing Unit must be current prior to the date of Mortgage Loan closing or effective date of the grant agreement. Delinquent property taxes will result in disapproval of the Activity unless one or more of the following conditions are satisfied:

(1) Household must be satisfactorily participating in an approved installment agreement in accordance with Texas Tax Code §33.02 with the taxing authority, and must be current for at least three consecutive months prior to the date of Application;

(2) Household must have qualified for an approved tax deferral plan agreement in accordance with Texas Tax Code §§33.06 or 33.065; or

(3) Household must have entered into an installment agreement under Texas Tax Code §§31.031 or 31.032, have made at least one payment under the agreement, and be current on the installment plan.

(c) A Single Family Housing Unit must not be encumbered with any liens which impair the good and marketable title as of the date of the Mortgage Loan closing or effective date of the grant agreement.

(d) Prior to any Department assistance, the owner must be current on any existing Mortgage Loans or home equity loans.

(e) Housing that is built through new construction or reconstruction must meet the requirements of Texas Gov't Code §2306.514 (relating to accessibility), 10 TAC Chapter 21 (relating to Energy Efficiency), and applicable building codes. Plans submitted for housing under new construction or reconstruction must be prepared or certified by an architect or engineer licensed by the state of Texas.

§20.8 Fair Housing, Waitlist Policy, Affirmative Marketing and Procedures, Housing Counseling, Denials, Notice to Applicants, Reasonable Accommodations, and Limited English Proficiency

(a) Fair Housing. In addition to Chapter 1, Subchapter B of this title (relating to Accessibility and Reasonable Accommodations), an Administrator must comply with all applicable state and federal rules, statutes, or regulations, involving accessibility including the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act, and the Architectural Barriers Act as well as state and local building codes that contain accessibility requirements; where local, state, or federal rules are more stringent, the most stringent rules shall apply. Administrators receiving Federal or state funds must comply with the Age Discrimination Act of 1975.

(b) Preferences. Administrators of the Amy Young Barrier Removal Program may have a preference prioritizing Households to prevent displacement from permanent housing, or to foster returning to permanent housing related to inaccessible features of the unit.

(c) Waitlist Policy. An Administrator receiving Federal funds must have a Waitlist Policy. The Waitlist Policy must be submitted to the Department each time the Administrator applies for a new contract or a new type of activity. The Administrator may submit a previously approved Waitlist Policy if no changes need to be made. The Waitlist Policy must be submitted at a minimum of every three years if the Administrator continues to accept new Applications. An Administrator receiving Federal funds must submit a Waitlist Policy with an Affirmative Fair Housing Marketing Plan as described in subsection (d) of this section, relating to Affirmative Marketing and Procedures.

(1) A Waitlist Policy must include any Department approved preferences used in selecting Applicants from the list. An Administrator that has defined preferences in its written waitlist procedures or tenant selection plans, as applicable, will employ preferences first and select Applicants from the waiting list that meet the defined preference, still using the neutral random selection process. An Administrator of a federally funded Program may

only request to establish preferences that are included in Department planning documents, specifically the One Year Action Plan or Consolidated Plan, or as otherwise allowed for CDBG funded Activities.

(2) An Administrator must accept Applications from possible eligible Applicants for a minimum of a 21 calendar day period. A first-come, first-served basis may not be implemented during initial selection. At the close of the minimum 21 calendar day Application acceptance period, an Administrator must select Applications through a neutral random selection process that the Administrator described in its written policies and procedures. After the Administrator has allowed for the minimum 21 calendar day period to accept Applications and has used a neutral random selection process to assist Households, the Administrator may accept Applications on a first-come, first-served basis if funds remain in the current contract or Activity type. The Director of Programs, or designee, may approve an exemption from the 21 calendar day period and the neutral random selection process for Administrators of HOME disaster set-aside Tenant Based Rental Assistance, as necessary to respond to the disaster.

(d) Affirmative Marketing and Procedures. An Administrator receiving Federal funds must have an Affirmative Fair Housing Marketing Plan (AFHMP) and satisfy the requirements of this subsection. The AFHMP must be submitted to the Department each time the Administrator applies for a new contract or a new type of activity, and reflect marketing activities specific to the activity type. The Administrator may submit a previously approved AFHMP if no changes need to be made. The plan must be submitted at least one time in any three-year period if the Administrator continues to accept new Applications.

(1) Administrators must use the AFHMP form on the Department's website, HUD Form 935.2B, or create an equivalent AFHMP that includes:

(A) Identification of the population "least likely to apply" for the Administrator's Program(s) without special outreach efforts. Administrators may use the Department's single family affirmative marketing tool to determine populations "least likely to apply." If Administrators use another method to determine the populations "least likely to apply" the AFHMP must provide a detailed explanation of the methodology used. Persons with Disabilities must always be included as a population least likely to apply.

(B) Identification of the methods of outreach that will be used to attract persons identified as least likely to apply. Outreach methods must include identification of a minimum of three organizations with whom the Administrator plans to conduct outreach, and whose membership or clientele consists primarily of protected class members in the groups least likely to apply. If the Administrator is unable to locate three such groups, the reason must be documented in the file.

(C) Identification of the methods to be used for collection of data and periodic evaluation to determine the success of the outreach efforts. If efforts have been unsuccessful, the Administrator's AFHMP should be revised to include new or improved outreach efforts.

(D) Description of the fair housing trainings required for Administrator staff, including delivery method, training provider and frequency. For programs involved in homebuyer transactions, training must include requirements of the Fair Housing Act relating to financing and advertising, expected real estate broker conduct, as well as redlining and zoning for all programs, and discriminatory appraisal practices.

(E) A description of applicable housing counseling programs and educational materials that will be offered to Applicants. An Administrator offering any TDHCA Mortgage Loan ~~utilizing federal funds~~ must require that Households receive housing counseling prior to the date of the Mortgage Loan closing. Housing counseling may take place in-person or by telephone. Counseling may be provided online only if it is customized to the individual Household. Counseling must address pre- and/or post-purchase topics, as applicable to the Borrower's needs. A certificate of completion of counseling must be dated not more than 12 months prior to the date of submission of Mortgage Loan Application. ~~For an Applicant who will receive construction assistance from a federally funded Program on or after August 1, 2021, housing~~Housing counseling must be provided by HUD-certified counselors working for agencies participating in HUD's Housing Counseling Program.

(2) Applicability.

(A) Affirmative marketing is required as long as an Administrator of federal funds is accepting Applications or until all dwelling units are sold in the case of single family homeownership programs.

(B) An Administrator that currently has an existing list of Applicants and is not accepting new Applications ~~or establishing a waitlist~~ is not required to affirmatively market until preparing to accept new Applications, but must develop a plan as described in this subsection.

(C) An Administrator providing assistance in more than one Service Area must provide a separate plan for each market area in which the housing assistance will be provided.

(D) Administrators must include the Equal Housing Opportunity logo and slogan on any commercial and other media used in marketing outreach.

(E) Copies of all outreach and media ads must be kept and made available to the Department upon request.

(e) Mobility Counseling. An Administrator offering homeownership or rental assistance that allows the Household to relocate from their current residence must provide the Household access to mobility counseling. For homeownership, mobility counseling may be included in housing counseling and education trainings, and must cover the criteria noted in paragraphs (1) - (3) of this subsection.

(1) Mobility counseling must, at a minimum, include easily understandable information that the Household can use in determining areas of opportunity within a Service Area, which must at minimum include the following: which areas have lower poverty rates, average income information of different areas, school ratings, crime statistics, available area services, public transit, and other items the Administrator deems appropriate in helping the Household make informed choices when identifying housing.

(2) Mobility counseling may be offered online or in-person, and must be customized for the Household.

(3) An Administrator must collect signed certifications from Applicants acknowledging they have received mobility counseling.

(f) Denials. In the case of any Applicant's denial from a program, a letter providing the specific reason for the denial must be provided to the Applicant within fourteen calendar days of the denial. Administrators must keep a record of all denied Applicants including the basis for denial. Such records must be retained for the record retention period described by the Agreement or other sources.

(g) Notice to Applicants. Administrator must provide Applicants with eligibility criteria, which shall include the procedures for requesting a reasonable accommodation to the Administrator's rules, policies, practices, and services, including but not limited to, as it relates to the Application process.

(h) A copy of all Reasonable Accommodation requests and the Administrator's compliant responses to such requests, in accordance with §1.204 of this title (relating to Reasonable Accommodations), must be kept as stated in §1.409 of this title (relating to Records Retention).

(i) Provisions Related to Limited English Proficiency.

(1) Administrator must have a Language Access Plan that ensures persons with Limited English Proficiency (LEP) have meaningful access and an equal opportunity to participate in services, activities, programs, and other benefits.

(2) Materials that are critical for ensuring meaningful access to an Administrator's major activities and programs, including but not limited to Applications, mortgage loan Applications, consent forms and notices of rights, should be translated for any population considered least likely to apply that meets the threshold requirements of Safe Harbor LEP provisions as provided by HUD and published on the Department's website. Materials considered critical for ensuring meaningful access should be outlined in the Administrator's Language Access Plan.

(3) The Administrator is required to translate Vital Documents under Safe Harbor guidelines, they must include in their Language Access Plan how such translation services will be provided (e.g., whether the Administrator will use voluntary or contracted qualified translation services, telephonic services, or will identify bilingual staff that will be available to assist Applicants in completing vital documents and/or accessing vital services). If the Administrator plans to use bilingual staff in its translation services, contact information for bilingual staff members must be provided.

(4) The Language Access Plan must be submitted to the Department upon request and be available for review during monitoring visits. HUD and the Department of Justice have issued requirements to ensure meaningful and appropriate access to programs for LEP individuals.

(5) Administrators must offer reasonable accommodations information and Fair Housing rights information in both English and Spanish, and other languages as required by the inclusion of "least likely to apply" groups to reach populations identified as least likely to apply.

(j) The Waitlist Policy and AFHMP, any documentation supporting the plans, and any changes made to the plans, must be kept in accordance with recordkeeping requirements for the specific Program, and in accordance with 10 TAC §1.409 (relating to Re

§20.9 Inspection Requirements for Construction Activities

(a) The inspection requirements in this section are applicable to all construction activities, except for the Amy Young Barrier Removal Program, to the extent funded with Texas HTF.

(b) Interim inspections of construction progress are required for a Draw Request.

(c) Final inspections are required for all single family construction Activities. The inspection must document that the Activity is complete; meets all applicable codes, requirements, zoning ordinances; and has no known deficiencies related to health and safety standards. A copy of the final inspection report must be provided to the Department and to the Household.

(d) New construction requirements.

(1) A Certificate of Occupancy shall be issued prior to final payment for construction, as applicable. In instances where the local jurisdiction does not issue a Certificate of Occupancy for the Activity undertaken, the Administrator must provide to the Department documentation evidencing that the Single Family Housing Unit complies with subsection (c) of this section.

(2) Applicant must demonstrate compliance with Tex. Gov't Code §2306.514, "Construction Requirements for Single Family Affordable Housing," and applicable Program Rules.

(e) Reconstruction requirements.

(1) The initial inspection must identify substandard conditions listed in TMCS along with any other health or safety concerns, unless the unit has been condemned or in the case of a HOME and CSHC Activity, the unit to be reconstructed is an MHU.

(A) A copy of the initial inspection report must be provided to the Department and to the Household as applicable. The initial inspection may be waived if the local building official certifies that the extent of the subject property's substandard conditions is beyond repair, or the property has been condemned.

(B) Substandard conditions identified in the initial inspection report must provide adequate detail to evidence the need for reconstruction.

(2) A Certificate of Occupancy shall be issued prior to final payment for construction, as applicable. In instances where the local jurisdiction does not issue a Certificate of Occupancy for the Activity undertaken, the Administrator must provide to the Department documentation evidencing that the Single Family Housing Unit complies with subsection (c) of this section.

(3) Applicant must demonstrate compliance with Tex. Gov't Code §2306.514, "Construction Requirements for Single Family Affordable Housing," and applicable Program Rules.

(f) Rehabilitation requirements.

(1) Single Family Housing Units that have been condemned by the Municipality, County, or the State are not eligible for rehabilitation.

(2) The initial inspection must identify all substandard conditions listed in TMCS, along with any other health and safety concerns

(A) A copy of the initial inspection report must be provided to the Department and to the Household.

(B) All substandard conditions identified in the initial inspection report shall be addressed in the work write-up and cost-estimate.

(3) Final inspections must document that all substandard and health and safety issues identified in the initial inspection have been corrected. All deficient items noted on the final inspection report must be corrected prior to approval of the final Draw Request.

(4) Administrator shall meet the applicable requirements of the TMCS. Exceptions to specific provisions of TMCS may be granted in accordance with the TMCS exception request process.

(5) Correction of cosmetic issues, such as paint, wall texture, etc., will not be required if acceptable to the Program as outlined in the Program Rule, or if utilizing a Self-Help Construction Program.

(g) Inspector Requirements.

(1) 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) Inspectors shall utilize Department-approved inspection forms, checklists, and standards when conducting inspections.

(h) The Department reserves the right to reject any inspection report if, in its sole and reasonable determination, the report does not accurately represent the property conditions or if the inspector does not meet Program requirements. All related construction costs in a rejected inspection report may be disallowed until the deficiencies are adequately cured.

§20.10 Survey Requirements

(a) The Amy Young Barrier Removal Program is excluded from the survey requirements, to the extent funded with the Texas HTF.

(b) When Program funds are used for acquisition or construction, an Improvement Survey ~~is required when:~~

~~(1) The rehabilitation project is enlarging~~showing the ~~footprint; or~~

~~(2) The Activity is reconstruction, new construction, or acquisition of an~~ existing ~~home.(~~improvements on the site at the time of Activity submission is required. An updated improvement survey may be required at construction completion at the discretion of the Department.

(c) If allowed by the Program Rules or NOFA, existing surveys for acquisition only activities may be used if the owner certifies that no changes were made to the footprint of any building or structure, or to any improvement on the Single Family Housing Unit, and the title company accepts the certification and survey.

(d) The Department reserves the right to determine the survey requirements on a per Activity basis if additional survey requirements would, at the sole discretion of the Department, benefit the Activity.

§20.11 Insurance and Title Requirements

(a) The Amy Young Barrier Removal Program is excluded from this section, to the extent funded with the Texas HTF.

(b) Title Insurance Requirements. A "Mortgagee's Title Insurance Policy" is required for all Department Mortgage Loans, exclusive of subordinate lien Mortgage Loans for down payment assistance and closing costs.

(1) The title insurance policy shall be issued by an entity that is licensed and in good standing with the Texas Department of Insurance.

(2) The policy must be in the amount of the Mortgage Loan. The mortgagee named shall be: "Texas Department of Housing and Community Affairs."

(3) The policy must include survey deletion coverage.

(c) Title Reports.

(1) Title reports are acceptable only for grants.

(2) Title reports must disclose the current ownership, easements, restrictions, and liens relating to the property, and include a search for judgements, mortgages or liens, affidavits, deed restrictions, building setback and easements, and any other factors which may impair the good and marketable title to the property.

(3) The preliminary title report may not be older than six months from the date of submission of the Activity to the Department.

(d) Builder's Risk. Builder's Risk (non-reporting form only) is required when the Department provides construction funds for a Single Family Housing Unit. At the end of the construction period, the binder must be endorsed to remove the "pending disbursements" clause.

(e) Hazard Insurance. If Department funds are provided in an amount that exceeds $20,000, then:

(1) The Department requires property insurance for fire and extended coverage;

(2) Homeowner's policies or package policies that provide property and liability coverage are acceptable. All risk policies are acceptable;

(3) The amount of hazard insurance coverage should be no less than 100% of the current insurable value of improvements as of the date of Mortgage Loan closing or effective date of the grant agreement; and

(4) The Department must be named as a loss payee and mortgagee on the hazard insurance policy for any Activity receiving a Mortgage Loan from the Department.

(f) Flood Insurance. Flood insurance must be maintained for all structures located in special flood hazard areas as determined by the U.S. Federal Emergency Management Agency (FEMA).

(1) A Household may elect to obtain flood insurance even though flood insurance is not required. However, the Household may not be coerced or required to obtain flood insurance unless it is required in accordance with this section.

(2) Evidence of insurance, as required in this chapter, must be obtained prior to Mortgage Loan funding~~.~~ for acquisition only projects. For activities involving construction, evidence of hazard insurance must be submitted prior to Mortgage Loan funding, and evidence of ~~required~~ floo~~l~~d insurance, if required, ma~~y~~ust be provided prior to payment of retainage. A one year insurance policy must be paid. For Amortizing Mortgage Loans, a minimum of two months of reserves must be collected at the closing of the Mortgage Loan. The Department must be named as the loss payee on the policy.

§20.12 Loan, Lien, and Mortgage Requirements for Activities

(a) The fees to be paid by the Department or Borrower upfront or through the closing must be reasonable for the service rendered, in accordance with the typical fees paid in the market place for such activities and:

(1) Fees charged by third party Mortgage lenders are limited to the greater of 2% of the Mortgage Loan amount or $3,500, including but not limited to origination, loan application, and/or underwriting fees, and

(2) Fees paid to other parties that are supported by an invoice and/or reflected on the Closing Disclosure will not be included in the limit in paragraph (1) of this subsection.

(b) A Loan made by a third-party lender in conjunction with a Mortgage Loan from a federal source must be fixed-rate and may not include pre-payment penalties, balloon payments, negative amortization, or interest-only periods.

(c) Mortgage Loan Underwriting Requirements. The requirements in this subsection shall apply to all non-forgivable amortizing Mortgage Loans.

(1) Debt-to-Income Ratio. The Household's total Debt-to-Income Ratio shall not exceed 45% of Qualifying Income (unless otherwise allowed or dictated by a participating lender providing a fixed rate Mortgage Loan that is insured or guaranteed by the federal government or a conventional Mortgage Loan that adheres to the guidelines set by Fannie Mae and Freddie Mac.) A potential Borrower's spouse who does not apply for the Mortgage Loan will be required to execute the information disclosure form(s) and the deed of trust as a non-purchasing spouse. The non-purchasing spouse will not be required to execute the note. For credit underwriting purposes all debts and obligations of the primary potential Borrower(s) and the non-purchasing spouse will be considered in the potential Borrower's total Debt-to-Income Ratio.

(2) Credit Qualifications.

(A) The Department may utilize credit reports submitted by the Administrator that are not more than 90 days old as part of the Mortgage Loan Application or may obtain tri-merge credit reports on all potential Borrowers submitted to the Department for approval at the time of Mortgage Loan Application. In addition to the initial credit report, the Department may, at its discretion, obtain one or more additional credit reports before Mortgage Loan closing to ensure the potential Borrower still meets Program requirements. Acceptable outstanding debt means that all accounts are paid as agreed and are current.

(B) Unacceptable Credit. Applicants meeting one or more of the following criteria will not be qualified to receive a single family Mortgage Program Loan from the Department:

(i) A credit history reflecting payments on any open consumer, retail and/or installment account (e.g., auto loans, signature loans, payday loans, credit cards or any other type of retail and/or installment loan, with the exception of a medical account) which have been delinquent for more than 30 days on two or more occasions within the last 12 months and must be current for the six months immediately preceding the date of the Mortgage Loan Application;

(ii) A foreclosure or deed-in-lieu of foreclosure or a potential Borrower in default on a mortgage at the time of the short sale any of which had occurred or been completed within the last 24 months prior to the date of Mortgage Loan Application;

(iii) An outstanding Internal Revenue Service tax lien or any other outstanding tax liens where the potential Borrower has not entered into a satisfactory repayment arrangement and been current for at least 12 months prior to the date of Mortgage Loan Application;

(iv) A court-created or court-affirmed obligation or judgment caused by nonpayment that is outstanding at the date of Mortgage Loan Application or any time prior to closing of the Mortgage Loan;

(v) Any account (with the exception of a medical account that is delinquent or has been placed for collection) that has been placed for collection, profit and loss, charged off, or repossession within the last 24 months prior to the date of Mortgage Loan Application;

(vi) Any reported delinquency on any government debt at the date of Mortgage Loan Application;

(vii) A bankruptcy that has been filed within the past 24 months prior to the date of the Mortgage Loan; or

(viii) Any reported child support payments in arrears unless the potential Borrower has evidence of having met satisfactory payment arrangements for at least 12 months prior to the date of the Mortgage Loan.

(C) Mitigation for Unacceptable Credit. The following exceptions will be considered as mitigation to the unacceptable credit criteria in subparagraph (B) of this paragraph.

(i) The potential Borrower is a Domestic Farm Laborer and receives a substantial portion of his/her income from the production or handling of agriculture or aquacultural products, and has demonstrated the ability and willingness to meet debt obligations as determined by the Department.

(ii) The potential Borrower provides documentation to evidence that the outstanding delinquency or unpaid account has been paid or settled or the potential Borrower has entered into a satisfactory repayment arrangement or debt management plan and been current for at least 12 consecutive months prior to the date of Mortgage Loan.

(iii) The potential Borrower submits to the Department a written explanation of the cause for the previous delinquency, which has since been brought current and is acceptable to the Executive Director or his or her designee.

(iv) Any and all outstanding judgments must be released prior to closing of Mortgaged Loan.

(v) If a potential Borrower is currently participating in a debt management plan, and the trustee or assignee provides a letter to the Department stating they are aware and agree with the potential borrower applying for a Mortgage Loan. If a potential Borrower filed a bankruptcy, the bankruptcy must have been discharged or dismissed more than 12 months prior to the date of Mortgage Loan Application and the potential Borrower has re-established good credit with at least one existing or new active consumer account or credit account that is in good standing with no delinquencies for at least 12 months prior to the date of Mortgage Loan Application.

(vi) If a Chapter 13 Bankruptcy was filed, a potential Borrower must have satisfactorily made 12 consecutive payments and obtain court trustee's written approval to enter into Mortgage Loan.

(D) Liabilities.

(i) The potential Borrower's liabilities include all revolving charge accounts, real estate loans, alimony, child support, installment loans, and all other debts of a continuing nature with more than 10 monthly payments remaining. Debts for which the potential borrower is a co-signer will be included in the total monthly obligations. For payments with 10 or fewer monthly payments remaining, there shall be no late payments within the past 12 months or the debt will be included into the Debt-to-Income Ratio calculation. Payments on installment debts which are paid in full prior to the date of closing are not included for qualification purposes. Payments on all revolving debts, including credit cards, payday loans, lines of credit, unsecured loans, and installment loans that have been opened within three months of closing a prior account with the same lender will be included in the Debt-to-Income Ratio calculation, even if the potential Borrower intends to pay off the accounts, unless the account is paid in full and closed. Any revolving account with an outstanding balance but no specific minimum payment reflected on the credit report and no monthly statement showing the required monthly payment will include a payment amount calculated as the greater of 5% of the outstanding balance or $10.

(ii) if a potential Borrower provides written evidence that a debt will be deferred at least 12 months from the date of closing, the debt will not be included in the Debt-to-Income Ratio calculation. Payments on any type of loan that have been deferred or have not yet commenced, including student loans and accounts in forbearance, will be calculated using .5% of the outstanding balance or monthly payment reported on the potential Borrower's credit report, whichever is less. Other types of loans with deferred payment will be calculated using the monthly payment shown on the potential Borrower's credit report. If the credit report does not include a monthly payment for the loan, the monthly payment shown in the loan agreement or payment statement will be utilized.

(E) Equal Credit Opportunity Act. The Department and/or the Administrator on behalf of the Department will comply with all federal and state laws and regulations relating to the extension of credit, including the Equal Credit Opportunity Act (ECOA) (15 U.S.C. 1691 et seq.) and its implementing regulation at 12 CFR Part 1002 (Regulation B) when qualifying potential Borrower(s) to receive a single family Mortgage Loan from the Department.

(d) The Department reserves the right to deny assistance in the event that the senior lien conditions are not to the satisfaction of the Department, as outlined in the Program Rules.

(e) Lien Position Requirements.

(1) A Mortgage Loan made by the Department shall be secured by a first lien on the real property if the Department's Mortgage Loan is the largest Mortgage Loan secured by the real property; or

(2) The Department may accept a Parity Lien position if the original principal amount of the leveraged Mortgage Loan is equal to or greater than the Department's Mortgage Loan; or

(3) The Department may accept a subordinate lien position if the original principal amount of the leveraged Mortgage Loan is at least 55% of the combined repayable or amortized loans; however, liens related to other subsidized funds provided in the form of grants and non-amortizing Mortgage Loans, such as deferred payment or Forgivable Loans, must be subordinate to the Department's payable Mortgage Loan.

(f) Loan Terms. All Mortgage Loan terms must meet all of the following criteria:

(1) May not exceed a term of 30 years;

(2) May not be for a term of less than five years; and

(3) Interest rate may be as low as 0% as provided in the Program Rules.

(g) Loan Assumption. A Mortgage Loan may be assumable if the Department determines the potential Borrower assuming the Mortgage Loan is eligible according to the underwriting criteria of this section and complies with all Program requirements in effect at the time of the assumption.

(h) Cash Assets. An Applicant with unrestricted cash assets in excess of $25,000 must use such excess funds towards the acquisition of the property in lieu of loan proceeds. Unrestricted cash assets for this purpose are Net Family Assets defined in 24 CFR §5.603.

(i) Appraisals.

(1) An appraisal is required by the Department on each property that is part of an acquisition Activity, except for down payment assistance only, prior to closing to determine the current market value.

(2) The appraisal must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation.

(3) The Appraiser must have an active and current license by the Texas Appraisal Licensing and Certification Board.

(j) Combined Loan to Value. The Combined Loan to Value ratio of the property may not exceed 100% of the cost to acquire the property. The lien amounts of Forgivable Loans shall be included when determining the Combined Loan to Value ratio. The cost to acquire the property may exceed the appraised value only for an amount not to exceed the closing costs but in no case may result in cash back to the Borrower or exceed the limits under subsection (a) of this section.

(k) Escrow Accounts.

(1) An escrow account for real estate taxes, hazard and flood insurance premiums, and other related costs must be established if:

(A) The Department holds a first lien Mortgage Loan which is due and payable on a monthly basis to the Department; or

(B) The Department holds a subordinate Mortgage Loan and the first lien lender does not require an escrow account.

(2) If an escrow account held by the Department is required under one of the provisions described in this subsection, then the following provisions described in subparagraphs (A) - (G) of this paragraph are applicable:

(A) The Borrower must contribute monthly payments to cover the anticipated costs, as calculated by the Department, of real estate taxes, hazard and flood insurance premiums, and other related costs as applicable;

(B) Escrow reserves shall be calculated based on land and completed improvement values;

(C) The Department may require up to two months of payment reserves for hazard and/or flood insurance, and property taxes to be collected at the time of closing to establish the required amounts in the escrow account;

(D) In addition, the Department may also require that the property taxes be prorated at the time of closing and those funds be deposited with the Department;

(E) The Borrower will be required to deposit monthly funds to an escrow account managed by the Mortgage Loan servicer for payment of the taxes and insurance on the property. This will ensure that funds are available to pay for the cost of real estate taxes, insurance premiums, and other assessments when they come due;

(F) These funds are included in the Borrower's monthly loan payment to the Department or to the Mortgage Loan servicer; and

(G) The Department will establish and administer the escrow accounts in accordance with the Real Estate Settlement and Procedures Act of 1974 (RESPA) under 12 U.S.C. §2601 and its implementing regulations at 12 CFR Part 1024 (Regulation X), as applicable.

(l) Requirements for Originating Mortgage Loans for the Department.

(1) Any ~~Administrator or staff member of an Administrator~~person or organization originating Mortgage Loans for the Department must be properly licensed and registered as a residential mortgage loan originator in accordance

with Chapters 157 and 180 of the Texas Finance Code and its implementing regulations at Chapter 81, Part 4 of Title 7 of the TAC, unless exempt from licensure or registration pursuant to the applicable state and federal laws and regulations regarding residential mortgage loans.

(A) The Department reserves the right to reject any Mortgage Loan Application originated by an Administrator or individual that is not properly licensed or registered.

(B) The Department will not reimburse any expenses related to a Mortgage Loan Application received from an Administrator or individual that is not properly licensed or registered.

~~(2) Only Administrators approved by the Department may issue initial mortgage disclosures, including the Loan Estimate and other integrated disclosures for Mortgage Loans made by the Department as required under RESPA and its implementing Regulation X, the Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd Frank) at 124 Stat.1375, the Truth in Lending Act (TILA) at 15 U.S.C. §1601 and its implementing regulations at 12 CFR §1026 (Regulation Z), and any applicable Texas laws, statutes, and regulations regarding consumer disclosures for residential mortgage loan transactions.~~

~~(A) The Department reserves the right to reject any Mortgage Loan Application and Loan Estimate submitted by an Administrator that has not received Department approval because the loan product as disclosed is not offered or the Borrower does not qualify for that loan product.~~

~~(B) The Department will not reimburse any expenses related to a Loan Estimate or Application received from an Administrator that does not have Department approval.~~

~~(3) Only an Administrator approved by the Department may issue final mortgage disclosures, including the Closing Disclosures and other integrated disclosures, for Mortgage Loans made by the Department as required under RESPA--Regulation X, Dodd Frank, TILA, Regulation Z), and any applicable Texas laws, statutes, and regulations regarding consumer disclosures for residential mortgage loan transactions.~~

~~(A) The Department reserves the right to reject any Closing Disclosure issued by an Administrator or title company without Department approval.~~

~~(B) The Department reserves the right to refuse to fund a Mortgage Loan with a Closing Disclosure that does not have Department approval.~~

(~~4~~ (2~~3~~) The Department will not allow disbursement of any portion of the Department's Mortgage Loan for acquisition until seller delivers to the Borrower a fully executed deed to the property. After execution of the deed, the deed must be recorded in the records of the county where the property is located.

(~~5~~3~~4~~) The first monthly mortgage payment upon closing of the Mortgage Loan with monthly scheduled payments will be due one full month after the last day of the month in which the Mortgage Loan closed.

(m) Principal Residence. Loans are only permitted for potential Borrowers who will occupy the property as their Principal Residence. The property must be occupied by the potential Borrower within the later of 60 days after Mortgage Loan closing or construction completion, whichever occurs last. It must remain the Household's Principal Residence as defined in the Mortgage Loan documents or in the case of Forgivable Loans, until the forgiveness period has concluded in accordance with the Mortgage documents.

(n) Life-of-Loan Flood Certifications will be required to monitor for FEMA flood map revisions and community participation status changes for the term of the Mortgage Loan.

(o) Requirements for Subordinating to a Refinanced Loan. The Department may consent to the refinancing of the Household's superior third-party lender mortgage and execute a subordination agreement when the following conditions are met:

(1) Borrower is not refinancing into an adjustable rate mortgage;

(2) Combined loan balances do not exceed 100% of appraised value;

(3) There is no increase in principal or interest payments, with the exception made for Borrowers refinancing from a 30-year term to a shorter loan term;

(4) The Borrower will not receive any proceeds from the transaction unless it is for overpayment of Borrower's costs;

(5) All lienholders have consented to the refinancing; and

(6) In the case of Reverse Mortgages insured by the federal government (e.g. Home Equity Conversion Mortgage insured by the Federal Housing Administration), all other requirements are met.

§20.13 Amendments to Written Agreements and Contracts

(a) The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver amendments to any written Agreement or Contract that is not a Household commitment contract, provided that the requirements of this section are met unless otherwise indicated in the Program Rules.

(1) Time extensions. The Executive Director or his/her designee may grant up to a cumulative 12 months extension to the end date of any Contract unless otherwise indicated in the Program Rules. Any additional time extension beyond a cumulative 12 months granted by the Executive Director shall include a statement by the Executive Director identifying the unusual, non-foreseeable or extenuating circumstances justifying the extension. If more than a cumulative 12 months of extension is requested and the Department determines there are no unusual, non-foreseeable, or extenuating circumstances, it will be presented to the Board for approval, approval with revisions, or denial of the requested extension.

(2) Award or Contract Reductions. The Department may decrease an award for any good cause including but not limited to the request of the Administrator, insufficient eligible costs to support the award, or failure to meet deadlines or benchmarks.

(3) Changes in Households Served. Reductions in Contractual deliverables and the number of Households to be served shall require an amendment to the Contract. If such amendment is not approved, the Applicant will have the right to appeal in accordance with §1.7 of this title (relating to Appeals Process).

(4) Increases in Award and Contract Amounts.

(A) Requests for increases in funding will be evaluated by the Department on a first-come, first-served basis to assess the capacity to manage additional funding, the demonstrated need for additional funding and the ability to expend the increase in funding within the Contract Term.

(B) The considerations to approve an increase in funding shall include, at a minimum, fund availability, and Administrator's ability to continue to meet existing deadlines, benchmarks, and reporting requirements.

(C) Increases in funds may come from Program funds, Deobligated funds, or Program Income.

(D) Qualifying requests will be recommended to the Executive Director or his/her designee for approval.

(E) The Board must approve requests for increases in Program funds in excess of 25% of the original Contract amount.

(5) The Division Director may approve Contract budget amendments that move unexpended funds from one eligible cost category to another if the amendment would not have impacted the award of funds

(6) The Division Director may approve other amendments to a Contract or an Agreement, including amendments to the Administrator's Service Area, benchmarks, or selection of Activities administered under a Contract or an Agreement, provided that the amendment would not have negatively impacted the priority of Board approved Applications.

(b) The Department may terminate a Contract in whole or in part if the Administrator does not achieve performance benchmarks as outlined in the Program Rule and/or Contract, or for any other reason in the Department's reasonable discretion.

(c) In all instances noted in this section, where an expected Mortgage Loan transaction is involved, Mortgage Loan documents will be modified accordingly at the expense of the Administrator/borrower.

§20.14 Compliance and Monitoring

(a) The Department will perform monitoring of single family Program Contracts and Activities in order to ensure that applicable requirements of federal laws and regulations, and state laws and rules have been met, and to provide Administrators with clear communication regarding the condition and operation of these Contracts and Activities so they understand clearly, with a documented record, how they are performing in meeting obligations.

(1) The physical condition of assisted properties and Administrator's documented compliance with contractual and Program requirements may be subject to monitoring.

(2) The Department may contract with an independent third party to monitor an Activity for compliance with any conditions imposed by the Department in connection with the award of any Department funds, and appropriate state and federal laws.

(b) If an Administrator has Contracts for more than one single family Program, or other programs through the Department or the State, the Department may, at its discretion, coordinate monitoring of those programs with monitoring of single family Contracts under this chapter.

(c) In general, Administrators will be scheduled for monitoring based on federal or state monitoring requirements, or a risk assessment process including but not limited to: the number of Contracts administered by the Administrator, the amount of funds awarded and expended, the length of time since the last monitoring, Findings identified during previous monitoring, issues identified through the submission or lack of submission of a Single Audit, complaints, and reports of fraud, waste and/or abuse. The risk assessment will also be used to determine which Administrators will have an onsite review, and which may have a desk review.

(d) The Department will provide an Administrator with written notice of any upcoming onsite or desk monitoring review, and such notice will be given to the Administrator by email to the Administrator's chief executive officer at the email address most recently provided to the Department by the Administrator. In general, a 30 calendar day notice will be provided. However, if a credible complaint of fraud is received, the Department reserves the right to conduct unannounced monitoring visits, or provide a shorter notice period. If the Department receives a complaint under §1.2 of this title (relating to Department Complaint System to the Department), it will follow the procedures outlined therein instead of this section. It is the responsibility of the Administrator to maintain current contact information with the Department for the organization, key staff members, and governing body in accordance with §1.22 of this title (relating to Providing Contact Information to the Department).

(e) Upon request, an Administrator must make available to the Department all books and records that the Department determines are reasonably relevant to the scope of the Department's review, along with access to assisted properties.

(f) Post Monitoring Procedures. After the review, a written monitoring report will be prepared for the Administrator describing the monitoring assessment and any corrective actions, if applicable. The monitoring report will be emailed to the Administrator. Issues of concern over which there is uncertainty or ambiguity may be discussed by the Department with the staff of cognizant agencies overseeing federal funding.

(g) Administrator Response. If there are any Findings and/or Concerns of noncompliance requiring corrective action, the Administrator will be provided a 30 day corrective action period, which may be extended for good cause. In order to receive an extension, the Administrator must submit a written request to the Compliance Division within the corrective action period, stating the basis for good cause that the Administrator believes justifies the extension. In general, the Department will approve or deny the extension request within three business days. Failure to timely respond to a corrective action notice and/or failure to correct all Findings will be taken into consideration if the Administrator applies for additional funding and may result in suspension of the Contract, referral to the Enforcement Committee, or other action under this title.

(h) Monitoring Close Out. After completion of the monitoring review, a close out letter will be issued to the Administrator. If the Administrator supplies evidence establishing continual compliance that negates the Finding of noncompliance, the issue of noncompliance will be rescinded. If the Administrator's response satisfies all Findings and Concerns noted in the monitoring letter, the issue of noncompliance will be noted as resolved. In some circumstances, the Administrator may be unable to secure documentation to resolve a Finding. In those instances, if there are mitigating circumstances, the Department may note the Finding is not resolved but may close the issue with no further action required. If the Administrator's response does not correct all Findings noted, the close out letter will identify the documentation that must be submitted to correct the issue. Results of monitoring Findings may be reported to the EARAC for consideration relating to Previous Participation.

(i) Options for Review. If, following the submission of corrective action documentation, Compliance staff continues to find the Administrator in noncompliance, and the Administrator disagrees, the Administrator may request or initiate review of the matter using the following options, where applicable:

(1) If the issue is related to a federal program requirement or prohibition, Administrators may contact an applicable federal program officer for guidance, or request that the Department contact applicable federal program officer for guidance without identifying the Administrator.

(2) If the issue is related to a provision of the Contract or a requirement of the TAC, or a provision of ~~UGMS or~~ TxGMS~~ (as applicable),~~, the Administrator may submit an appeal to the Executive Director consistent with §1.7 of this title (relating to Appeals Process).

(3) An Administrator may request Alternative Dispute Resolution (ADR). An Administrator must send a proposal to the Department's Dispute Resolution Coordinator to initiate ADR pursuant to §1.17 of this title (relating to Alternative Dispute Resolution).

(j) If an Administrator does not respond to a monitoring letter or fails to provide acceptable evidence of timely compliance after notification of an issue, the matter will be reported to the Department's Enforcement Committee for consideration of administrative penalties, full or partial cost reimbursement, or suspension.

(k) An Administrator must provide timely response to corrective action requirements imposed by other agencies. Administrator records may be reviewed during the course of monitoring or audit of the Department by HUD, the Office of the Inspector General, the State Auditor's Office, or others. If a Finding or Concern is identified during the course of a monitoring or audit by another agency, the Administrator is required to provide timely action and response within the conditions imposed by that agency's notice.

§20.15 Appeals

Appeal of Department staff decisions or actions will follow requirements in Program Rules and Chapter 1 of this title (relating to Administration).

File #: 460 **Agenda Date:** 12/7/2023 **Agenda #:** 10.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and an order proposing new 10 TAC Chapter 26, Texas Housing Trust Fund Rule, 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, pursuant to Tex. Gov't Code §2306.202, the Department is required to use the Housing Trust Fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, nonprofit organizations and income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe and sanitary housing;

WHEREAS, the proposed new 10 TAC Chapter 26, Texas Housing Trust Fund Rule further clarifies program administration, updates terminology and promotes alignment with the Single Family Umbrella Rule; and

WHEREAS, upon Board approval, the proposed new rule will be submitted to the *Texas Register* to be released for public comment which will be accepted from December 22, 2023, to January 22, 2024;

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 repeal of 10 TAC Chapter 26 and proposed new 10 TAC Chapter 26, regarding the Texas Housing Trust Fund Rule, 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 purpose of repealing 10 TAC Chapter 26, Texas Housing Trust Rule, and proposing a new 10 TAC Chapter 26, Texas Housing Trust Fund Rule, is to further clarify program administration, update terminology and promote alignment with the Single Family Umbrella Rule. While the changes included in the proposed new rule are minimal, staff recommends proposed repeal and replacement of the entire chapter in order to solicit public comment on all sections of the rule. Staff has summarized the significant changes proposed to the Texas Housing Trust Fund Rule below. A blackline version with all changes is attached and will be available on the

Department's website during the public comment period.

The Department held a virtual roundtable discussion on November 10, 2023, regarding the Texas Housing Trust Fund Rule and other single family rules being presented under separate items at this meeting. Comments and suggestions received from the roundtable discussions were taken into consideration during the preparation of the proposed Texas Housing Trust Fund Rule as presented at this meeting.

The significant updates proposed to 10 TAC Chapter 26 are:

- Definitions
  - Household Assistance Contract definition added.

- Amy Young Barrier Removal Program Reservation System Requirements
  - All stages of reservation submission and all construction activities must be completed prior to expiration of the Household Assistance Contract rather than separate benchmarks for each of the stages, resulting in reduced administrative burden.
  - Household Assistance Contract will be issued by the Department and shall not to exceed 270 days, unless amended in accordance with 10 TAC §20.13

Attachment A: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 26, Texas Housing Trust Fund Rule

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 26, Texas Housing Trust Fund Rule. The purpose of the proposed repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

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.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed repeal would be in effect, the proposed repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, administration of the Texas Housing Trust Fund.

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor is the proposed repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal does not result in an increase in fees paid to the Department, nor 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 action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the administration the Texas Housing Trust Fund.

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 this proposed repeal and determined that the proposed 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 nor 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 repealed chapter would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed chapter.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson has also 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. The public comment period will be held December 22, 2023, to January 22, 2024, to receive input on the proposed repealed chapter. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Abigail Versyp, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email abigail.versyp@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central time, January 22, 2024.

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 repealed chapter affects no other code, article, or statute.

10 TAC Chapter 26, Texas Housing Trust Fund Rule

SUBCHAPTER A GENERAL GUIDANCE

§26.1 Purpose
§26.2 Definitions
§26.3 Allocation of Funds
§26.4 Use of Funds
§26.5 Prohibited Activities
§26.6 Administrator Eligibility and Requirements
§26.7 Conflict of Interest

SUBCHAPTER B AMY YOUNG BARRIER REMOVAL PROGRAM

Attachment B: Preamble for proposed new 10 TAC Chapter 26, Texas Housing Trust Fund Rule

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 26, Texas Housing Trust Fund Rule. The purpose of the proposed new chapter is to implement a more germane rule and better align administration to state requirements.

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 proposed new rule would be in effect:

1. The proposed rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to administration of the Texas Housing Trust Fund.

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 work load to a degree that eliminates any existing employee positions.

3. The proposed new rule changes do not require additional future legislative appropriations.

4. The proposed new rule changes will not result in an increase in fees paid to the Department nor a decrease in fees paid to the Department.

5. The proposed new rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The proposed new rule will not expand or repeal an 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, in drafting this proposed new rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code, §2306.111.

1. The Department has evaluated this proposed new rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. There are approximately 20 rural communities currently participating in the Texas Housing Trust Fund that are subject to the proposed new rule for which no economic impact of the rule is projected during the first year the rule is in effect.

3. The Department has determined that because the proposed new rule serves to clarify and update existing requirements and does not establish new requirements for which there would be an associated cost, there will be no 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 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 proposed rule has no economic effect on local employment because the rule serves to clarify and update existing requirements and does not establish new requirements or activities that may positively or negatively impact local economies.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that participation in the programs funded with the Texas Housing Trust Fund is at the discretion of the eligible subrecipients, there are no "probable" effects of the proposed new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). 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 rule will be a more germane rule that better aligns administration to state requirements. There will not be any economic cost to any individuals required to comply with the proposed new rule because the processes described by the rule have already been in place through the rule found at this chapter being repealed.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson has also determined that for each year of the first five years the proposed new 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 because the rule updates and clarifies existing requirements and does not impose new requirements.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held December 22, 2023, to January 22, 2024, to receive input on the proposed new chapter. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Abigail Versyp, Rule Comments, P.O. Box 13941, Austin, Texas 8711-3941, by fax to (512) 475-0220, or email abigail.versyp@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central time, January 22, 2024.

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

CHAPTER 26 TEXAS HOUSING TRUST FUND RULE

SUBCHAPTER A GENERAL GUIDANCE

RULE §26.1 Purpose

This chapter clarifies the administration of the Texas Housing Trust Fund (Texas HTF). The Texas HTF provides loans, grants or other comparable forms of assistance to income-eligible individuals, families, and households. The Texas HTF is administered in accordance with Tex. Gov't Code, Chapter 2306, Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), and Chapter 24 of this title (relating to Texas Bootstrap Loan Program Rule).

§26.2 Definitions

Definitions may be found in Tex. Gov't Code, Chapter 2306; Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), Chapter 21 of this title (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities), and Chapter 24 of this title (relating to Texas Bootstrap Loan Program Rule), unless the context or the Notice of Funding Availability (NOFA) indicates otherwise.

§26.3 Allocation of Funds

(a) The Department administers all Texas HTF funds provided to the Department in accordance with Tex. Gov't Code, Chapter 2306. The Department may solicit gifts and grants to endow the fund.

(b) Pursuant to Tex. Gov't Code §2306.202(b), use of the Texas HTF is limited to providing:

(1) Assistance for individuals and families of low and very low income;

(2) Technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income;

(3) Security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income; and

(4) Subject to the limitations in Tex. Gov't Code §2306.251~~,~~(c), the Department may also use the fund to acquire property to endow the fund.

(c) Set-Asides. In accordance with Tex. Gov't Code §2306.202(a) and program guidelines:

(1) In each biennium, the first $2.6 million available through the Texas HTF for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for Local Units of Government, Public Housing Authorities, and Nonprofit Organizations;

(2) Any additional funds may also be made available to for-profit organizations provided that at least 45% of available funds, as determined on September 1 of each state fiscal year, in excess of the first $2.6 million shall be made available to Nonprofit Organizations for the purpose of acquiring, rehabilitating, and developing decent, safe, and sanitary housing; and

(3) The remaining portion shall be distributed to Nonprofit Organizations, for-profit organizations, and other eligible entities, pursuant to Tex. Gov't Code §2306.202.

§26.4 Use of Funds

(a) Use of additional or Deobligated Funds. In the event the Department receives additional funds, such as loan repayments, donations, or interest earnings, the Department will redistribute the funds in accordance with the Texas HTF plan in effect at the time the additional funds become available.

(b) Reprogramming of Funds. If funding for a program is undersubscribed or funds not utilized, within a timeframe as determined by the Department, remaining funds may be reprogrammed at the discretion of the Department consistent with the Texas HTF plan in effect at the time.

(c) Use of excess loan repayments and interest earnings. The Texas HTF may be used to respond to unanticipated challenges that may arise in the course of implementing approved single family Program Contracts, activities, or assets that are not readily addressed with federal funds. In the event that Texas HTF loan repayments and interest earnings exceed the requirements under the Texas HTF interest earnings and loan repayments Rider in the General Appropriations Act, up to $250,000 per biennium of these excess Texas HTF loan repayments and interest earnings may be used for this purpose. If a balance exists from the previous biennium, the Department shall transfer only the necessary amount to replenish this fund to a maximum balance of $250,000 at the start of the biennium. These funds may be used as described in this subsection.

(1) Funds are to be used for internal disposition.

(2) Neither Households nor Program Administrators are eligible to apply for these funds.

(3) Any funds used under this subsection requires authorization of the Executive Director.

(4) Uses for the funds must meet at least one of the following criteria:

(A) For Households previously assisted by the Department with Department funds, for which the Department has confirmed that further work is still required, and for which the original source of funds is no longer able to be used; or

(B) Properties previously owned by Households assisted by the Department, having been foreclosed upon by the Department, and requiring additional carrying costs or improvements to sell the property or transfer the property for an affordable purpose.

§26.5 Prohibited Activities

(a) Persons receiving or benefiting from Texas HTF funds, as determined by the Department, may not be currently delinquent or in default with child support, government loans, or any other debt owed to the State of Texas.

(b) The activities described in paragraphs (1) - (8) of this subsection are prohibited in relation to the origination of a Texas HTF loan, but may be charged as an allowable cost by a third party lender for the origination of all other loans originated in connection with a Texas HTF loan:

(1) Payment of delinquent property taxes or related fees or charges on properties to be assisted with Texas HTF funds;

(2) Loan origination fees;

(3) Application fees;

(4) Discount fees;

(5) Underwriter fees;

(6) Loan processing fees;

(7) Loan servicing fees; and

(8) Other fees not approved by the Department in writing prior to expenditure.

§26.6 Administrator Eligibility and Requirements

Administrator must enter into a written Agreement with the Department in order to be eligible to access the Texas Housing Trust Fund.

§26.7 Conflict of Interest

In addition to the conflict of interest requirements in Uniform Grants Management Standards (UGMS) or Texas Grants Management Standards (TXGMS) (as applicable to the Contract), no person who is an employee, agent, consultant, officer, trustee, director, member of a governing board or other oversight body, elected official or appointed official of the Administrator who exercises or has exercised any functions or responsibilities with respect to Texas HTF activities under the State Act, or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a Texas HTF assisted activity, or have an interest in any Texas HTF Contract, subcontract, or agreement, or the proceeds hereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

SUBCHAPTER B AMY YOUNG BARRIER REMOVAL PROGRAM

RULE §26.20 Amy Young Barrier Removal Program Purpose

The Amy Young Barrier Removal Program (the Program or AYBRP) provides one-time grants in combined Hard and Soft Costs to Persons with Disabilities in a Household qualified as Low-Income. Grant limits per household will be identified in the Notice of Funding Availability (NOFA). Grants are for home modifications that increase accessibility and eliminate substandard conditions.

§26.21 Amy Young Barrier Removal Program Definitions

The following words and terms used in this subchapter shall have the following meanings, unless the context clearly indicates otherwise. Other definitions are found in Tex. Gov't Code, Chapter 2306, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), Chapter 21 of this title (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities), and Chapter 26, Subchapter A of this title (relating to Texas Housing Trust Fund Rule).

(1) Administrative Fee--Funds equal to 10% of the Project Costs (combined Hard and Soft Costs) paid to an Administrator upon completion of a project.

(2) Hard Costs--Site-specific costs incurred during construction, including, but not limited to: general requirements, building permits, jobsite toilet rental, dumpster fees, site preparation, demolition, construction materials, labor, installation equipment expenses, etc.

(3) Household Assistance Contract--A written agreement between the Department and Administrator that memorializes the term of the commitment of funds for a specific Activity.

(4) Low-Income--Household income calculated in accordance with the Program Manual that does not exceed the greater of 80% of the Area Median Family Income or 80% of the State Median Family Income, adjusted for Household size, in accordance with the current HOME Investment Partnerships Program income limits, as defined by HUD.

(~~4~~5) Project Costs--Program funds (combined Hard and Soft Costs) that directly assist a Household.

(~~5~~6) Reservation System Participant (RSP)--Administrator who has executed a written Agreement with the Department that allows for participation in the Reservation System.

(~~6~~7) Soft Costs--Costs related to and identified with a specific Single Family Housing Unit other than construction costs~~, per §20.3 of this title (relating to Definitions).~~.

§26.22 Amy Young Barrier Removal Program Geographic Dispersion

(a) The process to promote geographic dispersion of program funds is as described in this subsection:

(1) For a published period not less than 30 days and in accordance with the NOFA, each state region will be allocated funding amounts for its rural and urban subregions. During this initial period, these funds may be reserved only for Households located in these rural and urban subregions;

(2) After the initial release of funds under paragraph (1) of this subsection, each state region will combine any remaining funds from its rural and urban subregions into one regional balance for a second published period not to exceed 90 calendar days. During this second period, these funds may be reserved only for Households located in that state region; and

(3) After no more than 180 calendar days following the initial release date, any funds remaining across all state regions will collapse into one statewide pool. For as long as funds are available, these funds may be reserved for any Households anywhere in the state on a first-come, first-served basis.

(b) If any additional funds beyond the original program allocations that derive from Texas HTF loan repayments, interest earnings, deobligations, and/or other Texas HTF funds in excess of those funds required under Rider 8 or the Department's appropriation made under the General Appropriations Act may be reprogrammed at the discretion of the Department.

§26.23 Amy Young Barrier Removal Program Administrative Requirements

(a) To participate in the Program, an eligible participant must first be approved as an Administrator by the Department through the submission of a Reservation System Access Application. Eligible participants include, but are not limited to: Colonia Self-Help Centers established under Tex. Gov't Code, Chapter 2306, Subchapter Z; Councils of Government; Units of Local Government; Nonprofit Organizations; Local Mental Health Authorities; and Public Housing Authorities. An eligible participant may be further limited by NOFA.

~~(b) The Applicant must enter into an RSP Agreement with the Department in order to be eligible to reserve funds for the Amy Young Barrier Removal Program.~~

<u>(b) The Department will produce an Application to satisfy the requirements for an eligible participant to apply to become an AYBR Administrator. The application will be available on the Department's website. Applications to access the Reservation System will include, at a minimum, criteria listed in subsections (1)-(7) of this section.</u>

(1) A Nonprofit Organization must submit a current letter of determination from the Internal Revenue Service (IRS) under §501(c)(3), a charitable, nonprofit corporation, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective throughout the term of the RSP Agreement to access the Reservation System.

(2) A private Nonprofit Organization must be registered and in good standing with the Office of the Secretary of State and the State Comptroller's Office to do business in the State of Texas.

(3) The Applicant must demonstrate at least two years of capacity and experience in housing rehabilitation in Texas. The Applicant will be required to provide a summary of experience that must describe the capacity of key staff members and their skills and experience in client intake, records management, and managing housing rehabilitation. It must also describe organizational knowledge and experience in serving Persons with Disabilities.

(4) The Applicant must provide evidence of adherence to applicable financial accountability standards, demonstrated by an audited financial statement by a Certified Public Accountant for the most recent fiscal year. For a Nonprofit Organizations that does not yet have audited financial statements, the Department

may accept a resolution from the Board of Directors that is signed and dated within the six months preceding the Application and that certifies that the procedures used by the organization conform to the requirements in 10 TAC §1.402~~,~~ (relating to Cost Principles and Administrative Requirements), and that the accounting procedures used by the organization conform to Generally Accepted Accounting Principles (GAAP) ~~and~~or the Financial Accounting Standards Board (FASB), as applicable.

~~(5) An Applicant must submit a current roster of all Board Members, Council Members, Commissioners, or other Members of its legal governing body, including names and mailing addresses.~~

(~~6~~ (5) The Applicant must submit a resolution from the Applicant's direct governing body that authorizes the submission of the Application and is signed and dated within the six months preceding the date of application submission. The resolution must include the name and title of the individual authorized to execute an RSP Agreement.

(~~7~~6) The Applicant's history will be evaluated in accordance with 10 TAC Chapter 1, Subchapter A, §1.302 and §1.303, (relating to Previous Participation Reviews for Department Program Awards Not Covered by §1.301 of this Subchapter, and ~~Executive Award and Review Advisory Committee (EARAC)~~Executive Director Review, respectively). Access to funds may be subject to terms and conditions.

(~~8~~7) If applicable, the Applicant must submit copies of executed contracts with consultants or other organizations that are assisting in the implementation of the applicant's AYBR Program activities. The Applicant must provide a summary of the consultant or other organization's experience in housing rehabilitation and/or serving Persons with Disabilities.

(c) Administrators must follow the processes and procedures as required by the Department through its governing statute (Chapter 2306 of the Government Code), Administrative Rules (Texas Administrative Code, Title 10, Part 1), Reservation Agreement, Program Manual, forms, and NOFA.

§26.24 Amy Young Barrier Removal Program Reservation System Requirements

(a) Terms of Agreement. The term of an RSP Agreement will not exceed the lesser of 36 months, or the term limitation defined in the NOFA. Execution of an RSP Agreement does not guarantee the availability of funds under a reservation system. Reservations submitted under an RSP agreement will be subject to the provisions of this chapter in effect as of the date of submission by the Administrator.

(b) Limit on Number of Reservations. The limitation on the number of Reservations will be established in the NOFA.

(c) Administrator must remain in good standing with the Department and the state of Texas. If an Administrator is not in good standing, participation in the Reservation System will be suspended and may result in termination of the RSP Agreement.

(d) Reservations will be processed in the order submitted on the Reservation System. Submission of a Reservation consisting of support documentation on behalf of a Household does not guarantee funding.

(e) Reservations may be submitted in stages, and shall be processed through each stage as outlined in the Program Manual. All stages must be completed on or before the expiration of the Household Assistance Contract.

(f) Administrator must submit a substantially complete request for each stage of the Reservation as outlined in the Program Manual. Administrators must upload all required information and verification documentation in the Contract System. Requests determined to be substantially incomplete will not be reviewed and may be disapproved by the Department. If the Department identifies administrative deficiencies during review, the Department will allow a cure period of 14 calendar days beginning at the start of the first day following the date the Administrator is notified of the deficiency. If any administrative deficiencies remain after the cure period, the Department, in its sole discretion, may disapprove the request. Disapproved requests shall not constitute a Reservation of Funds.

(g) If a Household is determined to be eligible for assistance from the Department, the Department will ~~reserve up to~~issue a Household Assistance Contract reflecting the maximum award amount permitted under the NOFA in Project Costs and an Administrative Fee equal to 10% of the combined Hard and Soft costs in the Contract System on behalf of the Household, funding permitting. The term of the Household Assistance Contract shall not exceed 270 days, unless the term is amended in accordance with the requirements of 10 TAC §20.13 (relating to Amendments to Written Agreements and Contracts).

§26.25 Amy Young Barrier Removal Program Household Eligibility Requirements

(a) At least one Household member shall meet the definition of Persons with Disabilities.

(b) The assisted Household must be qualified as Low-Income.

(c) The assisted Household's liquid assets shall not exceed $25,000. Liquid assets are considered to be cash deposited in checking or savings accounts, money markets, certificates of deposit, mutual funds, or brokerage accounts; the net value of stocks or bonds that may be easily converted to cash; and the net cash value calculated utilizing the appraisal district's market value for any real property that is not a principal residence. Funds in tax deferred accounts for retirement or education savings ~~(e.g.,~~, including but not limited to Individual Retirement Accounts, 401(k)s, 529 plans~~)~~, and whole life insurance policies are excluded from the liquid assets calculation.

(d) The Household may be ineligible for the program if there is debt owed to the State of Texas, including a tax delinquency; a child support delinquency; a student loan default; or any other delinquent debt owed to the State of Texas.

§26.26 Amy Young Barrier Removal Program Property Eligibility Requirements

(a) Owner-occupied homes are eligible for Program assistance. In owner-occupied homes, the owner of record must reside in the home as their permanent residence unless otherwise approved by the Department. If the property is family-owned and the owner of record is deceased or not a Household member, the Department may deem the property renter-occupied unless satisfactory documentation is provided to the Department that confirms otherwise.

(b) Certain rental units are eligible for Program assistance and must meet the following requirements:

(1) In rental units, all Household occupants, including the Person with Disability, must be named on the Program intake application and household income certification.

(2) The owner of record for the property shall provide a statement allowing accessibility modifications to be made to the property.

(c) The following rental properties are ineligible for Program assistance:

(1) Property that is or has been developed, owned, or managed by that Administrator or an Affiliate;

(2) Rental units in properties that are financed with any federal funds or that are subject to 10 TAC Chapter 1, Subchapter B, §1.206 (relating to Applicability of the Construction Standards for Compliance with §504 of the Rehabilitation Act of 1973);

(3) Rental units that have substandard and unsafe conditions identified in the initial inspection. Program funds may not be used to correct substandard or unsafe conditions in rental units, but may be used for accessibility modifications only after the substandard and unsafe conditions have been corrected at the property owner's expense; or

(4) Rental units owned by a property owner who is delinquent on property taxes associated with the property occupied by the Household.

§26.27 Amy Young Barrier Removal Program Construction Requirements

(a) Inspections.

(1) Initial inspection arranged by the Administrator is required and must identify the accessibility modifications needed by the Person with Disability; assess and document the condition of the property; and identify all deficiencies that constitute life-threatening hazards and unsafe conditions.

(2) Final inspection arranged by the Administrator is required and must verify, assess, and document that all construction activities have been repaired, replaced, and/or installed in a professional manner consistent with all applicable building codes and Program requirements, and as required in the Work Write-Up as described in subsection (e) of this section.

(b) A Manufactured Housing Unit may be eligible for Program assistance if it was constructed on or after January 1, 1995. The Department may allow Manufactured Housing Units older than January 1, 1995, to receive only exterior accessibility modifications (i.e., ramps, handrails, concrete flatwork) as long as the Administrator can verify that the unit itself will be free of hazardous and unsafe conditions.

(c) Construction standards.

(1) Administrator must follow all applicable sections of local building codes and ordinances, pursuant to Section 214.212 of the Local Government Code. Where local codes do not exist, the 2015 International Residential Code (IRC), including Appendix J for Existing Buildings and Structures, is the applicable code for the Program.

(2) Accessibility modifications shall be made with consideration to 2010 American Disability Act (ADA) Standards, but may vary from the ADA Standards in order to meet specific accessibility needs of the household as requested and agreed to by the assisted household.

(3) Administrators must adhere to Chapter 21 of this title, (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities).

(4) Administrators and subcontractors must honor a twelve-month warranty on all completed items in their scope of work.

(d) Life-threatening hazards and unsafe conditions.

(1) Administrators may make repairs to eliminate life-threatening hazards and correct unsafe conditions in the Single-Family Housing as long as no more than 25% of the Project Hard Costs budget is utilized for this purpose, unless otherwise approved by the Department.

(2) Life-threatening hazards and unsafe conditions include, but are not limited to: faulty or damaged electrical systems; faulty or damaged gas-fueled systems; faulty, damaged or absent heating and cooling systems; faulty or damaged plumbing systems, including sanitary sewer systems; faulty, damaged or absent smoke, fire and carbon monoxide detection/alarm systems; structural systems on the verge of collapse or failure; environmental hazards such as mold, lead-based paint, asbestos or radon; serious pest infestation; absence of adequate emergency escape and rescue openings and fire egress; and the absence of ground fault circuit interrupters (GFCI) and arc fault circuit interrupters (AFCI) in applicable locations.

(3) If the work write-up addresses any of the following line items, the percentage of Project Hard Costs devoted to eliminating substandard, unsafe conditions may only exceed 25% by the amount of the following line item's cost: emergency escape, rescue openings and fire egress; ground fault circuit interrupters (GFCI); arc fault circuit interrupters (AFCI); and smoke, fire, and carbon monoxide detection/alarm systems. The combination of these line items plus the correction of any other unsafe conditions cannot exceed 40% of Project Hard Costs budget.

(4) All areas and components of the Single-Family Housing Unit must be free of life-threatening hazards and unsafe conditions at project completion.

(e) Work-Write Ups. The Department shall review work-write ups (also referred to as "scope of work") and cost estimates prior to the Administrator soliciting bids.

(f) Bids. The Department shall review all line item bids Administrator selects for award prior to the commencement of construction. Lump sum bids will not be accepted.

(g) Change orders. An Administrator seeking a change order must obtain written Department approval prior to the commencement of any work related to the proposed change. Failure to get prior Departmental approval may result in disallowed costs.

§26.28 Amy Young Barrier Removal Program Project Completion Requirements

(a) The Administrator ~~has 90 calendar days from the date the Department approves the line item contract bid the Administrator selected for award to~~ must complete all construction activities prior to the expiration of the Household Assistance Contract and the Administrator must submit the Project and Administrative Draw Request, with required supporting documentation, in the Housing Contract System for reimbursement by the Department. The Department may grant a one-time, 30-calendar day extension to the Project completion deadline. The Department may grant additional extensions due to extenuating circumstances that are beyond the Administrator's control.

(b) The Administrator must submit evidence with the final Draw that the builder has provided a one-year warranty specifying at a minimum that materials and equipment used by the contractor will be new and of good quality unless otherwise required, the work will be free from defects other than those inherent in the work as specified, and the work will conform to the requirements of the contract documents.

(c) The Administrator must provide the Household all warranty information for work performed by the builder and any materials purchased for which a manufacturer or installer's warranty is included in the price.

(d) The Department will reimburse the Administrator in one, single payment after the Administrator's successful submission of the Project and Administrative Draw Request per Department instructions. Interim Draws may not be permitted. The Department reserves the right to delay Draw approval in the event that the Household expresses dissatisfaction with the work completed in order to resolve any outstanding conflicts between the Household and the Administrator and its subcontractors.

File #: 474 **Agenda Date:** 12/7/2023 **Agenda #:** 11.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 13, Multifamily Direct Loan Rule, and an order adopting the new 10 TAC Chapter 13, Multifamily Direct Loan Rule, and directing its publication in the Texas Register for adoption

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) is authorized to make awards of loans or grants to developers for the State of Texas;

WHEREAS, the Department plans to administer the varying fund sources used in making these awards of loans and grants in a specific manner that necessitates this Multifamily Direct Loan Rule;

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

WHEREAS, public comment was accepted on this rule and such rulemaking is being adopted without substantive changes for publication in the *Texas Register*;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the repeal of 10 TAC Chapter 13, Multifamily Direct Loan Rule, and adopting new 10 TAC Chapter 13, Multifamily Direct Loan Rule, together with the preamble presented to this meeting, is hereby ordered and approved for publication in the *Texas Register* and its adoption; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered, and directed, for and on behalf of the Department, to cause the 10 TAC Chapter 13, Multifamily Direct Loan Rule, together with the preamble 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 requested revisions to the preambles.

BACKGROUND

Attached to this Board Action Request is the final 10 TAC Chapter 13, Multifamily Direct Loan Rule. Changes to the Multifamily Direct Loan Rule are generally clarifications that staff identified as necessary to provide clear information to Applicants.

The Board approved the proposed repeal and replacement of 10 TAC Chapter 13, Multifamily Direct Loan Rule, at the Board meeting on October 26, 2024, as published in the *Texas Register* for public comment on November 10, 2023. Public comment, in accordance with the Citizen Participation Plan requirements in 24 CFR §91.105, was accepted between 8:00 a.m. Austin local time on November 1, 2023, and 5:00 p.m. Austin local time on December 1, 2023. Staff has reviewed all comments received and provided a reasoned response to these comments in the attached preamble.

Preamble, including required analysis, for adoption of the repeal of 10 TAC Chapter 13, the Multifamily Direct Loan Rule

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 13, Multifamily Direct Loan Rule, §§ 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9, 13.10, 13.11, 13.12, and 13.13. The purpose of the repeal is to provide for clarification of the existing rule through new rulemaking action.

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.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, administration of the Multifamily Direct Loan Program.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor is the repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The repeal does not require additional future legislative appropriations.

4. The repeal does 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 action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, administration of the Multifamily Direct Loan Program.

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 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 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 section would be increased clarity and improved access to the Multifamily Direct Loan funds. 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 from November 1 to December 1, 2023, to receive input on the proposed repealed section. No comments on the repeal were received.

STATUTORY AUTHORITY. The repeal is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the repealed sections affect no other code, article, or statute.

10 TAC Chapter 13, Multifamily Direct Loan Rule

§13.1. Purpose.
§13.2. Definitions.
§13.3. General Loan Requirements.
§13.4. Set-Asides, Regional Allocation, and NOFA Priorities.
§13.5. Application and Award Process.
§13.6. Scoring Criteria.
§13.7. Maximum Funding Requests and Minimum Number of MFDL Units.
§13.8. Loan Structure and Underwriting Requirements.
§13.9. Construction Standards.
§13.10. Development and Unit Requirements.
§13.11. Post-Award Requirements.

§13.12. Pre-Closing Amendments to Direct Loan Terms.
§13.13. Post-Closing Amendments to Direct Loan Terms.

Preamble, including required analysis, for adoption of new 10 TAC Chapter 13, Multifamily Direct Loan Rule

The Texas Department of Housing and Community Affairs (the Department) adopts with changes new 10 TAC Chapter 13, Multifamily Direct Loan Rule, §§ 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9, 13.10, 13.11, 13.12, and 13.13. The purpose of the new sections is to provide compliance with Tex. Gov't Code §2306.111 and to update the rule to: clarify program requirements in multiple sections, codify in rule practices of the division, and change citations to align with changes to other multifamily rules. In general, most changes are corrective in nature, intended to gain consistency with state or federal rules, delete duplicative language or provisions, correct or update rule references, and clarify language or processes to more adequately communicate the language or process. Additional changes were undertaken in order to simplify the rule, and to allow greater flexibility in implement the programs which it covers.

Tex. Gov't Code §2001.0045(b) does not apply to the 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, Executive Director, has determined that, for the first five years the new rule would be in effect:

1. The rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, administration of the Multifamily Direct Loan Program.

2. The 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 work load to a degree that eliminates any existing employee positions.

3. The rule changes do not require additional future legislative appropriations.

4. The rule changes will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The rule will not expand, limit, or repeal an existing regulation.

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

8. The 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, in drafting this rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code §2306.111.

1. The Department has evaluated this rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. This rule relates to the procedures for multifamily direct loan applications and award through various Department fund sources. Other than in the case of a small or micro-business that is an applicant for such a loan product, no small or micro-businesses are subject to the rule. It is estimated that approximately 200 small or micro-businesses are such applicants; for those entities the new rule provides for a more clear, transparent process for applying for funds and does not result in a negative impact for those small or micro-businesses. There are not likely to be any rural communities subject to the rule because this rule is applicable only to direct loan applicants for development of properties, which are not generally municipalities. The fee for applying for a Multifamily Direct Loan product is $1,000, unless the Applicant is a nonprofit that provides supportive services or the Applicant is applying for Housing Tax Credits in conjunction with Multifamily Direct Loan funds, in which case the application fee may be waived. These fee costs are not inclusive of external costs required by the basic business necessities underlying any real estate transaction, from placing earnest money on land, conducting an Environmental Site Assessment, conducting a market study, potentially retaining counsel, hiring an architect and an engineer to construct basic site designs and elevations, and paying any other related, third-party fees for securing the necessary financing to construct multifamily housing.

There are 1,296 rural communities potentially subject to the rule for which the economic impact of the rule is projected to be $0. 10 TAC Chapter 13 places no financial burdens on rural communities, as the costs associated with submitting an Application are born entirely by private parties. In an average year the volume of applications for MFDL resources that are located in rural areas is approximately fifteen. In those cases, a rural community securing a loan will experience an economic benefit, including, potentially, increased property tax revenue from a multifamily Development.

3. The Department has determined that because there are rural MFDL awardees, this program helps promote construction activities and long term tax base in rural areas of Texas. Aside from the fees and costs associated with submitting an Application, there is a probable positive economic effect on small or micro-businesses or rural communities that receive MFDL awards and successfully use those awards to construct multifamily housing, although the specific impact is not able to be quantified in advance.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The 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 rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the rule may provide a possible positive economic effect on local employment in association with this rule since MFDL Developments, layered with housing tax credits, often involve a typical minimum investment of $10 million in capital, and more commonly an investment from $20 million to $30 million. Such a capital investment has direct, indirect, and induced effects on the local and regional economies and local employment. However, because the exact location of where program funds or developments are directed is not determined in rule, and is driven by real estate demand, there is no way to predict during rulemaking where these positive effects may occur. Furthermore, while the Department believes that any and all impacts are positive, that impact is not able to be quantified for any given community until MFDL awards and LIHTCs are actually awarded to a proposed Development, given the unique characteristics of each proposed multifamily Development.

Texas Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that significant construction activity is associated with any MFDL Development layered with LIHTC and each apartment community significantly increases the property value of the land being developed, there are no probable negative effects of the new rule on particular geographic regions. If anything, positive effects will ensue in those communities where developers receive MFDL awards.

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 sections are in effect, the public benefit anticipated as a result of the new sections will be improved clarity of program requirements in multiple sections, codification in rule practices of the division, and change citations to align with changes to other multifamily rules. There will not be any economic cost to any individuals required to comply with the new sections because this rule does not have any new requirements that would cause additional costs to applicants.

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 sections are in effect, enforcing or administering the new sections does not have any foreseeable implications related to costs or revenues of the state or local governments because it does not have any new requirements that would cause additional costs to applicants.

SUMMARY OF PUBLIC COMMENT. The public comment period was held from November 1, to December 1, 2023, to receive input on the proposed new sections. Comment was received from: BETCO Housing Lab (Commenter 1) and Foundation Communities (Commenter 2). A summary of comments pertinent to the proposed rule and the Department's response is provided.

STATUTORY AUTHORITY. The new sections are adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new sections affect no other code, article, or statute. The rule has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

13.3 General Loan Requirements

COMMENT SUMMARY: Commenter 1 requests that interest on construction loans be removed from §13.3(e), related to Ineligible Costs. The commenter notes that interest on construction loans is eligible federally, and therefore should also be eligible in this rule.

STAFF RESPONSE: Both NHTF and HOME federal regulations limit repayment of construction, bridge financing, or guaranteed loans, including the interest on those loans. For both programs, in order for the repayment of these loans to be eligible, the loan must have been used for eligible costs under the specific program in question, and the HOME or NHTF assistance is required to have been part of the original financing for the project. For NHTF, these costs could not have occurred before the Department enters into the Contract with the Owner. In addition, repayment of these loans or the interest on them would require that the Department review all costs paid out of those loans to ensure that all are eligible under the relevant program. Given the Department's current workload related to these funds, staff is unable to assume the additional responsibility of these reviews. Accordingly, no change is recommended related to this comment.

13.4 Set-Asides, Regional Allocation, and NOFA Priorities

COMMENT SUMMARY: Commenter 1 requests that "NOFA Priorities" be removed from this section, and elsewhere in the rule, as those priorities are now established in each Notice of Funding Availability.

STAFF RESPONSE: NOFA Priorities are still addressed at §13.4(c), which establishes that the priorities will be established in each NOFA. Staff recognizes that this is significantly abbreviated from what has previously been covered in the rule concerning NOFA priorities, but believes that it is important to make this small section of the rule easy to locate for people who may be reading the rule for the first time. Staff recommends leaving the title as is.

COMMENT SUMMARY: Commenter 2 notes that a sentence in §13.4(a) is confusing, and could be read to prohibit layering MFDL funds with other Department sources. Commenter 2 also requests that §13.4(a)(A)(i) be modified to include a provision from 24 CFR 93.302 concerning layering of project-based subsidies onto NHTF units.

STAFF RESPONSE: Concerning the unclear sentence noted by the Commenter, staff agrees and has deleted this sentence from the rule. Any prohibited layering can be addressed in a NOFA, as has been done in the past. Regarding the federal provision that the Commenter would like referenced in the rule, the rule currently cites the exact section of 24 CFR, and therefore staff believes the rule currently accomplishes what is being asked.

13.5 Application and Award Process

COMMENT SUMMARY: Commenter 1 requests clarity as to whether the experience requirement of having previously placed 50 units in service is limited to affordable or market-rate units. The Commenter also requests additional guidance as to what would be considered sufficient evidence of this requirement.

STAFF RESPONSE: The rule is silent as to whether the units in question must be affordable or market-rate, therefore staff would have no basis for denying either type of unit to meet the qualification.

Regarding adding guidance to the rule specifying acceptable documentation to demonstrate that this requirement has been met, the Qualified Allocation Plan previously contained similar language related to an experience requirement. A common complaint among Applicants was that the requirements were so specific that they prevented some Applicants from qualifying, even if they otherwise met the intention of the experience requirement. Recognizing that each Development and business are unique, staff recommends no change to the language to allow as much reasonableness and flexibility as possible when reviewing for this requirement.

COMMENT SUMMARY: Commenter 2 requests that NHTF applications be exempt from the requirement to include language concerning choice-limiting actions and environmental review in purchase contracts or site control agreements, stating that this language is not the result of any federal requirement for that particular program.

STAFF RESPONSE: Staff recommends exempting NHTF applications from having to meet this requirement unless the Development is layered with other funds subject to Part 50 and Part 58; however, potential Applicants should be aware that undertaking any choice-limiting action may render the Development ineligible for other types of funding should the need arise for an Application to be moved to another funding source.

13.7 Maximum Funding Requests and Minimum Number of MFDL Units

COMMENT SUMMARY: Commenter 2 requests that staff analysis follow HUD requirements for determining the minimum number of MFDL units and to not require any more 30% AMI units than what are required federally.

STAFF RESPONSE: Staff uses a unit-subsidy analysis and a cost-proportion analysis to determine the number of affordable units required on a project. This method is compliant with federal requirements. Staff recommends no change.

13.8 Loan Structure and Underwriting Requirements

COMMENT SUMMARY: Commenter 1 requests that TDHCA’s loan only be superior to that have soft repayment structures, non-amortizing notes, have deferred forgivable provisions, or in which the lender has an identity of interest with any member of the Development Team, only in the event that the TDHCA loan is in an amount greater than those sources.

STAFF RESPONSE: Staff recommends that an Applicant that needs a structure that does not comply with the rules should submit a waiver request as soon as possible, but no later than with the Application for the Board's consideration. No change is recommended to the rule.

COMMENT SUMARRY: Commenter 2 requests that loans with soft repayment structures have a 0% interest during permanent periods. The commenter also requests that the Department begin determining lien priority and payment priority separately (current practice is that lien priority determines payment priority), and that certain fees that are payable from surplus cash, such as deferred developer fees and investor required fees, to be paid before the Department's loan.

STAFF RESPONSE: Permanent-period interest is established in each NOFA, and therefore recommends no change concerning that interest rate in the rule. Lien priority and payment priority have historically matched one another for Department programs. While staff appreciates the suggestion of treating them as separate concepts, this would represent a significant rule change, and therefore recommends exploring this concept for the 2025 rule. Regarding loan priorities, staff recommends that an Applicant that needs a structure that does not comply with the rules should submit a waiver request with the Application for the Board's consideration. No change is recommended to the rule.

13.10 Development and Unit Requirements

COMMENT SUMMARY: Commenter 1 requests that the Department publish a calculator to assist Applicants in determining the appropriate number of HOME Match units that must be provided at each development. Commenter 1 also requests that no program other than HOME be required to provide match units.

STAFF RESPONSE: Staff appreciates the suggestion of publishing a match unit calculator, and will work on this in 2024. Regarding other programs providing match units, the Department has an obligation to match the majority of its federal HOME allocation each year at $0.25 per $1.00 received. The funds must contribute towards housing that qualifies as affordable housing under the HOME program (24 CFR 92.218(a)). A development that provides match funds must also provide match units to meet the requirement, otherwise the match would not be contributing to qualifying housing. The Department does not have the option of removing the requirement for non-HOME MFDL programs to provide match, as these contributions are necessary to meet the federal requirement, therefore this provision will remain in the rule.

13.11 Post-Award Requirements

COMMENT SUMMARY: The new rule requires that a fully completed environmental review must be submitted to the Department within 90 days of the Application Acceptance Date.

Commenter 1 requests that this be changed to within 90 days of the Board approval date.

STAFF RESPONSE: Staff will not enter into a contract for any awarded funds until the environmental clearance is completed. Shortening the time between Application receipt, underwriting, Board approval, contracting, and closing is a critical and immediate priority for the Department. Adding as many as 90 days between award and contract is contrary to this priority, and therefore staff recommends no change.

MISCELLANEOUS

Commenter 2 provided additional comment concerning priorities that should be established in the Department's NOFAs. Staff appreciates these comments and will revisit them during future NOFA development processes; however, no specific response is being provided at this time, as these items are part of a NOFA, rather than the rule in question.

TABLE OF CONTENTS

CHAPTER 13 MULTIFAMILY DIRECT LOAN RULE

§13.1. Purpose.

(a) Authority. The rules in this chapter apply to the funds provided to Multifamily Developments through the Multifamily Direct Loan Program (MFDL or Direct Loan Program) by the Texas Department of Housing and Community Affairs (the Department). Notwithstanding anything in this chapter to the contrary, loans and grants issued to finance the development of multifamily rental housing are subject to the requirements of the laws of the State of Texas, including but not limited to Tex. Gov't Code, Chapter 2306, and federal law pursuant to the requirements of Title II of the Cranston-Gonzalez National Affordable Housing Act, Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008 - Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes, Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act: Additional Assistance for Neighborhood Stabilization Programs, Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289), and the implementing regulations 24 CFR Parts 91, 92, 93, and 570 as they may be applicable to a specific fund source. The Department is authorized to administer Direct Loan Program funds pursuant to Tex. Gov't Code, Chapter 2306.

(b) General. This chapter applies to Applications submitted for, and award of, MFDL funds by the Department and establishes the general requirements associated with the application and award process for such funds. Applicants pursuing MFDL assistance from the Department are required to certify, among other things, that they have familiarized themselves with all applicable rules that govern that specific program including, but not limited to this chapter, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), Chapter 10 of this title (relating to Uniform Multifamily Rules), Chapter 11 of this title (relating to Qualified Allocation Plan (QAP)), and Chapter 12 of this title (relating to Multifamily Housing Revenue Bond Rules) as applicable. The Applicant is also required to certify that it is familiar with the requirements of any other federal, state, or local financing sources that it identifies in its Application. Any conflict with rules, regulations, or statutes will be resolved on a case by case basis that allows for compliance with all requirements. Conflicts that cannot be resolved may result in Application ineligibility, with the right to an Appeal as provided in 10 TAC §1.7 of this title (relating to Appeals Process) or 10 TAC §11.902 of this title (relating to Appeals Process for the Housing Tax Credit program), as applicable.

(c) Waivers. Requests for waivers of any program rules or requirements must be made in accordance with 10 TAC §11.207 of this title (relating to Waiver of Rules), as limited by the rules in this chapter. ~~In no instance will the Department consider a waiver request that would violate federal program requirements or state or federal statute.~~ Waiver requirements are provided in paragraphs (X~~1~~1) through (3~~X3~~) of this subsection:

(1) **Rule Waivers and NOFA Amendments prior to Con~~tract~~struction Completion.** ~~s for Layered Developments.~~ For Direct Loan Developments ~~layered with Competitive Housing Tax Credits~~, an Applicant may request, at the latest at Application submission, that the

Department amend its NOFA, amend its Consolidated Plan or One Year Action Plan, or ask HUD to grant a waiver of its regulations, if such request will not impact the timing of the Application's review, nor alter the scoring or satisfaction of threshold requirements for the ~~Competitive~~ Housing Tax Credits or other Department resources. ~~-~~Such requests will be presented to the Department's Board. The Board may not waive rules that are federally required, or that have been incorporated as a required part of the Department's Consolidated Plan or One Year Action Plan (OYAP) to the U.S. Department of Housing and Urban Development (HUD), unless those Plans are so amended by the earlier of a date the NOFA is~~stops accepting Applications~~is closed or by an earlier date that is identified by the Board. Such items include §13.8 of this chapter, relating to Loan Structure and Underwriting Requirements, the interest rate published in the NOFA, the maximum subsidy limits as published in the NOFA, the priorities listed in the NOFA, the eligibility requirements of applicants describe in rule or the NOFA, scoring, and the tiebreaker procedure. Prior to Contract, except as otherwise described in rule, the Application Acceptance Date will then be the date the Department completes the amendment process or receives a waiver from HUD, if funds are still available in the NOFA. After Contract, but prior to Construction Completion staff will not recommend a waiver or NOFA Amendment; ~~.~~

~~-~~(2) **Utility Allowance Waivers with Project-Based Vouchers.** Upon request ~~at~~before or with the submittal of the Application or at the time the Application is amended to reflect the vouchers, for Developments that are layered with Project-Based Vouchers awarded under 24 CFR Part 983 from a Housing Authority that is not Moving to Work Housing Authority, Department staff will submit a waiver to the Office of Community Planning and Development at HUD to allow the Development to use the Public Housing Utility Allowance. For Project-Based Vouchers from a Housing Authority that is a Moving to Work Housing Authority, the Applicant must have the Moving to Work Housing Authority ~~-~~obtain this waiver from the appropriate HUD office or agree that the Development will be all bills-paid before Contract Execution. These waivers, if granted by HUD,~~-~~will not require the Development to receive a new Application Acceptance Date; and

~~(2) Waivers for Non-Layered Developments. For Direct Loan Developments not layered with Competitive Housing Tax Credits, an Applicant may request that the Department amend its NOFA, amend its Consolidated Plan or OYAP, or ask HUD to grant a waiver of its regulations. Such requests will be presented to the Department's Board; if the Applicant's request is approved by the Department's Governing Board (Board), the Application Acceptance Date will then be the date the Department completes the amendment process or receives a waiver from HUD. If this date occurs after the NOFA closes, the Applicant will be required to submit a new Application, and the Direct Loan awardee (pre-closing) may be required to reapply, under a new or otherwise open NOFA; and~~

(~~1~~3~~3~~) Waivers under Closed NOFAs. The Board may not waive any portion of a closed NOFA prior to Construction Completion. Thereafter, the Board may only waive any portion of a closed NOFA as part of an approved Asset Management Division work out. Allowable Post-Closing Amendments are described in 10 TAC §13.13 of this chapter (relating to Post-Closing

Amendments to Direct Loan Terms).

(d) Eligibility and Threshold Requirements. Applications for Multifamily Direct Loan funds must meet all applicable eligibility and threshold requirements of Chapter 11 of this title (relating to the Qualified Allocation Plan (QAP)), unless otherwise excepted in this rule or NOFA.

§13.2. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Any capitalized terms not specifically mentioned in this section shall have the meaning as defined in Tex. Gov't Code, Chapter 2306; §§141, 142, and 145 of the Internal Revenue Code; 24 CFR Parts 91, 92, and 93; 2 CFR Part 200; and 10 TAC Chapters 1 of this title regarding Administration, 2 of this title regarding Enforcement, 10 of this title regarding Uniform Multifamily Rules, and 11 of this title regarding the Qualified Allocation Plan.

(1) Application Acceptance Date--The date the MFDL Application is considered received by the Department as described in this chapter, chapter 11 of this title, or in the NOFA. ~~An Applicant will not receive an Application Acceptance Date until the Application is complete.~~

(2) Community Housing Development Organization (CHDO)--A private nonprofit organization with experience developing or owning affordable rental housing that meets the requirements in 24 CFR Part 92 for purposes of receiving HOME Investment Partnerships Program (HOME) funds under the CHDO Set-Aside. A member of a CHDO's board cannot be a Principal of the Development beyond their role as a board member of the CHDO or be an employee of the development team, and may not receive financial benefit other than reimbursement of expenses from the CHDO (e.g., a voting board member cannot also be a paid executive).

(3) Construction Completion or Development Period--The Development Period is the time allowed to complete construction, which includes, without limitation, that necessary title transfer requirements and construction work has been fully performed, the certificate(s) of occupancy (if New Construction or reconstruction), Certificate of Substantial Completion (AIA Form G704), Form HUD-92485 (for instances in which a federally insured HUD loan is utilized), or equivalent notice has been issued.

(4) Deobligated Funds--The funds released by the Development Owner or recovered by the Department canceling a Contract or award involving some or all of a contractual financial obligation between the Department and a Development Owner or Applicant.

(5) Federal Affordability Period--The period commencing on the later of the date after Construction Completion and after all Direct Loan funds have been disbursed for the project, or the date of Project Completion as defined in 24 CFR §92.2 or §93.3, as applicable, and ending on the date which is the required number of years as defined by the federal program.

(6) HOME--the HOME Investment Partnership Program, authorized by Title II of the Cranston-Gonzalez National Affordable Housing Act,

(7) HOME Match-Eligible Unit--A Unit in the Development that is not assisted with HOME Program funds, but would qualify as eligible for Match under 24 CFR Part 92. Unless otherwise identified by the provisions in the NOFA, TCAP RF and matching contribution on NSP and NHTF Developments must meet all criteria to be classified as HOME-Match Eligible Units.

(8) Housing Contract System (HCS)--The electronic information system established by the Department for tracking, funding, and reporting Department Contracts and Developments. The HCS is primarily used by the Department for Direct Loan Programs administered by the Department.

(9) Land Use Restriction Agreement (LURA) Term--The period commencing on the effective date of the LURA and ending on the date which, at a minimum, is the greater of the loan term or 30 years. The LURA may include the Federal Affordability Period, in addition to the State Affordability Period requirements and State restrictive criteria.

(10) Matching Contribution (Match)--A contribution to a Development from nonfederal sources that may be in one or more of the forms provided in subparagraphs (A) through (E) of this paragraph:

(A) Cash contribution (grant), except for cash contributions made by investors in a limited partnership or other business entity subject to pass through tax benefits in a tax credit transaction or owner equity (including Deferred Developer Fee and General Partner advances);

(B) Reduced fees or donated labor from certain eligible contractors, subcontractors, architects, attorneys, engineers, excluding any contributions from a party related to the Developer or Owner;

(C) Net present value of yield foregone from a below market interest rate loan as described in HUD Community Planning and Development (CPD) Notice 97-03;

(D) Waived or reduced fees or taxes from cities or counties not related to the Applicant in connection with the proposed Development; or

(E) Donated land or land sold by an unrelated third party at a price below market value, as evidenced by a third party appraisal.

(11) NHTF--National Housing Trust Fund.

(12) NOFA--Notice of Funding Availability.

(13) NSP--Neighborhood Stabilization Program.

(14) Qualifying Unit--means a Unit designated for Multifamily Direct Loan use and occupancy in compliance with State and federal regulations, as set forth in the Contract. Except if the Development is all-bills paid, Qualifying Units may not also have a Project-Based Voucher issued under 24 CFR Part 983, unless the Application contains permission from the Public and Indian Housing Division of HUD for the layered units to use a utility allowance that is not the Public Housing Utility Allowance, or the Applicant has received permission from the Community Planning and Development Division of HUD for the layered units to use the Public Housing Utility Allowance. ~~If necessary, such permission must be submitted with the Application, and the Application will not be given an Application Acceptance Date until it is received.~~

(15) Relocation Plan--A residential anti-displacement and relocation assistance plan and budget in an Application that addresses residential and non-residential displacement and complies with the Uniform Relocation Assistance and Real Property Act as implemented at 49 CFR Part 24, HUD Handbook 1378, and the TDHCA Relocation Handbook. Additionally, some HOME and NSP funded Developments must comply with Section 104(d) of the Housing and Community Development Act of 1974 (as amended), and 24 CFR Part 42 (as modified for NSP and HOME American Rescue Plan (ARP) funds), which requires a one-for-one replacement of occupied and vacant, occupiable low- and moderate-income dwelling units demolished or converted. Guidance is on the Department's website at https://www.tdhca.state.tx.us/multifamily/home/index.htm. The Relocation Plan must be in form and substance consistent with requirements of the Department.

(16) Section 234 Condominium Housing Basic Mortgage Limits (Section 234 Condo Limits)--The per-unit subsidy limits for all MFDL funding. These limits take into account whether or not a Development is elevator served and any local conditions that may make development of multifamily housing more or less expensive in a given metropolitan statistical area. If the high cost percentage adjustment applicable to the Section 234 Condo Limits for HUD's Fort Worth Multifamily Hub is applicable for all Developments that TDHCA finances through the MFDL Program, then confirmation of that applicability will be included in the applicable NOFA.

(17) Site and Neighborhood Standards--HUD requirements for New Construction or reconstruction Developments funded by NHTF (24 CFR §93.150) or New Construction Developments funded by HOME (24 CFR §92.202). Proposed Developments must provide evidence that the Development will comply with these federal regulations in the Application. Guidance for successful submissions is provided on the Department website at https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm. Applications that are unable to comply with requirements in 24 CFR §983.57(e)(2) and (3) will not be eligible for HOME or NHTF.

(18) State Affordability Period--The LURA Term as described in the MFDL contract and loan documents and as required by the Department in accordance with the Chapter 2306, Texas Gov't Code which may be an additional period after the Federal Affordability Period.

(19) Surplus Cash--Except when the first lien mortgage is a federally insured HUD mortgage that is subject to HUD's surplus cash definition, Surplus Cash is any cash remaining:

(A) After the payment of:

(i) All sums due or currently required to be paid under the terms of any superior lien;

(ii) All amounts required to be deposited in the reserve funds for replacement;

(iii) Operating expenses actually incurred by the borrower for the Development during the period with an appropriate adjustment for an allocable share of property taxes and insurance premiums;

(iv) Recurring maintenance expenses actually incurred by the borrower for the Development during the period; and

(v) All other obligations of the Development approved by the Department; and

(B) After the segregation of an amount equal to the aggregate of all special funds required to be maintained for the Development; and

(C) Excluding payment of:

(i) All sums due or currently required to be paid under the terms of any subordinate liens against the property;

(ii) Any development fees that are deferred including those in eligible basis; and

(iii) Any payments or obligations to the borrower, ownership entities of the borrower, related party entities; any payment to the management company exceeding 5% of the effective gross income; incentive management fee; asset management fees; or any other expenses or payments that shall be negotiated between the Department and borrower.

(20) TCAP Repayment Funds--(TCAP RF) the Tax Credit Assistance Payment program funds.

§13.3. General Loan Requirements.

(a) Funding Availability. Direct Loan funds may be made available through a NOFA or other similar governing document that includes the method for applying for funds and funding requirements.

(b) Oversourced Developments. A Direct Loan request may be reduced or not recommended if the Department's Underwriting Report concludes the Development does not need all or part of the MFDL funds requested in the Application because it is oversourced, and for which a timely appeal has been completed, as provided in 10 TAC §1.7 of this title (relating to Appeals Process) or 10 TAC §11.902 of this title (relating to Appeals Process for Competitive HTC Applications), as applicable.

(c) Funding Sources. Direct Loan funds are composed of annual HOME and National Housing Trust Fund (NHTF) allocations from HUD and associated Program Income, repayment of TCAP or TCAP RF loans, HOME Program Income, NSP Program Income (NSP PI or NSP), and any other similarly encumbered funding that may become available~~ by Board action~~, except as otherwise noted in this chapter. Similar funds include any funds that are identified by the Board to be loaned or granted for the development of multifamily property and are not governed by another chapter in this title, with the exception of State funds appropriated for a specific purpose.

(d) Eligible and Ineligible Activities.

(1) Eligible Activities. Direct Loan funds may be used for the predevelopment, acquisition, New Construction, reconstruction, Adaptive Reuse, rehabilitation, or preservation of affordable housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, or operating cost reserves, subject to applicable HUD guidance. Other expenses, such as financing costs, relocation expenses of any displaced persons, families, businesses, or organizations may be included. MFDL funds may be used to assist Developments previously awarded by the Department when approved by specific action of the Board. Eligible Activities may have fund source restrictions or may be restricted by a NOFA.

(2) Ineligible Activities. Direct Loan funds may not be awarded to a Development:

~~(A) Subject to the requirements of 36 CFR 67, implementing Section 47 of the Internal Revenue Code (related to Historic Tax Credits), unless Part 2 of that Application, concerning a description of the proposed rehabilitation work, has been approved by the National Park Service and is submitted with the Application;~~

(A~~B~~) Layered with Housing Tax Credits that have elected the income averaging election under Section 42(g)(1)(C) of the Internal Revenue Code that have more than 15% of the Units designated as Market Rate Units;

(B~~C~~) In which the Applicant will not be directly leasing Units to residents, except as specifically described in the NOFA;

(C~~D~~) Applicants applying for HOME or NSP funds may not commit any choice limiting activities as defined by HUD in 24 CFR Part 58 prior to obtaining environmental clearance, and will be subject to termination of the Direct Loan award if such action is undertaken. For an Applicant applying for NHTF funds, choice limiting activities prior to full execution of a Contract with the Department are not prohibited, unless the Development also has sources requiring environmental review under 24 CFR Part 50 or Part 58, but the eligibility of costs associated with these activities will be impacted in keeping with 24 CFR §93.201(h) and all applicable federal regulations. Furthermore, certain activities which prohibit environmental mitigation may cause the Development to be ineligible and will cause the termination of the Direct Loan award.

(e) Ineligible Costs. All costs associated with the Development and known by the Applicant must be disclosed as part of the Application. Other federal funds will be included in the Final Direct Loan Eligible Costs located in Table 1 of the Direct Loan Calculator as part of the required per-unit subsidy limit calculation. Costs ineligible for reimbursement with Direct Loan funds in accordance with 24 CFR Parts 91, 92, 93, and 570, and 2 CFR Part 200, as federally required or identified in the NOFA, include but are not limited to:

(1) Offsite costs;

(2) Stored Materials;

(3) Site Amenities, such as swimming pools and decking, landscaping, playgrounds, and athletic courts;

(4) The purchase of equipment required for construction;

(5) Furnishings and Furniture, Fixtures and Equipment (FF&E) required for the Development;

(6) Detached Community Buildings;

(7) Carports and/or parking garages, unless attached as a feature of the Unit;

(8) Commercial Space costs;

(9) Personal Property Taxes;

(10) TDHCA fees;

(11) Syndication and organizational costs;

(12) Reserve Accounts, except Initial Operating Deficit Reserve Accounts;

(13) Delinquent fees, taxes, or charges;

(14) Costs incurred more than 24 months prior to the effective date of the Direct Loan

Contract, unless the Application is awarded TCAP RF, and if specifically allowed by the Board;

(15) Costs that have been allocated to or paid by another fund source (except for soft costs that are attributable to the entire project as specifically identified in the applicable federal rule, or for TCAP RF if specifically allowed by the NOFA), including but not limited to, contingency, including soft cost contingency, and general partner loans and advances;

(16) Deferred Developer Fee;

(17) Texas Bond Review Board (BRB) fees;

(18) Community Facility spaces that are not for the exclusive use of tenants and their guests;

(19) The portion of soft costs that are allocated to support ineligible hard costs;

(20) Other costs limited by Award or NOFA, or as established by the Board;

(21) Interest on Construction Loans; and

(22) Acquisition that occurred before the Application Acceptance Date and environmental clearance for HOME and NSP projects. For NHTF, acquisition that occurred prior to Contract signing.

§13.4. Set-Asides, Regional Allocation, and NOFA Priorities.

(a) Set-Asides. Specific types of Activities or Developments for which a portion of MFDL funds may be reserved in a NOFA will be grouped in categories called Set-Asides. ~~The Soft Repayment Set-Aside, CHDO Set-Aside, and General Set-Aside, as described below, are fixed Set-Asides that will be included in the annual NOFA (except when CHDO requirements are waived or reduced by HUD). The remaining Set-Asides described below are flexible Set-Asides and are applicable only if identified in a NOFA; flexible Set-Asides are not required to be programmed on an annual basis.~~ Not all Set-Asides will be available in every NOFA, and ~~T~~the Board may approve Set-Asides not described in this section. The amount of a single award may be credited to multiple Set-Asides, in which case the credited portion of funds may be repositioned into an oversubscribed Set-Aside prior to a defined collapse deadline. ~~Applications under any and all Set-Asides may or may not be layered with other Department Multifamily programs except as provided in this section or as determined by the Board to address unique circumstances not addressed by these rules.~~

~~(1) Fixed Set-Asides:~~

(A) General / Soft Repayment Set-Aside.

(i) Applicants seeking to qualify for NHTF under this set-aside must propose Developments in which all Units assisted with MFDL funds are available for households earning the greater of the poverty rate or 30% AMI, and have rents no higher than the rent limits for extremely low-income tenants in 24 CFR §93.302(b).

(ii) Applicants seeking to qualify for HOME under this set-aside must propose Developments in which all Units assisted with MFDL funds are available to households earning no more than 80% AMI and have rents no higher than the rent limits 24 CFR §92.2.

(iii) A portion of the General / Soft Repayment Set-Aside may be reallocated into the CHDO Set-Aside in order to fully fund a CHDO award that exceeds the remaining amount in the CHDO Set-Aside.

(B) CHDO Set-Aside. Unless waived or reduced by HUD, a portion of the Department's annual HOME allocation~~,~~ will be set aside for eligible CHDOs meeting the requirements of the definition of Community Housing Development Organization in 24 CFR §92.2 and 10 TAC §13.2(2) of this chapter. Applicants under the CHDO Set-Aside must be proposing to develop housing on Development Sites located outside Participating Jurisdictions (PJ), unless the award is made within a Persons with Disabilities (PWD) Set-Aside, or the requirement under Tex. Gov't Code §2306.111(c)(1) has been waived by the Governor. A grant for CHDO operating expenses may be awarded in conjunction with an award of MFDL funds under this Set-Aside, if no other CHDO operating grants have been awarded to the Applicant in the same Calendar year, in accordance with 24 CFR §92.208. Applications under the CHDO Set-Aside may not have a for profit special limited partner within the ownership organization chart.

~~(2) Flexible Set-Asides:~~

~~(A) 4% HTC and Bond Layered Set-Aside. The 4% and Bond Layered Set-Aside is reserved for Applications layered with 4% Housing Tax Credits and Tax-Exempt Bond funds where the Development Owner does not meet the definition of a CHDO, but that the Application does meet all other MFDL requirements.~~

~~(B) Persons with Disabilities (PWD) Set-Aside. The PWD Set-Aside is reserved for Developments restricting Units for residents who meet the requirements of Tex. Gov't Code §2306.111(c)(2) while not exceeding the number of Units limited by 10 TAC §1.15 of this title (relating to the Integrated Housing Rule). MFDL funds will be awarded in a NOFA for the PWD Set-Aside only if sufficient funds are available to award at least one Application within a Participating Jurisdiction under Tex. Gov't Code §2306.111(c)(1).~~

~~(C) Competitive HTC Layered Set-Aside. The Competitive HTC Layered Set-Aside is~~

~~reserved for Applications that are layered with Competitive Housing Tax Credits that do not meet the definition of CHDO, but that do meet all other MFDL requirements. Awards under this Set-aside are dependent on the concurrent award of a Competitive HTC allocation; however, an allocation of Competitive HTC does not ensure that a sufficient amount of MFDL funds will be available for award.~~

~~(D) Additional Set-Asides may be developed, subject to Board approval, to meet the requirements of specific funds sources, or address Department priorities. To the extent such Set-Asides are developed, they will be reflected in a NOFA or other similar governing document.~~

(b) Regional Allocation and Collapse. All funds subject to Tex. Gov't Code §2306.111 or as described to HUD in planning documents will be allocated to regions and potentially subregions based on a R~~r~~egional Allocation Formula (RAF) within the applicable Set-Asides (unless the funds have already been through a RAF of the annual NOFA and/or Special Purpose NOFA). The RAF methodology may differ by fund source. HOME funds will be allocated in accordance with Tex. Gov't Code Chapter 2306. The end date and Application Acceptance Date for the regionally allocated funds will be identified in the NOFA~~,~~ but in no instance shall it be less than 30 days from the date a link to the Board approved NOFA or NOFA Amendment is published on the Department's website.

(1) After funds have been made available regionally and the period for regional allocation has expired, remaining funds within each respective Set-Aside may collapse and be pooled together on a date identified in the NOFA. All Applications received prior to these collapse dates will continue to hold their priority unless they are withdrawn, terminated, suspended, or funded.

(2) Funds remaining after expiration of the Set-Asides on the end date identified in the NOFA, which have not been requested in the form of a complete Application, may be collapsed and pooled together to be made available statewide on a first-come first-served basis to Applications submitted after the collapse dates, as further described in the NOFA.

(3) In instances where the RAF would result in regional or subregional allocations insufficient to fund an Application, the Department may use an alternative method of distribution, including an early collapse, revised formula or other methods as approved by the Board, and reflected in the NOFA.

(c) Notice of Funding Availability (NOFA). MFDL funds will be distributed pursuant to the terms of a published NOFA that provides the specific collapse dates and deadlines as well as Set-Aside and RAF amounts applicable to each NOFA, along with scoring criteria, priorities, award limits, and other Application information. Set-asides, RAFs, and total funding amounts may increase or decrease in accordance with the provisions herein without further Board action as authorized by the Board.

~~**(d) Priorities for the Annual NOFA.** Complete Applications received during the period that funds are regionally made available (if a RAF is used in the Annual NOFA) will be prioritized for review and recommendation to the Board, if funds are available in the region or subregion (as applicable) and in the Set-Aside under which the Application is received. If insufficient funds are available in a region or subregion to fund all Applications then the scoring criteria in §13.6 of this Chapter will be applied if necessary and the Applications whose requests are in excess of the available funds will be evaluated only after the regional and/or Set-Aside collapse and in accordance with the additional priority levels in this subsection, unless an Application received earlier is withdrawn or terminated. If insufficient funds are available within a region, subregion, or Set-Aside, the Applicant may request to be considered under another Set-Aside if they qualify, prior to the collapse. Applications will be reviewed and recommended to the Board if funds are available in accordance with the order of prioritization described in paragraphs (1) - (3) of this subsection.~~

~~(1) Priority 1. Applications not layered with current year Competitive Housing Tax Credits (HTC) that are received prior to the Market Analysis Delivery Date as described in 10 TAC §11.2 of this title (relating to Program Calendar for Housing Tax Credits). Priority 1 Applications may be prioritized based on score within their respective Set-Aside for a certain time period, for certain populations, or for certain geographical areas, as further described in the NOFA.~~

~~(2) Priority 2. Applications layered with current year Competitive HTC will be prioritized based on their recommendation status and score for their HTC allocation under the provisions of Chapter 11 of this title, the Qualified Allocation Plan (QAP). All Priority 2 applications will be deemed received on the Market Analysis Delivery Date identified in Chapter 11 of this title, relating to the QAP. Priority 2 applications, if recommended, will be recommended for approval of the MFDL award at the same meeting when the Board approves the Competitive HTC allocations. Applications for Competitive HTC allocations are not guaranteed the availability of MFDL funds, as further provided in §13.5(e) of this chapter.~~

~~(3) Priority 3. Applications that are received after the Market Analysis Delivery Date identified in the QAP will be evaluated on a first come first served basis for any remaining funds, until the final deadline identified in the annual NOFA. However, the NOFA may describe additional prioritization periods for certain populations, or for certain geographical areas. Applications layered with Competitive HTC that are on the Competitive HTC waitlist after the Department's Board meeting at which final Competitive HTC awards are made will be considered Priority 3 Applications; if the Applicant receives an allocation of Competitive HTC later in the year, the MFDL Application Acceptance date will be the date the HTC Commitment Notice is issued, and MFDL funds are not guaranteed to be available.~~

~~**(e) Other Priorities.** The Board may set additional priorities for the annual NOFA, and for one time or special purpose NOFAs.~~

§13.5. Application and Award Process.

(a) Applications. MFDL Applicants must follow the applicable requirements in 10 TAC Chapter 11, Subchapter C (relating to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules) and the Notice of Funding Availability for which the Application is submitted.

(b) Application Acceptance Date. Applications will be considered received on the business day of receipt, unless a different time period is described in the Department's rules or NOFA. If an Application is received after 5:00 p.m., Austin local time, it will be determined to have been received on the following business day. Applications received on a non-business day will be considered received on the next day the Department is open. Applications will be considered complete at the time all Application materials, required third party reports and application fee(s) are received by the Department. Within certain Set-Asides or priorities, the date of receipt may be fixed, regardless of the earlier actual date a complete Application is received, if so specified in the Department's rules or NOFA. If multiple Applications have the same Application Acceptance Date, in the same region or subregion (as applicable), ~~and~~ within the same Set-Aside, and for 9% then score and tiebreaker factors, as described ~~in §13.6 of this chapter (relating to Scoring Criteria) for MFDL or~~ 10 TAC §11.7 ~~and §11.9~~ of this title (relating to Tie Breaker Factors ~~and Competitive HTC Selection Criteria, respectively~~) ~~for Applications layered with Competitive HTC,~~ will be used to determine the Application's rank.

(c) Market Analysis. Applications proposing Rehabilitation that request MFDL as the only source of Department funding may be exempted from the Market Analysis requirement in 10 TAC §11.205(2) (relating to Required Third Party Reports) if the Development's rent rolls for the most recent six months reflect occupancy of at least 80% of all Units.

(d) Required Site Control Agreement Provisions. All Applicants for MFDL funds where the Development is subject to environmental review under 24 CFR Part 50 and Part 58 must include the following provisions in the purchase contract or site control agreement if the subject property is not already owned by the Applicant:

(1) "Notwithstanding any other provision of this Contract, Purchaser shall have no obligation to purchase the Property, and no transfer of title to the Purchaser may occur, unless and until the Department has provided Purchaser and/or Seller with a written notification that: (A) It has completed a federally required environmental review and its request for release of federal funds has been approved and, subject to any other Contingencies in this Contract, (i) the purchase may proceed, or (ii) the purchase may proceed only if certain conditions to address issues in the environmental review shall be satisfied before or after the purchase of the property; or (B) It has determined that the purchase is exempt from federal environmental review and a request for release of funds is not required."; and for all Developments using federal funding

(2) "The Buyer does not have the power of eminent domain relating to the purchase and

acquisition of the Property. The Buyer may use federal funds from the U.S. Department of Housing and Urban Development (HUD) to complete this purchase. HUD will not use eminent domain authority to condemn the Property. All parties entered this transaction voluntarily and the Buyer has notified the Seller of what it believes the value of the Property to be in accordance with 49 CFR Part 24 Appendix A. If negotiations between both parties fail, Buyer will not take further action to acquire the Property."

(e) Oversubscribed Funds for Competitive HTC-Layered Applications. Should MFDL funds be oversubscribed in a Set-Aside or for a fund source that has geographic limitations within a Set-Aside, Applications concurrently requesting Competitive HTC will be notified and may amend their Application to accommodate another fund source and make changes that still meet threshold requirements in 10 TAC Chapters 11 and 13 of this title, if such changes do not impact scoring under 10 TAC §11.9 (relating to Competitive HTC Selection Criteria). The Department will provide notice to all impacted Applicants in the case of over-subscription, which will include a deadline by which the Applicant must respond to the Department. Multiple Applications from a single or affiliated Applicants do not constitute oversubscription, and the Applicant(s) will not be able to amend their Applications as described in this subsection. If MFDL funds become available between the Market Analysis Delivery Date, and the date of the Department's Board meeting at which final Competitive HTC awards are made, the MFDL funds will not be reserved for Competitive HTC-layered Applications, unless the reservation is described in the NOFA.

(f) Availability of funds for Non-Competitive HTC-layered Applications. If an Application requesting layered Non-Competitive HTC and Direct Loan funds is terminated under 10 TAC §11.201(2)(E) (relating to Withdrawal of Certificate of Reservation), the Application will receive a new Application Acceptance Date for purposes of Direct Loan funds upon submission to the Department of the new Certificate of Reservation if the Board has not made an award. Direct Loan funds will not be reserved for terminated Applications, and may not be available for the Application with a new Reservation.

~~**(g) Source of Direct Loan Funds.** To the extent that an Application is submitted under a Set-Aside where multiple sources of Direct Loan funds are available, the Department will select sources of funds for recommended Applications, as provided in paragraphs (1) - (4) of this subsection:~~

~~(1) The Department will generally select the recommended source of MFDL funds to award to an Application in the order described in subparagraphs (A) - (C) of this paragraph, which may be limited by the type of activity an Application is proposing or the proposed Development Site of an Application:~~

~~(A) Federal funds with commitment and expenditure deadlines will be selected first;~~

~~(B) Federal funds that do not have commitment and expenditure deadlines will be selected next; and~~

~~(C) Nonfederal funds that do not have commitment and expenditure deadlines will be selected last; however,~~

~~(2) The Department may also consider repayment risk or ease of compliance with other fund sources when assigning the source of funds to be recommended for award to an Application;~~

~~(3) The Department may move to the next fund source prior to exhausting another selection; and~~

~~(4) The Department will make the final decision regarding the fund source to be recommended for an award (within a Set-Aside that has multiple fund sources), and this recommendation may be not be appealed.~~

(~~f~~g~~h~~) Eligibility Criteria and Determinations.

(1) The Department will evaluate Applications received under a NOFA for eligibility and threshold pursuant to the requirements of this chapter and Chapter 11 of this title (relating to the Qualified Allocation Plan). The Department may terminate the Application if there are changes at any point prior to MFDL loan closing that would have had an adverse effect on the score and ranking order of the Application that would have resulted in the Application not being recommended for an award or being ranked below another Application received prior to the subject Application.

(2~~1~~) Applicants requesting MFDL as the only source of Department funds must be able to demonstrate that a Principal of the Developer, Development Owner, or General Partner has previously developed and placed into service a minimum of 50 multifamily housing units. It is the Applicant's responsibility to identify and submit sufficient evidence of this experience in the Application. If the Department determines that the evidence submitted is not substantial, additional evidence may be submitted through the Administrative Deficiency process, if it is available. If the Applicant is unable to provide satisfactory evidence, the Applicant will be ineligible for funding.

~~(1) Applicants requesting MFDL as the only source of Department funds must meet the Experience Requirement as provided in either subparagraph (A) or (B) of this paragraph:~~

~~(A) The Experience Requirement as provided in 10 TAC §11.204(6) of this title (relating to Experience Requirement); or~~

~~(B) Alternatively by providing the acceptable documentation listed in §11.204(6) of this title evidencing the successful development, and at least five years of the successful operation, of a project or projects with at least twice as many affordability restricted Units as requested in the Application.~~

~~(12) The Executive Director or authorized designee must make eligibility determinations for Applications for Developments that meet the criteria in subparagraph (A) or (B) of this paragraph regardless of available fund sources:~~

~~(A) Received an award of funds or resources for the Development from the Department within 15 years preceding the Application Acceptance Date; or~~

~~(B) Started or completed construction, and are not proposing acquisition or rehabilitation.~~

~~(23) An Application that requires an eligibility determination in accordance with paragraph (32) of this subsection must identify that fact prior to, or in their Application so that an eligibility determination may be made subject to the Applicant's appeal rights under 10 TAC §11.902 or 10 TAC §1.7 of this title (both relating to Appeals), as applicable. A finding of eligibility under this paragraph does not guarantee an award. Applications requiring eligibility determinations generally will not be funded with HOME or NSP funds, unless a 24 CFR Part 58 review was done by another fund source.~~

~~(A) Requests under this paragraph will not be considered more than 60 calendar days prior to the first Application Acceptance Date published in the NOFA, for the Set-Aside in which the Applicant plans to apply.~~

~~(B) Criteria for consideration include clauses (i) - (iii) of this subparagraph:~~

~~(i) Evidence of circumstances beyond the Applicant's control that could not have been prevented with appropriate due diligence; or~~

~~(ii) Force Majeure events (not including weather events); and~~

~~(iii) Evidence that no further exceptional conditions exist that will delay or cause further cost increases.~~

~~(C) Criteria for consideration shall not include typical weather events, typical construction, or financing delays.~~

~~(D) Applications for Developments that previously received an award from the Department within 15 years preceding the Application Acceptance Date will be evaluated at no more than the amount of Developer Fee underwritten the last time that the Department published an Underwriting Report. MFDL funds may not be used to fund increased Developer Fee, regardless of whether the increase is allowed under other Department rules.~~

~~(1) Proposed Developments must provide evidence that the Development will comply with Site and Neighborhood Standards, which can be in the form of narrative with supporting~~

~~documentation, accompanied by required census data found in American Community Survey Table DP-05.~~

~~**(i) Request for Preliminary Determination.** Applicants considering a request for Direct Loan layered with a Competitive HTC Application may submit a Request for Preliminary Determination with the HTC Pre-Application. The results of evaluation of the request may be used as evidence of review of the Development and the Principals for purposes of scoring under 10 TAC §11.9(f)(1)(E). Submission of a Request for Preliminary Determination does not obligate the Applicant to request Multifamily Direct Loan funds with their full Application. The Preliminary Determination is based solely on the information provided in the request, and does not indicate that the full Application will be accepted. It is not a guarantee that Direct Loan funds will be available or awarded to the full Application.~~

(~~j~~hg) Effective rules and contractual terms. The contractual terms of an award will be governed by and reflect the rules in effect at the time of Application; however, any changes in federal requirements will be reflected in the contractual terms. Further provided, that if after award, but prior to execution of such Contract, there are new rules in effect, the Direct Loan awardee may elect to be governed by the new rules, provided the Application would continue to have been eligible for award under the rules and NOFA in effect at the time of Application.

§13.6. ~~Scoring Criteria~~Scoring Criteria and Tie Breaker Factors.

~~The criteria identified in paragraphs (1) - (6) of this section will be used in the evaluation and ranking of Applications if other Applications have the same Application Acceptance Date, within the same Set-Aside, and having the same prioritization. There is no rounding of numbers in this section, unless rounding is explicitly indicated for that particular calculation or criteria. Changes to Applications where scoring is utilized under Chapter 13 will not be allowed between submission and award.~~ (a) **Scoring**. The scoring items used to calculate the score for a Competitive HTC-Layered Application will be utilized for scoring for an MFDL Application, and evaluated in the same manner~~, except as specified below~~. For all other Applications, the Tie Breaker described below will be utilized to determine which Applications to recommend for an award if multiple Applications are given the same Application Acceptance Date within the same Set-Aside and with the same P~~p~~riority as described in the NOFA.~~Scoring criteria in Chapter 11 of this title (relating to the Qualified Allocation Plan) will always be superior to Scoring Criteria in this chapter if an MFDL Application is also concurrently requesting Competitive HTC.~~

~~**(1) Opportunity Index**. Applicants eligible for points under 10 TAC §11.9(c)(5) (relating to the Opportunity Index) (up to 7 points).~~

~~**(2) Resident Services**. Applicants eligible for points under 10 TAC §11.9(c)(3)(A) (relating to Resident Supportive Services) (10 points) and Applicants eligible for points under 10 TAC §11.9(c)(3)(B) (relating to community space and outreach for Resident Supportive Services) (1 point).~~

~~**(3) Underserved Area.** Applicants eligible for points under 10 TAC §11.9(c)(6) (relating to Underserved Area) (up to 5 points).~~

~~**(4) Subsidy per Unit**. An Application that caps the MFDL eligible cost per Unit subsidy limit below Section 234 Condo Limits or HUD 221(d)(4) statutory limits (as applicable) for all Direct Loan Units regardless of Unit size at:~~

~~(A) $100,000 per MFDL eligible cost per Unit (4 points).~~

~~(B) $80,000 per MFDL eligible cost per Unit (8 points).~~

~~(C) $60,000 per MFDL eligible cost per Unit (10 points).~~

~~**(5) Rent Levels of Residents**. Except for Applications submitted under the Soft Repayment Set-Aside, an Application may qualify to receive up to 13 points for placing the following rent and income restrictions on the proposed Development for the Federal and State Affordability Periods. These Units must not be restricted to 30% or less of AMI by another fund source; however, layering on other HTC Units may be considered for scoring purposes. Scoring options include:~~

~~(A) At least 20% of all low-income Units at 30% or less of AMI (13 points);~~

~~(B) At least 10% of all low-income Units at 30% or less of AMI or, for a Development located in a Rural Area, 7.5% of all low-income Units at 30% or less of AMI (12 points); or~~

~~(C) At least 5% of all low-income Units at 30% or less of AMI (7 points).~~

(~~1~~b~~6~~) Tie ~~b~~Breaker. In the event that two or more Applications receive the same ~~number of points based on the scoring criteria above~~Application Acceptance Date, within the same Set-Aside and having the same P~~p~~riority, staff will ~~recommend for award the Application that proposes the greatest percentage of 30% AMI MFDL Units within the Development that would convert to households at 15% AMI in the event of a tie as represented in the Tiebreaker Certification submitted at the time of Application~~utilize the Tie Breaker Factors established in §11.7.

§13.7. Maximum Funding Requests and Minimum Number of MFDL Units.

(a) Maximum Funding Request. The maximum funding request for an Application will be identified in the NOFA, and may vary by development type, set-aside, Priority, or fund source.

(b) Maximum New Construction or Reconstruction Per-Unit Subsidy Limits. ~~While more restrictive per-Unit subsidy caps are allowable and encouraged as point scoring items in 10 TAC §13.6 of this chapter (relating to Scoring Criteria), t~~The per-Unit subsidy limit for a Development will be determined by the Department as the Section 234 Condo limits with the applicable high cost percentage adjustment in effect at the start date of the NOFA, which are the maximum MFDL eligible cost per-Unit subsidy limits that an Applicant may use to determine the amount of MFDL funds ~~-~~combined with other federal funds that may subsidize a Unit.

(c) Maximum Rehabilitation Per-Unit Subsidy Limits. The MFDL eligible cost per-Unit to rehabilitate a Development may not exceed the HUD 221(d)(4) statutory limits, subject to high cost factors as published in the NOFA.

(d) Minimum Number of MFDL Units. The minimum required number of MFDL Units will be determined by the MFDL per-Unit subsidy limits and the cost allocation analysis, which will ensure that the amount of MFDL Units as a percentage of total Units is equal to or greater than the percentage of MFDL funds requested as a percentage of total eligible MFDL Development costs.~~ Applicants may be able to estimate the minimum number of MFDL Units by entering Application information into the Direct Loan Unit Calculator Tool available on the Department's website, but this tool may not cover the specific requirements of every Application~~. ~~A larger number of MFDL Units may also be required if scoring is utilized.~~

§13.8 Loan Structure and Underwriting Requirements

(a) Loan Structures. Loan structures must meet the criteria described in this section and as further described in a NOFA. The interest rate, amortization period, a~~n~~d term for the loan will be approved~~fixed~~ by the Board at the time of award, and can only be amended prior to loan closing by the process in 10 TAC §13.12 (relating to Pre-Closing Amendments to Direct Loan Terms).

(b) Criteria for Construction-to-Permanent Loans. Direct Loans awarded through the Department must adhere to the criteria as identified in paragraphs (1) - (7) of this subsection if being requested as construction-to-permanent loans, for which the interest rate will be specified in the NOFA and approved by the Board:

(1) The construction term for MFDL loans shall generally be coterminous with any superior construction loan(s), but no greater than 36 months. In the event the MFDL loan is the only loan with a construction term or is the superior construction loan, the construction term ~~shall~~ may be up to 36 months~~24 months with one available six-month extension that may be approved for good cause by the Executive Director or his designee36 months~~. Shorter timeframes may be required to meet federal project completion or expenditure deadlines;

(2) No interest will accrue during the construction term;

(3) The loan term shall be no less than 15 years and no greater than 40 years~~ and six months~~, and the amortization period shall be between 30 to 40 years~~ and six months~~. The Department's loan must mature at the same time or within six months of the shortest term

of any senior debt, so long as neither exceeds 40 years~~ and six months~~. The loan term commences following the end of the construction term;

4) Loans shall be secured with a deed of trust with a permanent lien position that is superior to any other sources for financing including hard repayment debt that is in an amount less than or equal to the Direct Loan amount and superior to any other sources that have soft repayment structures, non-amortizing notes, have deferred forgivable provisions, or in which the lender has an identity of interest with any member of the Development Team. Parity liens may only be considered with federal loan funds from USDA Rural Development;

~~(5) If the Direct Loan amounts are more than 50% of the Total Housing Development Cost, except for Developments also financed through the USDA §515 program, the Application must include documents identified in either subparagraphs (A) or (B) of this paragraph:~~

~~(A) A letter from a Third Party Certified Public Accountant verifying the capacity of the Applicant, Developer, or Development Owner to provide at least 10% of the Total Housing Development Cost as a short term loan for the Development; or~~

~~(B) Evidence of a line of credit or equivalent tool in the sole determination of the Department equal to at least 10% of the Total Housing Development Cost from a financial institution that is available for use during the proposed Development activities;~~

~~(6) If the Direct Loan is the only source of permanent Department funding for the Development, the Development Owner must provide all items required in subparagraphs (A) and (B) of this paragraph:~~

~~(A) Equity in an amount not less than 10% of Total Housing Development Costs; however,~~

~~(i) An Applicant for Direct Loan funds may request Board approval to have an equity requirement of less than 10% that would not have to meet the waiver requirements in 10 TAC §11.207 of this title (relating to Waiver of Rules. The request must specify the proposed equity that will be provided and provide support for why that reduced level of equity will be sufficient to provide reasonable assurance that such owner will be able to complete construction and stabilization timely; and~~

~~(ii) "Sweat equity" or other forms of equity that cannot be readily accessed will not be allowed to count toward the equity requirement; and~~

~~(B) Evidence submitted with the Application must show the Direct Loan amount is not greater than 80% of the Total Housing Development Costs; and~~

(5~~7~~) In general, up to 50% of the MFDL loan may be advanced at loan closing, should there be sufficient eligible costs to reimburse that amount; however, this amount may be proportionally exceeded for a Development being awarded additional MFDL funds, if the Development is past 50% at loan closing, so long as the required Mid-Construction Inspection has been completed. In all cases, at least 10% of the funds will be reserved for the final Draw.

(c) Criteria for Construction Only Loans. MFDL Loans through the Department must adhere to the following criteria as identified in paragraphs (1) - (3) of this subsection if being requested as construction only loans:

(1) The term of the construction loan ~~must~~ shall generally be coterminous with any superior construction loan(s), but no greater than 36 months. In the event that the MFDL loan is the only construction loan or is the superior construction loan, the term may not exceed 36 months. Shorter timeframes may be required to meet federal project completion or expenditure deadlines~~24 months with available six-month extension that may be approved for good cause by the Executive Director or his designee~~;

~~(2) The interest rate may be as low as 0%; and~~

~~(3) Up to 50% of the loan may be advanced at loan closing, should there be sufficient costs to reimburse that amount.~~

(d) Criteria for Permanent Refinance Loans. If 90% of the Department's loan will repay existing debt, the first payment will be due the month after the month of loan closing; 90% of the loan may be advanced at loan closing, unless the Board approves another date.

(e) Evaluations. All Direct Loan Applicants in which third-party financing entities are part of the sources of funding must include a pro forma and lender approval letter evidencing review of the Development and the Principals, as described in 10 TAC §11.9(f)(1) of this title (relating to Competitive HTC Selection Criteria). Where no third-party financing exists, the Department reserves the right to procure a third-party evaluation which will be required to be prepaid by the Applicant.

(e~~f~~) Pass-Through Loans. Department funds may not be used as pass-through financing. The Department's Borrower must be the Development Owner.

§13.9. Construction Standards.

All Developments financed with Direct Loans will be required to meet at a minimum the applicable requirements in Chapter 11 of this title (relating to the Qualified Allocation Plan). In addition, Developments must meet all applicable state and local codes, ordinances, and standards; the 2021 International Existing Building Code (IEBC) or International Building Code (IBC), as applicable. Should IEBC be more restrictive than local codes, or should local codes not exist, then the Development must meet the requirements imposed by IEBC or IBC, as applicable. Developments must also meet the requirements in paragraphs (1) - (5) of this section:

(1) Third-Party Recommendations. Recommendations made in the Environmental Site Assessment (§11.305 of this title) and any Scope of Work and Cost Review (§11.306 of this title) with respect to health and safety issues, life expectancy of major systems (structural support; roofing; cladding and weatherproofing; plumbing; electrical; and heating, ventilation, and air conditioning) must be implemented;

(2) Lead and Asbestos Testing. For properties originally constructed prior to 1978, the Scope of Work and Cost Review must be provided to the party conducting the lead-based paint and/or asbestos testing, and the Development Owner must implement the mitigation recommendations of the testing report;

(3) Broadband Infrastructure. The broadband infrastructure requirements described in 24 CFR §92.251(a)(2)(vi) or (b)(1)(x) for HOME, NSP, or TCAP RF; or 24 CFR §93.301(a)(2)(vi) or 24 CFR §93.301(b)(2)(vi) for NHTF, as applicable;

(4) Properties in Catastrophe Areas. Developments located in the designated catastrophe areas specified in 28 TAC §5.4008 must comply with 28 TAC §5.4012 (relating to Applicable Building Code Standards in Designated Catastrophe Areas for Structures Constructed, Repaired or to Which Additions Are Made On and After April 1, 2020); and

(5) Minimum Construction Standards. Rehabilitation Developments funded with federal sources may also be required to meet Minimum Rehabilitation Standards, as required by HUD. Rehabilitation Developments funded by the national Housing Trust Fund are required to meet the Multifamily Minimum Rehabilitation Standards approved by HUD, as posted on the Department's website at https://www.tdhca.state.tx.us/multifamily/home/index.htm, in addition to the Department's rules and NOFA requirements.

§13.10. Development and Unit Requirements.

(a) Proportionality. The bedroom/bathroom/amenities and square footages for Direct Loan Units must be comparable to the bedroom/bathroom/amenities and square footages for the total number of Units in the Development based on the amount of Direct Loan funds requested as a percentage of total MFDL eligible costs. As a result of this requirement, the Department will use the Proration Method as the Cost Allocation Method in accordance with HUD CPD Notice 16-15, except as described in subsection (b) of this section. Additionally, the amount of Direct Loan funds requested cannot exceed the per-unit subsidy limit described in this chapter or in the applicable NOFA. Direct Loan Units must be provided as a percentage of each Unit Type, in proportion to the percentage of total costs included in the Direct Loan.

(b) Floating Units. Floating Direct Loan Units may only float among the Units as described in the Direct Loan Contract and Direct Loan LURA.

(1) For HOME, NSP, and TCAP RF, Direct Loan Units must float throughout the Development unless the Development also contains public housing Units that will receive Operating Fund or Capital Fund assistance under Section 9 of the 1937 Act as defined in 24 CFR §5.100.

(2) For NHTF, Direct Loan Units must float throughout the Development, except as prohibited by 24 CFR §93.203, concerning public housing units.

(c) Unit Match Requirements.

(1) For a Development funded with NSP and/or NHTF, a required matching contribution will result in at least one HOME Match-Eligible Unit, in addition to the NSP and/or NHTF Units.

(2) For a Development funded with HOME, a required matching contribution may or may not result in a HOME Match-Eligible Unit, beyond the Department's HOME assisted Units.

(3) For a Development funded with TCAP RF in the annual NOFA, a matching contribution in addition to the Match that the Department counts from the TCAP RF investment will result in some amount of TCAP RF assisted Units being considered HOME Match-Eligible Units.

(d) Minimum Affordability Period. The minimum affordability period for all Direct Loan Units awarded under a NOFA will match the greater of the term of the loan, or 30 years unless a lesser period is approved by the Board. The Department reserves the right to extend the Affordability Period for Developments that fail to meet Program requirements.

(e) Restricted Units. If the Department is the only source of permanent funding for the Development by virtue of equity from HTC and MFDL funding, all Units must be income and rent restricted under a combination of HTC and Direct Loan LURAs, regardless of the amount of deferred Developer Fee as a permanent source. If the MFDL funding is the only source of permanent funding for the Development, all Units must be income and rent restricted by the Direct Loan LURA, and all costs must be MFDL eligible, regardless of the amount of deferred Developer Fee as a permanent source.

(f) Income Levels Committed at Time of Application. If the Direct Loan funds are used in a Competitive or non-Competitive HTC-Layered Development that is electing Income Averaging to qualify under IRC §42, the Direct Loan Units required by the LURA must continue to be provided at the income levels committed at the time of Application. Direct Loan Unit designations may not change to meet Income Averaging requirements.

(g) Mandatory Development Features. Development features described under 10 TAC §11.101(b)(4) (relating to Mandatory Development Amenities) may be selected to meet federal or state requirements, without a change to the number or description of features (e.g. selection of Broadband).

§13.11. Post-Award Requirements.

(a) Direct Loan awardees must satisfactorily complete the Post-Award Requirements identified in this section after the Board approval date.

(b) 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.

(c) Benchmarks. Extensions to the benchmarks in paragraphs (1) - (8) of this subsection may only be approved by the Executive Director or authorized designee in accordance with §13.12 or §13.13 of this chapter (relating to Pre-Closing and Post-Closing Amendments), as applicable.

~~(1) Award Letter. If provided, Direct Loan awardees must execute and return to the Department an Award Letter, provided by the Department, within 15 calendar days after receipt. The Award Letter will be conditional in nature, and provide a basic outline of the terms and conditions approved by the Board.~~

(1~~2~~) Environmental Clearance. In order to obtain environmental clearance required by the National Environmental Policy Act (NEPA) and other related Federal and state environmental laws (if applicable), Direct Loan Applicants, including those previously awarded HTC, must submit a fully completed environmental review, including any applicable reports to the Department within 90 days of the Application Acceptance Date.~~t., within 30 calendar days of the Board approval date. If the awardee was contemporaneously awarded 9% HTC and selected Readiness to Proceed points under 10 TAC §11.9(c)(8), this period is within 14 calendar days of the Board approval date. If the awardee receives an allocation of 9% HTC from the waitlist after the July Board meeting, the fully completed environmental review must be submitted within 30 calendar days of receipt of the Carryover Allocation Agreement.~~

(~~3~~2) Contract Execution. 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~~3) Loan Closing and Construction Commencement. Loan closing must occur and construction must begin on or before the dates described in the Contract. If construction has not commenced within 12 months of the Contract Effective Date, the award may be terminated.

(~~4~~5) Loan Closing. In preparation for closing any Direct Loan, the Development Owner must submit the items described in subparagraphs (A) - (F) of this paragraph. Providing incomplete documents, or not responding timely to subsequent Department requests for materials needed to facilitate closing, may significantly ~~inhibit the Department's ability to meet closing timelines~~delay closing. Any request to change the financing structure of the Development, or the ownership structure, will in most cases extend the amount of time it will take for the Department to meet closing timelines, and may move prioritization of the closing below that of other Developments.

(A) Documentation of the prior closing or concurrent closing with all sources of funds necessary for the long-term financial feasibility of the Development.

(B) Due diligence items determined by the Department to be prudent and necessary to meet the Department's rules and to secure the interests of the Department, as requested by Staff.

(C) When Department funds have a first lien position during the construction term, or if the Development is a public work under state law, assurance of completion of the Development in the form of payment and performance bonds in the full amount of the construction contract or equivalent guarantee as allowable under state law in the sole determination of the Department is required. Development Owners utilizing the USDA §515 program for a Development that is not a public work are exempt from this requirement, but must meet the alternative requirements set forth by USDA.

(D) Documentation required for preparation of closing loan documents includes, but is not limited to:

(i) Substantially final information necessary for REA staff to reevaluate the transaction prior to loan closing, including but not limited to a substantially final development cost schedule, sources and uses, operating pro forma, annual operating expenses, rent schedule, updated written financial commitments or term sheets, and any additional financing exhibits that have changed since the time of Application;

(ii) Substantially final Draft Owner/General Contractor agreement and draft Owner/Architect agreement prior to closing with final executed copies required by the day of closing;

(iii) Survey of the Property that includes a certification to the Department, Development Owner, Title Company, and other lenders; ~~and~~

(iv) Plans and specifications for review by the Department's inspection staff.

Inspection staff will issue a plan review letter that is intended to assist in identifying early concerns associated with the Department's final construction requirements; and

(v) If layered with Housing Tax Credits, a substantially final draft limited partnership agreement between the General Partner and the tax credit investor entity.

(E) If required by the fund source, prior to Contract Execution unless an earlier period is described in Chapters 10, 11, or 12 of this title, the Development Owner must provide verification of:

(i) Environmental clearance from the Department or HUD, as applicable;

(ii) Site and Neighborhood clearance from the Department;

(iii) Documentation necessary to show compliance with the Uniform Relocation Assistance and Property Act and any other relocation requirements that may apply;

(iv) Title Insurance Commitment or Policy showing the Department as Lender, with copies of all Schedule B documents; and

(v) Any other documentation that is necessary or prudent to meet program requirements or state or federal law in the sole determination of the Department.

(F) The Direct Loan Contract as executed, which will be drafted by the Department's counsel or its designee for the Department. No changes proposed by the Developer or Developer's counsel will be accepted unless approved by the Department's Legal Division or its designee.

(6) Loan Documents. The Development Owner is required to execute all loan closing documents required by and in the form and substance acceptable to the Department's Legal Division~~ or designee~~.

(A) Loan closing documents include but are not limited to a promissory note, deed of trust, construction loan agreement (if the proceeds of the loan are to be used for construction), LURA, Architect and/or licensed engineer certification of understanding to complete environmental mitigation if such mitigation is identified in HUD's environmental clearance or the Underwriting Report and assignment and security instruments whereby the Developer, the Development Owner, and/or any Affiliates (if applicable) grants the Department their respective right, title, and interest in and to other collateral, including without limitation the Owner/Architect agreement and the Owner/General Contractor agreement, to secure the payment and performance of the Development Owner's obligations under the loan documents. Additional loan terms and conditions may be imposed by the loan closing documents.

(B) Loan terms and conditions may vary based on the type of Development, Real Estate Analysis Underwriting Report, and the Set-Aside under which the award was made.

(7) Quarterly Construction Status Reports. The Development Owner is required to submit quarterly Construction Status Reports to the Asset Management Division as described and by the deadlines specified in 10 TAC §10.401(e) of this title (relating to Construction Status Report).

(8) Mid-Construction Development Inspection Letter. In addition to any other obligations required as the result of any other Department funding sources, the Development Owner must submit a Mid-Construction Development Inspection Request once the Development has met at least 25% construction completion as indicated on the G703 Continuation Sheet or HUD equivalent form. Department inspection staff will issue a Mid-Construction Development Inspection Letter that confirms work is being done in accordance with the applicable codes, the construction contract, and construction documents. ~~Regardless of how Direct Loan funds are allocated among acquisition, Hard, and Soft costs, up to 50% of the Direct Loan award may be released prior to issuance of the Mid-Construction Development Inspection Letter, with the remaining 50% available for disbursement in accordance with the percentage of Construction Completion.~~

(9) Construction Completion. Construction must be completed, as reflected by the Development's certificate(s) of occupancy (if new construction and/or reconstruction) and Certificate of Substantial Completion (AIA Form G704) or Form HUD-92485 for instances in which a federally insured HUD loan is being utilized, within the construction term of any superior construction loan(s) or up to~~24~~ 36 months of the actual loan closing date if no superior construction loan(s) exists, unless a shorter timeline is necessitated by the federal funding source.~~.~~

~~(~~(10) Closed Final Development Inspection Letter. The Closed Final Development Inspection Letter must be issued by the Department within 36 months of loan closing. This letter will verify committed amenities have been provided and confirm compliance with all applicable accessibility requirements; this letter may include deficiencies that require resolution. The Closed Final Development Inspection may be conducted concurrently with a ~~Uniform Physical Condition Standards (UPCS~~NSPIRE~~)~~ inspection. However, any letters associated with a ~~UPCS~~ NSPIRE inspection will not satisfy the Closed Final Development Inspection Letter required by this subsection.

(11) Initial Occupancy. Initial occupancy of all MFDL assisted Units by eligible households shall occur within six months of the final Direct Loan draw. Requests to extend the initial occupancy period must be accompanied by documentation of marketing efforts and a marketing plan. The marketing plan may be submitted to HUD for final approval, if required by the MFDL fund source.

(12) Per Unit Repayment. Repayment may be required on a per Unit basis for Units that

have not been rented to eligible households within 6-18 months of the final Direct Loan draw, depending on the fund source.

(13) Termination and Repayment for Failure to Complete. 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.

(14) Disbursement of Funds. The Borrower must comply with the requirements in subparagraphs (A) - (K) of this paragraph in order to receive a disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the Borrower's compliance with these requirements is required with a request for disbursement:

(A) All requests for disbursement must be submitted ~~through the Department's Housing Contract System,~~ using the MFDL draw workbook or such other format as the Department may require;

(B) Documentation of the total construction costs incurred and costs incurred since the last disbursement of funds must be submitted. Such documentation must be signed by the General Contractor and certified by the Development architect and is generally in the form of an AIA Form G702/ G703 or HUD equivalent form;

(C) Disbursement requests must include a down-date endorsement to the Direct Loan (mortgagee) title policy or Nothing Further Certificate that includes a title search through the date of the Architect's signature on AIA form G702 or HUD equivalent form. For release of retainage, the down-date endorsement to the Direct Loan title policy or Nothing Further Certificate must be dated at least 30 calendar days after the date of the completion as certified on the Certificate of Substantial Completion (AIA Form G704) with $0 as the work remaining to be completed. If AIA Form G704 or HUD equivalent form indicates an amount of work remaining to be completed, the Architect must provide confirmation that all work has been completed. Disbursement requests for acquisition and closing costs are exempt from this requirement;

(D) Table Funding (the wiring of Direct Loan funds to the title company at loan closing) may be permitted at the time of closing, for disbursement of funds related to eligible acquisition costs and eligible softs costs incurred, and in an amount not to exceed 50% of the total funds. Table Funding must be requested in writing at least 30 calendar days prior to the anticipated closing date, and will not be considered unless the Direct Loan Contract has been executed and all necessary documentation has been submitted to and accepted by the Department at least 10 calendar days prior to the anticipated closing date;

(E) At least 50% of Direct Loan funds (except as otherwise allowed for Permanent Refinance Loans described in 10 TAC §13.8(e)) will be withheld from the initial disbursement of loan funds to allow for periodic disbursements;

(F) The initial draw request for the Development (excluding Table Funding) must be entered into the Department's Housing Contract System no later than 180 days after loan closing, and may not be submitted prior to submission of all architectural drawings;

~~(G) Up to 75% of Direct Loan funds may be drawn before providing evidence of Match. Thereafter, the Borrower must provide evidence of Match being credited to the Development prior to release of the final 25% of funds;~~

(G~~H~~) Developer Fee disbursement shall be limited by subparagraph (I) of this paragraph and is further conditioned upon clauses (i) - (iii), as applicable:

(i) For Developments in which the loan is secured by a first lien deed of trust against the Property, 75% shall be disbursed in accordance with percent of construction completed. 75% of the total allowable fee will be multiplied by the percent completion, as documented by the construction contract and as may be verified by an inspection by the Department. The remaining 25% shall be disbursed at the time of release of retainage; or

(ii) For Developments in which the loan is not secured by a first lien deed of trust or the Development is also utilizing Housing Tax Credits, Developer Fees will not be reimbursed by the Department, except as follows. If all other lenders and syndicator in a Housing Tax Credit Development (if applicable) provide written confirmation that they do not have an existing or planned agreement to govern the disbursement of Developer Fees and expect that Department funds shall be used to fund Developer Fees, they shall be reimbursed in the same manner as described in subparagraph (A) of this paragraph; and

(iii) The Department may reasonably withhold any disbursement in accordance with the Loan Documents and if it is determined that the Development is not progressing as reasonably necessary to meet the benchmarks for the timely completion of construction of the Development as set forth in the loan documents, or that cost overruns have put the Development Owner's ability to repay its Direct Loan or complete the construction at risk in accordance with the terms of the loan documents and within budget. If disbursement has been withheld under this subsection, the Development Owner must provide evidence to the satisfaction of the Department that the Development will be timely completed and occupied in order to continue receiving funds. If disbursement is withheld for any reason, disbursement of any remaining Developer Fee will be made only after construction of the Development has been completed, and all requirements for expenditure and occupancy have been met;

(H~~I~~) Expenditures must be allowable and reasonable in accordance with federal and state rules and regulations. The Department shall review each expenditure requested for reasonableness. The Department may request the Development Owner make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of Department funds to Development Owner as may be necessary or advisable for compliance with all program requirements;

(I~~J~~) Following 50% construction completion, any funds will be released in accordance with the percentage of construction completion as documented on AIA Form G702/703 or HUD equivalent form. 10% of requested Hard Costs will be retained and will not be released until the final draw request. If the Development is receiving funds from more than one MFDL source, the retainage requirement will apply to each fund source individually. All of the items described in clauses (i) - (viii) of this subparagraph are required in order to approve the final draw request:

(i) Fully executed Certificate of Substantial Completion (AIA Form G704) or Form HUD-92485 (for instances in which a federally insured HUD loan is being utilized) with $0 as the cost estimate of work that is incomplete. If AIA Form G704 or Form HUD-92485 indicates an amount of work remaining to be completed, the Architect must provide confirmation that all work has been completed;

(ii) A down date endorsement to the Direct Loan title policy or Nothing Further Certificate dated at least 30 calendar days after the date of completion as certified on the Certificate of Substantial Completion (AIA Form G704) or Form HUD-92485;

(iii) For Developments not layered with Housing Tax Credits, a Closed Final Development Inspection Letter from the Department;

(iv) For NHTF Developments layered with HTCs, a separate, additional cost certification form completed by an independent, licensed, certified public accountant of all Development costs (including project costs), subject to the conditions and limitations set forth in the executed Direct Loan Contract, commonly known as a cost certification;

(v) For Developments subject to the Davis-Bacon Act, ~~evidence~~ written documentation from the Department~~'s Senior Labor Standards Specialist~~ that the Department's Notice to Proceed that serves to lock in the Department of Labor's worker prevailing wage mandates at the development and authorizes start of construction was sent and final wage compliance report was received and approved or confirmation that HUD or other entity maintains Davis-Bacon oversight;

(vi) Certificate(s) of Occupancy (for New Construction or Reconstruction Units);

(vii) Development completion reports, which includes, but is not limited to, documentation of full compliance with the Uniform Relocation Act/104(d), Match Documentation requirements, and Section 3 of the Housing and Urban Development

Act of 1968, as applicable to the Development, and any other applicable requirement; ~~and~~

(viii) If applicable to the Development, certification from Architect or a licensed engineer that all HUD environmental mitigation conditions have been met; and

(ix) evidence of Match being credited to the Development.

(K) No disbursement of funds will be approved without receipt of all closing documents in the form and substance required by the Department's Legal Division;

(L) The final draw request must be submitted within the construction term as determined in accordance with 10 TAC §13.8(c)(1) or (d)(1) as applicable, unless the construction term has been extended in accordance with 10 TAC §13.12 or 10 TAC §13.13 of this chapter, as applicable; and

(M) Annually, Borrowers must submit at least one draw, and may not submit more than four draws, unless previously approved by the Executive Director or designee.

(15) Annual Audits and Cost Certifications under 24 CFR §93.406(b).

(A) Annual Audits under 24 CFR §93.406(b). Unless otherwise directed by the Department, the Development Owner shall arrange for the performance of an annual financial and compliance audit of funds received and performances rendered under the Direct Loan Contract, subject to the conditions and limitations set forth in the executed Direct Loan Contract. All approved audit reports will be made available for public inspection within 30 days after completion of the audit.

(B) Cost Certifications under 24 CFR §93.406(b).

(i) Non-HTC-Layered Developments. Within 180 calendar days of the later of all title transfer requirements and construction work having been performed, as reflected by the Development's Certificate(s) of Occupancy (if New Construction) or Certificate of Substantial Completion (AIA Form G704 or HUD equivalent form), or when all modifications required as a result of the Department's Final Construction Inspection are cleared as evidenced by receipt of the Closed Final Development Inspection Letter, the Development Owner will submit to the Department a cost certification done by an independent licensed certified public accountant of all Development costs (including project NHTF eligible costs), subject to the conditions and limitations set forth in the executed Direct Loan Contract.

(ii) HTC-Layered Developments. With the Cost Certification required by the Low Income Housing Tax Credit Program, the Development Owner must submit to the Department a cost certification completed by an independent licensed certified public accountant of all Development costs (including NHTF project eligible costs), subject to the conditions and limitations set forth in the executed Direct Loan Contract.

§13.12. Pre-Closing Amendments to Direct Loan Terms.

(a) Closing Memo to Underwriting Report. Any changes to the total development cost, expenses, income, and/or other sources of funds from time of the publication of the initial Underwriting Report at the time of award to the time of loan closing, if the type or amount of the sources and uses have changed must be reevaluated by the Real Estate Analysis division~~staff~~, which~~o~~ will typically publish a Closing Memo to the Underwriting Report. The Report may recommend changes to the principal amount and/or the repayment structure for the Multifamily Direct Loan pursuant to §11.302 of this title (relating to Underwriting Rules and Guidelines), except that the change must have been an available option in the rule or NOFA (as applicable), and may not be made to awards that were competitively scored to the extent that change would have caused the Development to lose points. This will allow the Department to uphold the competitive process, mitigate any increased risk, and to ensure that the Development is not oversubsidized. Where the Department determines such risk is not adequately mitigated, the award may be terminated or reconsidered by the Board. ~~Increases in the principal amount or scheduled payment amounts of any superior loans that cause the total Debt Coverage Ratio (DCR) to decrease by more than .05 .50 require approval by the Boardthe Executive Director or authorized designee.~~ If the changes cause the total Debt Coverage Ratio (DCR) to no longer comply with 10 TAC §11.302 of this title (relating to Underwriting Rules and Guidelines), the award may be subject to termination. The Department may require the Closing Memo to be completed before providing a Contract to the Development Owner.

(b) Executive Approval Required Pre-Closing. The Executive Director or authorized designee may approve amendments to loan terms prior to closing as described in paragraphs (1) - (6) of this subsection. Under no circumstances may an amendment cause the Department to violate or be at risk of violating a federal requirement or deadline.

(1) Extensions ~~of up to six months~~ to the loan closing date required in 10 TAC §13.11(c)(4) of this chapter (relating to Post-Award Requirements) may be approved prior to closing. An Applicant must submit sufficient evidence documenting good cause, including but not limited to, documented delays caused by circumstances outside the control of the applicant or constraints in arranging a multiple fund source closing. ~~An extension will not be available if an Applicant has:~~

~~(A) Failed to timely begin or complete a process required to close; including, but not limited to:~~

~~(i) The process of finalizing all equity and debt financing;~~

~~(ii) The environmental clearance process; or~~

~~(iii) The due diligence processing requirements; or~~

~~(B) Made changes to the Development that require significant additional underwriting by the Department without at least 45 days to complete the review.~~

(2) Changes to the construction term and/or loan maturity date to accommodate the requirements of other lenders or to maintain parity of term may be approved prior to closing.

(3) Extensions ~~of up to 12 months~~ to the Construction Completion date or date of receipt of a Closed Final Development Inspection Letter required in 10 TAC §13.11(c)(8) of this chapter may be requested but generally are not approved prior to initial loan closing. Extensions under this paragraph are determined based on documentation that the extension is necessary to complete construction and that there is good cause for the extension.

(4) Only to the extent determined necessary by Real Estate Analysis to maintain financial feasibility, changes to the amortization period (not to exceed 40 years) or interest rate (to not less than the minimum specified in rule or NOFA) may be approved if such changes continue to meet all requirements of Chapter 11, Chapter 13, and the NOFA.~~that cause the annual repayment amount to decrease less than 2035%, or any changes to the amortization or interest rate that increase the annual repayment amount up to 2035 %.~~

(5) Decreases in the Direct Loan amount, provided the decrease does not jeopardize the financial viability of the Development in the determination of Real Estate Analysis may be approved prior to closing, though the Development Owner may be subject to penalties as further described in 10 TAC §13.11 of this chapter (relating to Post-Award Requirements). Increases will not be approved unless the Applicant applies for the additional funding under an open NOFA.

(6) Changes to other loan terms or requirements that would not require a waiver~~ or change in scoring items of rules~~, as necessary to facilitate the loan closing without exposing the Department to undue financial risk.

(c) Board Approval Required Pre-Closing. Board approval is necessary for any other changes prior to closing.

§13.13. Post-Closing Amendments to Direct Loan Terms.

(a) Good Cause Extensions. The Executive Director or authorized designee may approve extensions of up to 12 months under 10 TAC §13.11(c)(7) - (8) or (14)(L) of this chapter (relating to Post-Award Requirements) based on documentation that there is good cause for the extension and cause the Department to violate or be at risk of violating a federal requirement or deadline. ~~.~~

(b) Amendments to MFDL Awards. Except in cases of Force Majeure, changes to terms of awards subject to mandatory HUD reporting requirements will only be processed after the Construction Completion is reported to the federal oversight entity as completed, and the last of the MFDL funds have been drawn.

(c) Executive Amendments. The Executive Director or authorized designee may approve amendments to loan terms post-closing as described in paragraphs (1) - (3) of this subsection. Board approval is necessary for any other changes post-closing.

(1) Changes in Terms. Changes to the amortization or maturity date to accommodate the requirements of other lenders or maintain parity of term may be approved post-closing, provided the changes result in the Direct Loan continuing to meet the requirements of 10 TAC §13.8(c)(1) and (3) of this chapter (relating to Loan Structure and Underwriting Requirements), and NOFA requirements.

(2) Post-Closing Subordinations or Re-subordinations of MFDL Liens. Re-subordination of the Direct Loan in conjunction with refinancing may be approved post-closing, provided the conditions in subparagraphs (A) - (E) of this paragraph are met:

(A) The Borrower is current with loan payments to the Department, and no notice has been given of any Event of Default on any MFDL loan. Histories of late or non-payment on any other MFDL loan may result in denial of the request;

(B) The refinance does not propose payment to any of the Development Owner or Developer parties (including the Limited Partners);

(C) A proposal for partial repayment of the MFDL lien is made with the request;

(D) The new superior lien is in an amount that is equal to or less than the original senior lien and does not negatively affect the financial feasibility of the Development.

(i) For purposes of this section, a negative effect on the financial feasibility of the Development shall mean a reduction in the total Debt Coverage Ratio (DCR) of more than 0.05, or if the DCR no longer meets the requirements of 10 TAC §11.302 of this title; and

(ii) Changes to accommodate refinancing with a new superior lien that is in an amount that exceeds the original senior lien and which will be directly applied to property improvements, as evidenced by the loan or security agreements (exclusive of fees associated with the refinance and any required reserves), will be considered on a case by case basis; and

(E) The subordination or re-subordination request does not include a request to subordinate or resubordinate any MFDL LURA, with the exception of partial subordination or re-subordination of receivership rights (subject to the prosed receiver entity or Affiliate not having been Debarred by the Department or on the Federal Suspended or Debarred Listing).

(3) Workout Arrangements. Changes required to the Department's loan terms or amounts that are part of an approved Asset Management Division work out arrangement may be approved after Construction Completion.

(d) Contract Assignments and Assumptions of MFDL Liens. The Executive Director or authorized designee may approve the Contract Assignment and Assumption of MFDL Liens following approval of an Ownership Transfer request if the conditions in paragraphs (1) - (3) of this subsection are met:

(1) The assignment or assumption is not prohibited by the Contract, Loan Documents, or regulations;

(2) The assignment or assumption request is based on either subparagraph (A) or (B) of this paragraph:

(A) There are insufficient funds available in the transaction to fully repay the Direct Loan at the time of acquisition, for which Deferred Developer Fee, Development Owner or Affiliate Contributions, or other similar liabilities will not be considered in determining whether the Direct Loan could be repaid at the time of acquisition; or

(B) The new superior lien will be directly applied to property improvements as evidenced by the loan or security agreements, exclusive of fees association with the new financing and any required reserves; and

(3) The corresponding Ownership Transfer has been approved in accordance with all requirements in 10 TAC §10.406 of this title (relating to Ownership Transfers), and no prospective Owner including person, or affiliate, as those terms are defined in 2 CFR Part 180 and 2 CFR Part 2424, Subpart I, has been subject to state Debarment or are on the Federal Suspended or Debarred Listing. This includes Board Members and Limited Partners.

December 01, 2023

Connor Jones, Multifamily Direct Loan Program Manager
Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, Texas 78701
Connor.jones@tdhca.state.tx.us

Dear Mr. Jones,

On behalf of the staff at BETCO Housing Lab, we appreciate the opportunity to submit recommendations for modifications to the draft 2024 Multifamily Direct Loan Program (MFDL). BETCO Housing Lab is an affordable housing consulting firm, which provides multifamily development services to a wide range of clients who develop affordable housing across the state of Texas. Please consider the following recommendations to specific provisions of the Draft 2024 Multifamily Direct Loan Program rules.

Comments related to the Draft 2024 Multifamily Direct Loan Program Rules

1. General Loan Requirements – Section 13.3(d)(2)(21)

   Comment: Recommend removal of interest on construction loans as an ineligible cost.

   Justification: Construction loan interest is considered an eligible cost per 24 CFR Part 92.206(g) Eligible Project Costs (HOME) and 24 CFR Part 93.201(g) Eligible Project Costs (NHTF) for the MFDL program. Construction loan interest is an unavoidable cost in any development transaction, and to exclude it as an eligible cost makes it harder for developers to utilize these funds. Making the interest an eligible cost for program funds means other funds can be diverted to more development amenities, which ultimately benefits the tenants.

2. Set-Asides, Regional Allocation and NOFA Priorities – Section 13.4

   General Comment: Please remove "NOFA Priorities" from the title of this section and throughout the rules for consistency, as Section 13.4(d) was removed, and they will be defined in each respective NOFA.

3. Application and Award Process – Section 13.5(g)(2)

   Comment: Please clarify if "a Principal of the Developer, Developer Owner, or General Partner has previously developed and placed in service a minimum of 50 affordable or market multifamily housing units." Additionally, the Experience Requirements in 10 TAC 11.204(6) was removed in the 2024 version. Will any guidance be added to the MFDL rules for developers to provide sufficient evidence showcasing development experience?

4. Loan Structure and Underwriting Requirements – Section 13.8(b)(4)

   Comment: We recommend the following language change:

   "Loans shall be secured with a deed of trust with a permanent lien position that is superior to any other sources for financing including hard repayment debt that is in an amount less than or equal to the Direct Loan amount and superior to any other sources that have soft repayment structures, non-amortizing notes, have deferred forgivable provisions, or in which the lender has an identity of interest with any member of the Development Team, only if the loan is greater than other sources."

   Justification: This provision conflicts with the definition of Surplus Cash, which states the order of funding and is typical cash flow activities as stated in LPAs and makes the MFDL loan automatically paid before other fees that benefit the development (e.g., social services fee) or have unintended tax consequences, if not paid within a certain timeframe. The deferred developer fee ("DDF") is a necessary funding source in every transaction and if it isn't repaid by year 15, the developer will have to recognize phantom income on a fee that hasn't been received. Additionally, TDHCA REA analysis could deem this development infeasible per the underwriting guidelines. Considering loan sizing and DDF tax implications into consideration will allow TDHCA to expend the funds within the required federal expenditure timeframe without unintentionally harming affordable housing transactions.

5. Development and Unit Requirements – Section 13.10(c)

   Comment: Please provide the Match Unit calculator so developers can calculate the required # of units prior to application submission. Also, per federal regulations, Match Units are only required for HOME funds, not for NSP or NHTF funds. We recommend removing the Match Units requirement for funding sources that do not include this requirement per the federal regulations.

6. Post-Award Requirements – Section 13.11(c)(1)

   Comment: We recommend the following change: "[…] within 90 days of Board Approval ~~the Application Acceptance Date~~"

   Justification: Developers typically do not initiate the request for an environmental review until the first application log is released. These reviews cost money and if the application isn't slated for an award, developers will not recoup the thousands of dollars spent. Additionally, environmental reviews take longer than Phase 1 ESA, especially if they require an archaeological study. If an archaeological study is required, the turnaround time could be extended to 6-8 months. We recommend a longer timeframe to receive this report.

Thank you for the opportunity to provide public comment on the draft 2024 Qualified Allocation Plan and Uniform Multifamily Rules. 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

Lora Myrick, President
BETCO Housing Lab

From:	Tillie Croxdale
To:	Cody Campbell; Connor Jones
Cc:	Sabrina Butler
Subject:	Foundation Communities' MFDL comments
Date:	Friday, December 1, 2023 4:33:52 PM
Attachments:	Foundation Communities MFDL Rule Comments.pdf

Hello, see below for Foundation Communities' comments on the MFDL Rule. I also attached the comments previously sent that are more general in nature. Thank you!

1. 13.4(a) - seems to say that MFDL soft repayment can't be layered with other TDHCA multifamily funding, which presumably would include tax credits – but elsewhere in the rules it seems that layering is still allowed. It is critically important that MFDL can be used as a gap funding source on tax credit deals, including 9% credit deals, for supportive housing projects that need to take loan funds as a soft repayment structure. Please clarify that soft repayment can be combined with tax credits.
2. 13.4(a)(A)(i) - clarify that projects can have project based subsidy that is in excess of 30% max rent – this is important for supportive housing projects that have high operating and services expenses
3. 13.5(d)(1) – allow applicants to be eligible for NHTF-funded MFDL loans even if this clause is not included in contracts, since NHTF doesn't trigger choice limiting activities. This clause is a major barrier to getting sellers comfortable with acquisition contracts for MFDL-funded projects, and should not be required except where required based on the expected source funding. Applicants would be doing this at their own risk of making themselves ineligible for other sources of MFDL funding, but may want the opportunity to take this risk in order to secure a site that would otherwise be off the table.
4. 13.7(d) ensure that the TDHCA staff analysis follows the HUD requirements only and does not impose additional restrictions that will require more 30% units than absolutely necessary, as this can squeeze projects that already have very tight margins
5. 13.8(b)(2) clarify that soft repayment loans will also be 0% interest during the perm period as this is essential for financial feasibility of many supportive housing projects
6. 13.8(b)(4) clarify that the MFDL priority order applies to lien priority only and that MFDL repayment priority may follow other restrictions imposed by tax credit investors and/or other soft lenders, and that deferred developer fee can be paid ahead of MFDL cash flow loan payments if required by investor
7. 13.8(c)(8) please explicitly allow deferred developer fee, investor required fees, and services fees that are subject to cash flow to be paid prior to a Direct Loan that is subject to cash flow. This is critical to investor requirements and project feasibility.

Tillie Croxdale
pronouns: she/her
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October 12, 2023

Cody Campbell and Connor Jones
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Comments for the 2024 Multifamily Direct Loan Rule

Foundation Communities is an Austin-based nonprofit, developing affordable housing in our community for over 30 years. We are the largest nonprofit provider of affordable housing in Austin, serving over 7,000 residents across 25 communities, and three more under construction. We are the lifetime owner, property manager, and service provider for our Austin communities. We provide beautifully designed, energy efficient housing and free on-site services for thousands of Austin families with kids, veterans, seniors, and people with disabilities. Our innovative, proven model empowers our residents and neighbors to achieve educational success, financial stability, and healthier lifestyles.

Over the past 30 years Foundation Communities has received 13 award from TDHCA's loan program. We have experience with HOME, TCAP, NSP, and most recently, NHTF. Our comments on the MFDL rule are primarily focused on NHTF funds because these have become a critical source of funding for our projects designed to serve extremely low-income populations.

- **Prioritize projects serving a high percentage of ELI and special needs populations** - We urge TDHCA to use NHTF funds to unlock project types that otherwise are extremely difficult to fund. Projects that serve a higher percentage of ELI households cannot support debt and thus have a greater need for subsidy. We ask that TDHA prioritize supportive housing developments, developments with greater than 10% set aside for ELI households, and developments with a significant preference for special needs populations.

- **Create a priority for projects that serve persons with disabilities -** There is a shortage of funding to close gaps on projects serving people with disabilities. Per the consolidated plan, 11.6% of the total population of Texas are non-institutionalized individuals with disabilities (over 1.6M people), of which more than 20% are living below the poverty line. Cognitive disability is the second most common type of disability, representing 4.6% of the total non-institutionalized population. We would therefore like to propose an NHTF priority for persons with disabilities, subject to the limits of the integrated housing rule.

- **Remove funding sources from priorities –** We ask that TDHCA set priorities that allow competitive tax credit developments, non-competitive tax credit developments, and non-tax credit developments to compete equally. The 2023 MFDL rule sets projects not layered with current year 9% credits as the first priority for funding. We ask that TDHCA set priorities based on policy goals rather than funding sources. For example, set priorities based on target populations, rent levels, services, and/or proximity to amenities.
- **Set priorities early -** It is critically important that TDHCA identify the coming year's priorities in the MFDL rule and not the NOFA, so that developers can plan in advance – especially given timing constraints of applications and TDHCA's commitment/spend by deadlines. This is consistent with the tax credit program – application scoring is always consistent with the QAP, no late surprises.
- **Bring back soft repayment** - Because the target population for NHTF funds is extremely low income, NHTF loans for special needs projects must be soft repayment. All of Foundation Communities' previous NHTF awards have been soft repayable, but recent NOFAs have shifted towards amortizing loans with interest. Ideally, loans are deferred to maturity or forgivable if allowable by other project funding sources. If not deferred, any cash flow payments must come after deferred developer fee, resident services fees, and any other fees and obligations required by other funders and investors.
- **Simplify the process -** We urge TDHCA to avoid adding any additional constraints to NHTF beyond federal requirements to ensure maximum flexibility under a program that is already very complicated. Please do not require full re-underwriting & contract amendments for every small change in a project if it won't have a material impact on feasibility and/or loan terms.

Sincerely,

Walter Moreau

Walter Moreau
Executive Director
Foundation Communities

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 480 **Agenda Date:** 12/7/2023 **Agenda #:** 12.

Presentation, discussion, and possible action regarding the approval for publication in the *Texas Register* of the 2024-1 Multifamily Direct Loan Notice of Funding Availability

RECOMMENDED ACTION

WHEREAS, the Department has $20,154,797 available in National Housing Trust Fund (NHTF) from its 2023 grant; and

WHEREAS, staff recommends prioritizing these funds in this 2024-1 Notice of Funding Availability (NOFA) in a manner that will allow the Department to meet various priorities, commitment and expenditure deadlines;

NOW, therefore, it is hereby

RESOLVED, that $20,154,797 in NHTF will be available for Applicants through this 2024-1 NOFA; and

FURTHER RESOLVED, the Executive Director and staff as designated by the Executive Director are authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

The 2024-1 NOFA announces the availability of Multifamily Direct Loan funds for Applications received between January 8, 2024, and October 31, 2024 (if sufficient funds remain). The funds in the NOFA are inclusive of the $20,154,797 awarded by the 2023 NHTF grant.

If there are more requests for funding than funding available, staff is requesting the authority to suspend the NOFA or suspend Application Acceptance Dates for one or more set-asides within the NOFA and not accept any more applications by amending the NOFA, without further Board approval. Staff may again beginning awarding Application Acceptance Dates if the applications under review are withdrawn, terminated, or recommended for less than the original request so that there is additional funding available.

Staff is also requesting to be able to add NHTF to this NOFA in the event that any funds become available, through either the termination of a previous application, the availability of program income, or other similar circumstances.

All Applications awarded under this NOFA will be subject to the requirements of 10 TAC Chapters 1, 2, and 13 - the Multifamily Direct Loan rule - and applicable sections of 10 TAC Chapter 11, the Qualified Allocation Plan. Applications layered with 9% Housing Tax Credits will be further required to meet Competitive HTC criteria set forth in 10 TAC Chapter 11.

Applications layered with Private Activity Bond financing will also be subject to provisions of Chapter 12.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY DIRECT LOAN
2024-1 NOTICE OF FUNDING AVAILABILITY (NOFA)
ANNUAL NOFA

(1) Summary. The Texas Department of Housing and Community Affairs (the Department) announces the availability of $20,154,797 of national Housing Trust Fund (NHTF)[1] funding for the development of affordable multifamily rental housing for low-income Texans. Applicants under the 2024-1 NOFA will be accepted from **January 8, 2024**, through **October 31, 2024** (if sufficient funds remain). Applicants applying for 2024 9% Housing Tax Credits are not eligible to apply under this NOFA until August 1, 2024.

Please note: the Department in in the process of updating its Consolidated One Year Action Plan with the United States Department of Housing and Urban Development (HUD). Approval of this Plan is necessary prior to the acceptance of Applications under this NOFA. If approval is delayed, the Department may revise the Application Acceptance Dates presented in this NOFA.

The availability and use of these funds are subject to the following rules, as applicable:

a. Texas Administrative Code
10 TAC Chapter 1 (Administration)
10 TAC Chapter 2 (Enforcement)
10 TAC Chapter 10 (Uniform Multifamily Rules)
10 TAC Chapter 11 (Qualified Allocation Plan)
10 TAC Chapter 12 (Multifamily Housing Revenue Bonds)
10 TAC Chapter 13 (Multifamily Direct Loan Rule)
http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1

[1] NHTF funds under this NOFA are subject to federal Commitment deadlines, and the Board may require a Contract Execution Deadline to enable the Department to meet these federal Commitments regardless of any other time period listed in the Texas Administrative Code. Failure to meet that Contract Execution Deadline could result in the Applicant having the award reduced in whole or in part.

b. Texas Government Code
Tex. Gov't. Code Chapter 2306
http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm

c. U.S. Department of Housing and Urban Development (HUD) Program Regulations
24 CFR Part 92 (HOME Investment Partnerships Program Final Rule) for purposes of Match Units.
24 CFR Part 93 (Housing Trust Fund Interim Rule)

d. Fair Housing
Federal Fair Housing Act, 42 U.S.C. 3601-19.
https://www.tdhca.state.tx.us/fair-housing/index.htm

e. Other Federal laws and regulations may that apply depending on funding source:

Environmental Compliance
All federal sources must have some type of environmental review in accordance with 24 CFR Part 93 and 24 CFR Part 50 and 58 as applicable for transactions layered with another HUD funding source.
https://www.tdhca.state.tx.us/program-services/environmental/index.htm

Minimizing Resident Displacement
All federal sources must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;; and must follow the HUD Handbook 1378.
https://www.tdhca.state.tx.us/program-services/ura/index.htm

Labor Standards
HOME funds are regulated by Davis-Bacon and Related Labor Acts (40 U.S.C. §3141-3144 and 3146-3148, 24 CFR §92.354, and HUD Handbook Federal Labor Standards Compliance in Housing and Community Development Programs).
https://www.tdhca.state.tx.us/program-services/davis-bacon/index.htm

Employment Opportunities
HOME, and NHTF require compliance with 24 CFR Part 75 (Section 3).
https://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm

(2) **Set-Asides.** NHTF funds will be subject to the Regional Allocation (located in Attachment A) from **January 8, 2024**, until **February 7, 2024**. Those who apply during the Regional Distribution period must request at a minimum $3,670,634.

Applicants in the General Set-Aside that did not apply during the Regional Distribution period must request, at a minimum, $4,000,000. An Applicant in the General set-aside may request no more than $8,000,000.

Applications must choose a set-aside based on the restrictions set forth below. In addition to the RAF, the funds made available under this NOFA are offered under the following Set-Asides:

a. **General Set-Aside.** This set-aside consists of NHTF in the amount of $20,154,797. Applicants may only select NHTF funds and restrict rent and income for all Direct Loan-assisted units to 30% AMI as defined in 24 CFR Part 93**.** Other Participating Jurisdictions in Texas are listed in **Attachment B.**

Set-Aside	**Eligible Activities and Geographic Scope**	**Fund Source and Amount Available**		**Maximum Request**[2]
General	NC, A/R, R	NHTF	$20,154,797	$8,000,000

Key:
NC – New Construction (For the General Set-Aside, New Construction includes Reconstruction, as defined in 24 CFR Part 93)
A/R – Acquisition/Rehabilitation
R – Rehabilitation

(3) **Application Acceptance Dates and Priorities.** Applicants may submit during one of several Application acceptance periods. Within those windows, applications will be reviewed in accordance with the listed priorities.

a. **General Set-Aside Application Periods:** NHTF funding will be distributed in accordance with the following timelines. Each application period has certain conditions that must be met for staff to assign an Application Acceptance Date. Dates and relevant restrictions are listed below.

i. **Regional Distribution:** NHTF funds will be subject to the Regional Distribution from January 8, 2024 to February 7, 2024, at 5:00 pm Austin Local Time. All eligible Applications submitted during this period will be given an Application Acceptance Date of February 7, 2024. The only eligible Applications during the Regional Distribution period are those that are concurrently applying for 4% Housing Tax Credits and that have not previously received awards of funding from the Department.

[2] This total includes any other Multifamily Direct Loan Funds previously awarded to the Applicant by the Department for the Development, including any outstanding loan balances that will remain after the Direct Loan closing.

ii. **4% Non-RAF:** From February 8, 2024, to February 9, 2024 at 5:00 pm Austin Local Time. All eligible Applications submitted during this period will have an Application Acceptance Date of February 9, 2024. Eligible Applicants during this period are those that are concurrently applying for 4% Housing Tax Credits and that have not previously received awards of funding from the Department. The minimum request during this period is $4,000,000.

iii. **First Lien:** From February 10, 2024 to February 11, 2024, at 5:00 pm Austin Local Time. All eligible Applications submitted during this period will have an Application Acceptance Date of February 11, 2024, conditional upon being listed as first lien during the permanent period on the Sources and Uses tab. Any application submitted with their funding request listed in another position will not be accepted as this time. The minimum request during this period is $4,000,000.

iv. **Open Applications: Starting on February 12, 2024,** all eligible Applications will have an Application Acceptance Date on the business date of receipt ending at 5:00 pm Austin Local Time

b. **Priorities:** Within each of the above Application acceptance periods, staff will determine application priority based upon three clearly delineated criteria. The order of reviews and eventual funding will first be based upon Priority 1. Staff will move on to Priorities 2 and 3 only if a tie occurs and each Application cannot be funded. During the Regional Distribution Application Acceptance Period, Priorities 2 and 3 will be used.

i. **Priority 1:** Staff will first prioritize applications with the same Application Acceptance Date based upon the amount of NHTF funds requested. Staff will give priority to applications requesting larger amounts.

ii. **Priority 2:** If multiple applications with the same Application Acceptance Date cannot be funded, staff will review each in accordance with **10 TAC §11.7** and give precedence to the most competitive application as determined by the tie-breaker**.**

iii. **Priority 3:** If a tie persists, staff will fund the application that provides a higher match percentage of the Direct Loan funds requested.

(4) Loan Terms

a. **Product: Construction-to-Permanent and Construction-Only Loans.** All Direct Loan Applications will be structured as construction-to-permanent loans, construction-only loans, or a combination of both as necessary for financial feasibility. All products will reflect the interest rate listed in the table below. For construction-only loans, the principal amount of the Direct Loan due upon the end of the construction loan term.

b. Interest Rates. All loans will carry a minimum interest rate of 2%.

c. Loan Structure.

i. Except for Applicants proposing a Federal Housing Administration (FHA) loan, funds must be requested as **Fully Amortizing Loans**. Loans will be structured in accordance with 10 TAC §13.8.

ii. For Applicants proposing an FHA-insured senior loan subject to the MAP Guide, loan payments will be calculated using 75% of Surplus Cash, as defined by FHA.

iii. For all loans, any portion of the loan not repaid will be due the earlier of the end of the Loan Term or upon sale, refinance, or transfer of the Property.

(5) Maximum Per-Unit Subsidy Limits and Maximum Rehabilitation Per-Unit Subsidy Limits.

The maximum per unit subsidy limits that an Applicant can use to determine the amount of Direct Loan funds they may request are listed in the 2023 Maximum Per-Unit Subsidy Limits table provided in this Section 5:

2023 Maximum Per Unit Subsidy Limits[3]		
Bedrooms	**Non-elevator property**	**Elevator-served property**
0 bedroom	$170,777	$179,722
1 bedroom	$196,911	$206,023
2 bedroom	$237,481	$250,530
3 bedroom	$303,987	$324,105
4 bedroom or more	$338,652	$355,765

2023 Maximum Per Unit Rehabilitation Subsidy Limits[4]

[3] If these limits are updated prior to expiration of this NOFA, the Department will provide notice via its website and revise the NOFA accordingly, and then will accept Applications based on the updated limits. Applications pending at the time of such revision will be given opportunity to revise their Application without impact to Application Acceptance Date. These limits are inclusive of any federal fund sources in the Development, as applicable.

[4] If these limits are updated prior to expiration of this NOFA, the Department will provide notice via its website and revise the NOFA accordingly, and then will accept Applications based on the updated limits. Applications pending at the time of such revision will be given opportunity to revise their Application without impact to Application Acceptance Date. These limits are inclusive of any federal fund sources in the Development, as applicable.

Bedrooms	Non-elevator property	Elevator-served property
0 bedroom	$56,922	$61,488
1 bedroom	$64,617	$70,490
2 bedroom	$78,107	$85,717
3 bedroom	$98,036	$110,887
4 bedroom or more	$110,779	$121,723

Once the Applicant commits a number of Direct-Loan Units in the Application, the number may be raised or lowered only in the Department's sole discretion and provided that it would not have impacted the award of an application, to account for a change in Development costs or to account for other federal funding.

(6) Accommodations for Unique Circumstances

If the Department deems an Application to be better suited for another fund source in this NOFA or other Department multifamily NOFA, the Department will provide the Applicant a fourteen calendar day period (which may be extended another fourteen days for information required from third parties) to provide the supplemental information needed to evaluate the Application under that fund source without impact to the Application Acceptance Date.[5]

(7) Application Submission Requirements

a. **Application Acceptance Period. Applications under this NOFA will be accepted starting at 8:00 a.m. Austin local time on January 8, 2024, through October 31, 2024 at 5:00 p.m. Austin local time (if sufficient funds remain).** An Applicant may have only one active Application per Development at a time under this or any other Department NOFA, and may only have that Development apply under one Set-Aside at a time.

b. **Application Submission Materials.** All Application materials including manuals, NOFAs, program guidelines, and rules will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the requirements in effect at the time of the Application submission including any requirements of federal rules that may apply and subsequent guidance provided by HUD.

c. **Application Forms.** An Application must be on forms provided by the Department, and cannot be altered or modified, and must be in final form before submitting it to the Department. An Applicant must submit the Application materials as detailed in the Multifamily Programs Procedures Manual (Manual) in effect at the time the Application is submitted. All scanned copies must be scanned in

[5] However, the Applicant will not be given an Application Acceptance Date earlier than what could have been applied for under this NOFA or other Department NOFA or Invitation to Apply.

accordance with the guidance provided in the Manual in effect at the time the Application is submitted.

d. Match Submission Requirements.

i. All Applicants must provide Match in the amount of **at least 7.5%** of the Direct Loan funds requested. Except for Match in the form of the net present value of a below market interest rate loan or a property tax exemption under Sections 11.111, 11.18, 11.181, 11.182, 11.1825, or 11.1827 of Texas Property Tax Code, Match must be documented with a letter from the anticipated provider of Match indicating the provider's willingness and ability to make a financial commitment should the Development receive an award of Direct Loan funds.

ii. All Applicants will be required to provide HOME Match-Eligible Unit(s) in accordance with **10 TAC §13.2(7), 10 TAC §13.2(10), and §13.10(c)** and federal guidance at https://www.hudexchange.info/resource/2676/notice-cpd-97-03-home-programmatch-guidance/

e. Bond Reservation. All 4% HTC-layered applications must provide evidence of a Reservation with submission of the MFDL Application submission . If TDHCA is the bond issuer then the bond reservation must be issued within 30 days of the Application submission.

f. Environmental Clearance

i. For NHTF, if construction has started (except for necessary health and safety repairs) the Applicant must cease construction at application submission until environmental clearance is received, a period which could last 120 or more days; Applications will not be recommended for an award if they do not meet Department standards for environmental clearance.

ii. All documents must be submitted to the Department for Environmental Clearance no later than 90 days from the Application Acceptance Date.

g. Application Fee. An Applicant under the General Set-Aside who is not simultaneously applying for 4% Housing Tax Credits is required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $1,000.00 per Application, unless exempted as described at **10 TAC §11.901(3)(B).** Payment must be in the form of a check, cashier's check or money order. Do not send cash. Tex. Gov't Code §2306.147(b) requires the Department to waive Application fees for private nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not a reimbursable cost under the Multifamily Direct Loan Program.

h. **Application Transmittal Required Steps.** An Application must be uploaded to the Department's secure web transfer server in accordance with **10 TAC §11.201(1)(C),** and separate email notification must be made to connor.jones@tdhca.state.tx.us

(8) Post Award Requirements. Applicants are strongly encouraged to review the applicable Post Award requirements in 10 TAC Chapter 10, Subchapter E, Post Award and Asset Page Management Requirements and 10 TAC Chapter 13, as well as the Compliance Monitoring requirements in 10 TAC Chapter 10, Subchapters F and G.

a. Awarded Applicants may, at the Department's discretion, be charged fees for underwriting, asset management, and ongoing monitoring.

b. An Applicant will be required to record a Land Use Restriction Agreement (LURA) limiting residents' income and rent for the greater amount of Units required by the Direct Loan Unit Calculation Tool along with any require HOME Match-eligible units, or as represented in the Application for the term of the LURA.

c. An Applicant must have a current Unique Entity Number (UEI) and be registered in the federal System for Award Management prior (SAM) prior to execution of a Direct Loan contract. The General Services Administration (GSA) has provided tools to assist registering entities entity and obtaining a UEI. Visit the SAM website at https://sam.gov/content/entity-registration to access a number of resources related to the UEI implementation. Once an Applicant has a UEI register with the SAM.

d. An Applicant may be required to meet additional requirements prior to contract, as determined by the Board, or federal or state requirements.

e. An awarded Applicant may be required to meet additional documentation requirements in order to draw funds, in accordance with its Previous Participation results.

(9) Miscellaneous

a. This NOFA does not include text of the various applicable regulatory provisions pertinent to the fund sources. For proper completion of the application, the

Department strongly encourages potential Applicants to review the State and Federal regulations.

b. Utility allowances must be for HUD-regulated buildings and approved by TDHCA prior to application (**10 TAC §10.614**).

c. All Applicants must comply with public notification requirements in **10 TAC §11.203**.

d. Waivers of any substantive or procedural provision of this NOFA, if available, will be treated in accordance with **10 TAC §13.1(c).** **10 TAC §13.1(c)** may not be waived.

e. For questions regarding this NOFA, please contact Connor Jones, Multifamily Direct Loan Program Manager, at connor.jones@tdhca.state.tx.us.

Attachment A

NHTF Regional Distribution under the General Set-Aside

NHTF

Region	Region Distribution Amount
1, 12, 13	**$3,670,634**
2, 3, 4	**$6,073,885**
5, 6, 8	**$5,218,957**
9, 7, 10, 11	**$5,191,318**

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 462 **Agenda Date:** 12/7/2023 **Agenda #:** 13.

Media Analysis and Outreach Report, October 2023

Report follows this page.

TDHCA Outreach and Media Analysis, October 2023

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 October 1-31, 2023 (news articles that specifically mentioned the Department, Texas Rent Relief Program, Texas Homeowner Assistance and/or Texas Utility Help).

Total number of articles referencing TDHCA, TRR, TXHAF, TUH: 15
Breakdown by Medium:[1]

- Print: 5 (Editorials/Columnists = 0)
- Broadcast: 4
- Trade, Government or Internet-Based Publications: 6

Figure 1 News Tone

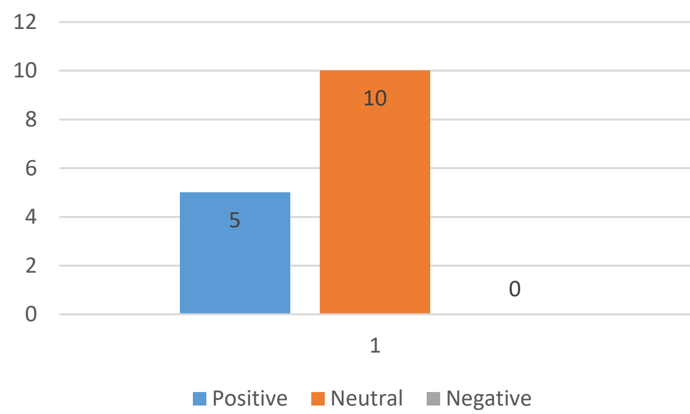
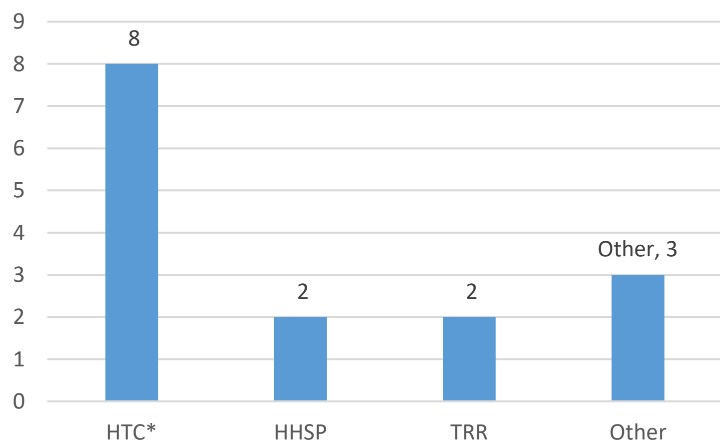
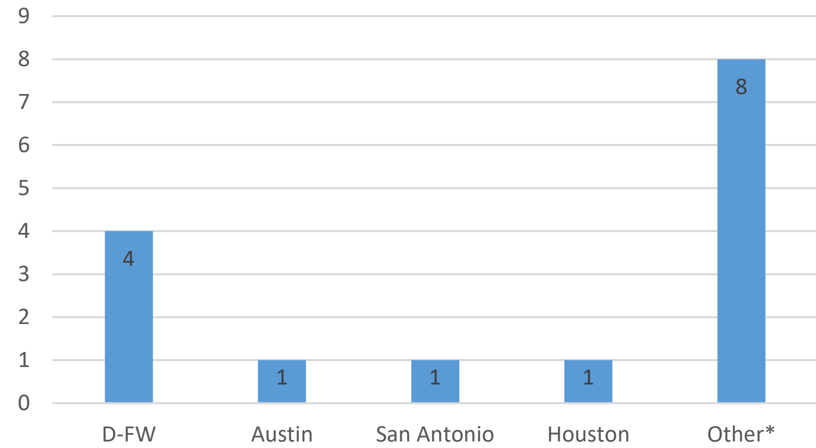


Figure 2 News Topic[2]



[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, Texas Utility Help, HOME-American Rescue Plan.*

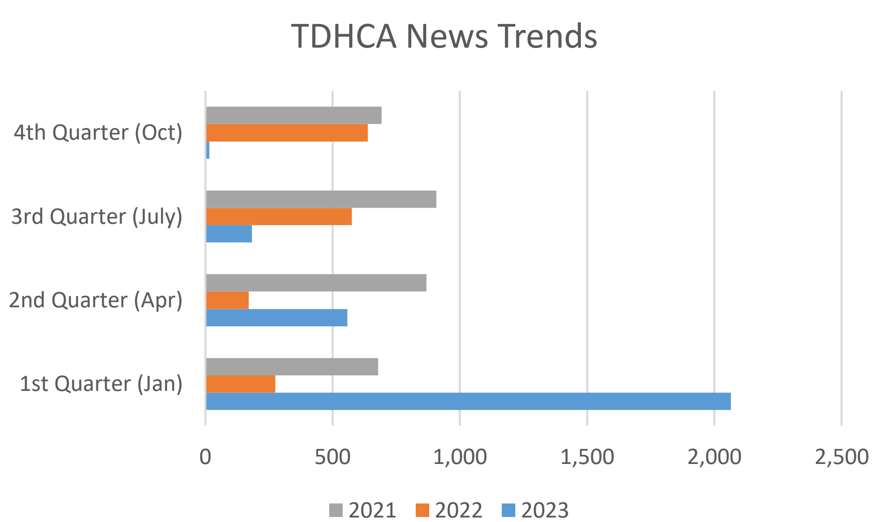
Figure 3 Media Market



Summary:
Reporting on activities by the news media totaled 15 references in October 2023. TDHCA's Housing Tax Credit Programs dominated the news cycle.

For comparison purposes, news mentions during the month were significantly lower than October 2022 (346 total). The Texas Homeowner Assistance Fund dominated news topic during the same 2022 timeframe.

The following table illustrates the number of news mentions during each month or quarter of 2023 compared to 2022 and 2021. Total news mentions for the start of the fourth quarter 2023 (October-December) equaled 15, compared to the number of mentions in 2021 (907 total) and 2022 (576 total).



Social media:
Through October 2023, TDHCA has more than 3,500 followers to its X (formerly known as Twitter) page and 7,284 fans to its Facebook channel. TDHCA's YouTube channel had 5,119 views in October. 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 2023	42	30	33	6	23
February 2023	59	0	41	6	29
March 2023	58	1	303	115	132
April 2023	65	7	50	9	31
May 2023	78	0	100	22	61
June 2023	68	7	40	11	23
July 2023	95	0	40	6	26
August 2023	14	0	37	12	18
Sept. 2023	25	18	16	1	15
October 2023	10	0	38	2	19

* 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	Tweets	Clicks	Engagements	Retweets	Liked posts
January 2023	42	149	12	2	10
February 2023	58	27	25	5	19
March 2023	56	9	92	36	29
April 2023	58	21	15	2	12
May 2023	74	0	6	4	2
June 2023	66	45	11	1	9
July 2023	98	0	14	2	10
August 2023	14	0	10	6	4
Sept. 2023	75	14	30	2	27
October 2023	61	0	6	1	3

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post

YouTube

Month	Views	Watch time (hours)	Avg. view duration	Impressions	Impressions click-through rate
January 2023	5,534	368.7	3:59	18,176	3.1%
February 2023	4,095	252.5	3:41	10,683	3.7%
March 2023	16,810	431.0	1:32	33,682	5.5%

April 2023	4,863	296.9	3:39	16,030	3.3%
May 2023	4,688	275.9	3:31	13,702	3.2%
June 2023	4,709	213.0	2:42	12,881	2.9%
July 2023	5,099	211.0	2:28	11,048	3.4%
August 2023	5,380	289.1	3:13	14,857	3.1%
Sept. 2023	5,326	321.7	3:34	10,547	3.8%
October 2023	5,119	393.1	4:35	10,175	3.9%

Top 50 videos for October 2023

Content	Duration	Views ↓		Watch time (hours)		Impressions	Impressions click-through rate
Total		**5,107**		**391.3**		**10,175**	**3.9%**
Help For Texans tutorial	3:24	2,674	52.4%	80.2	20.5%	197	4.1%
How to apply: Texas Homeowners Assistance Fund	1:21	452	8.9%	6.3	1.6%	476	6.9%
Texas Homebuyer Program introduction	0:52	441	8.6%	5.6	1.4%	84	3.6%
HOTMA Training - Sept. 8, 2023	2:39:44	248	4.9%	91.2	23.3%	1,213	6.9%
Updated HOTMA Training - Oct. 13, 2023	2:38:56	181	3.5%	57.4	14.7%	994	4.3%
Help for Texans in Spanish	3:49	128	2.5%	4.0	1.0%	23	4.4%
TXHAF Legal Counseling	0:45	116	2.3%	0.8	0.2%	0	–
TXHAF Housing Counseling	0:50	113	2.2%	0.8	0.2%	4	0%
Frequently Asked Questions about Utility Allowances	1:04:27	68	1.3%	3.5	0.9%	89	3.4%
Virtual Income Determination Training	5:46:45	66	1.3%	45.4	11.6%	198	6.1%
Improving your CEAP Process	21:39	55	1.1%	5.2	1.3%	293	2.4%
Utility Allowance Training - July 6, 2023	1:39:07	37	0.7%	6.6	1.7%	531	2.1%
Texas Rent Relief Program Completing Application Tut...	0:58	35	0.7%	0.4	0.1%	267	1.9%
CMTS Training and FAQs	1:09:59	28	0.6%	3.4	0.9%	241	1.7%
Accessing Texas Department of Aging and Disability S...	7:07	28	0.6%	1.9	0.5%	159	12.0%
TDHCA Training: Section 811 Project Rental Assistanc...	5:18:57	26	0.5%	9.3	2.4%	316	4.4%

1:53	First Time Homebuyers...Save Money on your Income T...	24	0.5%	0.6	0.2%	43	4.7%
1:11:53	Fair Housing Special Topics: How to Create an Affirmat...	23	0.5%	5.6	1.4%	162	3.1%
2:14:55	Average Income Webinar - Sept. 2, 2020	23	0.5%	11.1	2.8%	65	3.1%
1:45:18	Fair Housing 101: The Basics of Fair Housing in Texas	22	0.4%	5.4	1.4%	76	9.2%
1:53:59	Utility Allowance Training - May 5, 2021	22	0.4%	0.5	0.1%	44	2.3%
4:54:53	TDHCA's Multifamily Direct Loan Training - Sept. 24, 20...	20	0.4%	7.9	2.0%	68	4.4%
26:14	HOME-ARP Overview Webinar	19	0.4%	1.7	0.4%	93	6.5%
1:53:34	Utility Allowance Training - Jan. 24, 2023	18	0.4%	3.6	0.9%	329	3.0%
54:23	HOME-ARP Referral Methods, Preferences and Qualifie...	12	0.2%	0.6	0.1%	159	0.6%
2:48:20	20 IncomeDeterminationTraining	11	0.2%	0.2	0.1%	51	2.0%
1:22:48	Supportive Services Training - 02.10.2023	10	0.2%	1.8	0.5%	193	1.0%
1:19:11	Monitoring Reviews: Beginning to End	10	0.2%	2.7	0.7%	39	5.1%
6:53	Texas Rent Relief Program Landlord Application Tutorial	8	0.2%	0.1	0.0%	75	5.3%
55:13	Fair Housing Special Topics: Limited English Proficienc...	8	0.2%	1.9	0.5%	39	12.8%
55:14	TDHCA HAF Subrecipient Training One 1	8	0.2%	0.4	0.1%	40	5.0%
2:11:50	Entrance Interview Questionnaire	7	0.1%	0.9	0.2%	43	9.3%
1:31:01	ERA2 Housing Stability Services Contract Implementat...	7	0.1%	2.5	0.6%	67	1.5%
1:02:27	TDHCA Utility Allowance Roundtable - Oct. 13, 2020	7	0.1%	0.1	0.0%	64	1.6%
0:54	Introducción al Programa de Compradores de Vivienda...	7	0.1%	0.1	0.0%	27	7.4%
1:17:06	Fair Housing Special Topics: The Violence Against Wo...	7	0.1%	1.6	0.4%	71	5.6%
1:30:19	Section 811 Roundtable - Aug. 9, 2023	7	0.1%	2.5	0.7%	200	2.0%
1:01:44	Affirmative Marketing and the HOME ARP Program	6	0.1%	1.2	0.3%	102	4.9%
1:37:27	Fair Housing Special Topics: Reasonable Accommodat...	6	0.1%	5.4	1.4%	123	3.3%
1:34:57	Housing Stability Services Contract Implementation W...	6	0.1%	0.1	0.0%	38	10.5%
1:18:09	Overview of Updates to Compliance, Affirmative Marke...	6	0.1%	0.3	0.1%	55	5.5%

55:36	HOME-ARP Rental Application – New Applicants Webi...	5	0.1%	1.7	0.4%	69	4.4%
50:33	TXHAF Subrecipient Closeout_2023-06-20	5	0.1%	0.2	0.1%	128	0.8%
14:42	Texas Utility Help Vendor Webinar	5	0.1%	0.2	0.0%	87	4.6%
1:14:39	Housing Tax Credit Properties After the Compliance Pe...	4	0.1%	0.8	0.2%	50	4.0%
1:31:22	Fair Housing Special Topics: Assistance Animals, Servi...	4	0.1%	1.6	0.4%	42	4.8%
33:09	Community Partner Onboarding: Program Overview	4	0.1%	0.2	0.0%	99	1.0%
49:06	Compliance Monitoring & Tracking System (CMTS) Tra...	4	0.1%	0.2	0.0%	63	3.2%
1:25:31	Virtual Roundtable - TDHCA's Enforcement Rule	4	0.1%	0.0	0.0%	68	4.4%

TDHCA Outreach October 2023

A compilation of outreach activities such as meetings, trainings and webinars.

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
Community Affairs/WAP	Oct. 3	Onsite Training Session/TCHHS	10
Community Affairs/WAP	Oct. 4	Onsite Training Session/TCHHS	10
TX HAF	Oct. 4	TXHAF Forum	46
Compliance	Oct. 5	In-Person Income Determination training	23
Housing Stability Services	Oct. 9	HSS Office Hours	5
Compliance	Oct. 10	Virtual Income Determination training	135
Community Affairs/WAP	Oct. 11	Virtual Training Session/TCHHS	8
Compliance	Oct. 13	HOTMA training	345
Community Affairs/WAP	Oct. 13	Virtual Training Session/SPCAA	5
Community Affairs/CEAP	Oct. 17	Virtual Training Session/GESC	4
Community Affairs/CSBG	Oct. 17	Onsite Training/WTO	4
Community Affairs/CSBG	Oct. 18	Onsite Training/Lubbock	6
Community Affairs/WAP	Oct. 18	Virtual Training Session/TCHHS	8

Community Affairs/CSBG	Oct. 19	Onsite Training/GESC	15
Community Affairs/WAP	Oct. 19	Virtual Training Session/TCHHS	8
Community Affairs/CEAP	Oct. 19	Virtual Meeting on Referral Process/CCA & CAICT	8
Community Affairs/CSBG	Oct. 20	Onsite Training/GESC	5
Community Affairs/WAP	Oct. 23	Virtual Training Session/EPCAP	5
Community Affairs/WAP	Oct. 24	Virtual Training Session/CVCAA	4
Community Affairs/WAP	Oct. 24	Virtual Training Session/CACVT	4
Community Affairs/CSBG	Oct. 24	Onsite Training/GESC	4
Compliance	Oct. 25	Multifamily Direct Loan (MFDL) training	43
Community Affairs/WAP	Oct. 25	Virtual Meeting on Cost Allocation/TCHHS	7
Community Affairs/WAP	Oct. 25	Virtual Training Session/HCCAA	4
Community Affairs/WAP	Oct. 25	Virtual Training Session/WTO	3
Community Affairs/WAP	Oct. 25	Virtual Training Session/NCCAA	5
Single Family and Homeless Programs/HRA/HANC	Oct. 26	TDHCA w/Cornerstone CAA	2
Community Affairs/CEAP	Oct. 26	Virtual Meeting on CEAP Processes/GETCAP	4
Community Affairs/WAP	Oct. 26	Virtual Training Session/AACOG	6
Community Affairs/WAP	Oct. 27	Virtual Training Session/TCHHS	8
Single Family and Homeless Programs/TBRA	Oct. 30	Training - TDHCA w/The Chosen Ones Outreach	13
Community Affairs/WAP	Oct. 31	Virtual Training Session/CCSCT	3

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 471 **Agenda Date:** 12/7/2023 **Agenda #:** 14.

Report on the Draft Computation of Housing Finance Division Total and Unencumbered Fund Balances and Transfers to the State of Texas Housing Trust Fund.

WHEREAS, Tex. Gov't Code §2306.204 requires an independent audit of the Department's Housing Trust Fund to determine the amount of unencumbered fund balances that are greater than the amount required for the reserve fund and the report to be submitted to the board by December 31st of each year;

WHEREAS, Housing Finance Division unencumbered funds are the funds associated with any and all of the Department's housing finance activity that are not subject to any restriction precluding their immediate transfer to the housing trust fund. Such restrictions include: being subject to a state or federal law or other applicable legal requirement such as the General Appropriations Act, being held in trust subject to the terms of a bond indenture, or having been designated by the Department's Governing Board for a specific use or contingency;

WHEREAS, Tex. Gov't Code §2306.205 provides a formula for determining the amount of unencumbered fund balances and the amounts, if any, to transfer to the Housing Trust Fund before January 10th; and

WHEREAS, Staff has drafted a process for determining the three year-end values total and non highest rated bond indebtedness, the amount of unencumbered fund balances and the amounts, if any, to transfer to the State of Texas Housing Trust Fund;

NOW, therefore, it is hereby

RESOLVED, that the *Draft Computation of Unencumbered Fund Balances Report as of August 31, 2023,* is presented to this meeting and the Board and the Executive Director accepts this report in satisfaction of the requirements of Tex. Gov't Code §§2306.204 and 2306.205 with its final approval determined by the year-end audit performed by the State Auditor's Office.

BACKGROUND

Pursuant to Tex. Gov't Code §§2306.204 and 2306.205, the Department is required to transfer to the State of Texas Housing Trust Fund annually a portion of the unencumbered funds, if any, meeting certain threshold and criteria. This statute also requires the Department to undergo an annual audit of its unencumbered fund balances and to transfer excess funds to the State of Texas Housing Trust Fund based on a calculation set forth in the statute. Using the methodology outlined in the statute, Department staff developed a Standard

Operating Procedure (#1201.05 <http://www.tdhca.state.tx.us/finan.htm>) to calculate statutorily required transfers to the State of Texas Housing Trust Fund.

The *Draft Computation of Unencumbered Fund Balances Report* as *of August 31* (Exhibit A) reflects funds held by the Department deemed to be unencumbered of $154,685; the *Calculation of Bonded Indebtedness Report* (Exhibit B) only includes bonds and notes outstanding not rated in the highest long-term debt rating category to calculate the 2% threshold of $21,390,951; and the *List of Bond Ratings* (Exhibit C) from rating agencies. Since the unencumbered balance is less than the 2% threshold it does not meet the first threshold in Tex. Gov't Code §2306.205(a) for any transfer to the State of Texas Housing Trust Fund.

In conclusion, the *Draft Computation of Unencumbered Fund Balances Report as of August 31, 2023,* yielded a zero transfer to the State of Texas Housing Trust Fund. Again, this report is included for review in the year-end financial audit performed by the State Auditor's Office and is, therefore, subject to revision based on such audit.

EXHIBIT A

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Computation of Unencumbered Fund Balances
August 31, 2023

	S/F Program	RMRB Program	Taxable Mortgage Program	M/F Program	Operating Fund	Housing Trust Fund	Special Housing Programs	Governmental Fund	
Qualifying Assets:									
Cash and Cash Equivalents	323,418,243	77,288,058	11,543,013	220,969,748	10,907,273	16,809,104	44,872,382	434,584,601	
Investments @ fair value	973,620,635	741,580,023	5,286,071	465,417,680	-	-	-	-	
Fair Value Adjustment	53,124,299	36,972,516	846,686	68,592,111	-	-	-	-	
Loans and Contracts	202,452,060	139,457,192	99,753,776	1,125,861,036	663,138	39,706,769	113,416	472,024,883	
Real Estate owned, @ net	-	-	-	-	-	20,614	-	-	
Accrued Interest receivable	3,656,067	3,154,001	1,221,586	6,647,320	1,358	2,412	39,911	154,090	
Federal Receivable	-	-	-	-	-	-	-	89,857,110	
Legislative Appropriations	-	-	-	-	-	-	-	8,020,221	
Subtotal	1,556,271,304	998,451,790	118,651,132	1,887,487,895	11,571,769	56,538,899	45,025,709	1,004,640,905	
Less restrictions:									
Trust Indenture	(1,556,271,304)	(998,451,790)	(101,150,640)	(1,887,487,895)	-	-	-	-	
Operating Reserve	-	-	-	-	(948,261)	-	(7,051,739)	-	
Appropriated State Treasury Funds	-	-	-	-	(1,595,085)	-		(8,020,221)	
Designated for program use per Government Code, Chapter 2306	-	-	-	-	-	(39,729,795)	-	-	
Funds Reserved, Commited or under Contract	-	-	-	-	-	(16,809,104)	-	-	
Addt'l restrictions per Department	-	-	(17,500,492)	-	(3,510,560)	-	(30,000)	-	
Restricted Use of Fees for Administrative Expenses	-	-	-	-	(5,516,505)	-	(37,790,643)	-	
Federal Funds	-	-	-	-	-	-	-	(996,620,684)	
Subtotal	(1,556,271,304)	(998,451,790)	(118,651,132)	(1,887,487,895)	(11,570,412)	(56,538,899)	(44,872,382)	(1,004,640,905)	
Unencumbered fund balances	-	-	-	-	1,357	-	153,327	-	154,685

EXHIBIT B

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Calculation of Bonded Indebtedness as of August 31, 2023
Pursuant to Texas Government Code Section 2306.205

	Highest Bond Rating	Bonds/Notes Outstanding (Par)	Bonded Indebtedness Not Rated in the Highest Category
Single-family	Aaa	$ 1,275,581,446	$ 30,000,000
RMRB	Aaa	811,480,367	10,000,000
Multifamily	Various	1,493,588,757	1,029,547,560
		$ 3,580,650,570	$ 1,069,547,560

Section 2306.205(a)	
2% of bonded indebtedness	$ 21,390,951
Unencumbered Fund Balance (UFB) per Calculation	$ 154,685
Does UFB exceed 2% of bonded indebtedness?	No
If UFB exceeds 2% of bonded indebtedness:	
What amount exceeds 2% of bonded indebtedness?	$ -
Half of UFB in excess of 2% of bonded indebtedness (Transfer to HTF)	$ -

Section 2306.205(c)	
4% of bonded indebtedness	$ 42,781,902
Unencumbered Fund Balance (UFB) per Calculation	$ 154,685
Does UFB exceed 4% of bonded indebtedness?	No
If UFB exceeds 4% of bonded indebtedness:	
What amount exceeds 4% of bonded indebtedness?	$ -
All of UFB in excess of 4% of bonded indebtedness (Transfer to HTF)	$ -

EXHIBIT C

Single Family Indenture						Rating Agencies		
				8/31/2023		Moody's	Standard & Poor's	Fitch
Series	CUSIP	Maturity Date	Interest Rate		Ending Bonds Outstanding	rtg moody	rtg sp	rtg fitch
2004B	88275FNN5	9/1/2034	VAR	$	-	WR/WR	NR/NR	#N/A N/A
2004D	88275FNP0	3/1/2035	VAR	$	-	WR/WR	NR/NR	#N/A N/A
2005A	88275FNQ8	9/1/2036	VAR	$	7,485,000.00	Aaa/VMIG1	AA+/A-1+	#N/A N/A
2007A	88275FMF3	9/1/2038	VAR	$	5,215,000.00	Aaa/VMIG1	AA+/A-1+	#N/A N/A
2013A	88275FNT2	3/1/2036	2.800%	$	-	WR	NR	#N/A N/A
2015A	88275FNU9	9/1/2039	3.200%	$	8,880,000.00	Aaa	AA+	#N/A N/A
2015B	88275FNV7	3/1/2046	3.125%	$	5,685,000.00	Aaa	AA+	#N/A N/A
2016A	88275FNW5	3/1/2046	3.000%	$	8,130,000.00	Aaa	AA+	#N/A N/A
2016B	88275FNX3	3/1/2039	3.180%	$	13,650,000.00	Aaa	AA+	#N/A N/A
2017A	88275FNY1	9/1/2047	2.835%	$	32,333,558.00	Aaa	AA+	#N/A N/A
2017B	88275FNZ8	9/1/2038	2.750%	$	9,708,894.00	Aaa	AA+	#N/A N/A
2017C	88275FPA1	9/1/2047	3.100%	$	22,116,473.00	Aaa	AA+	#N/A N/A
2018A	88275FPF0	9/1/2021	2.000%	$	-	WR	NR	#N/A N/A
	88275FPG8	3/1/2022	2.100%	$	-	WR	NR	#N/A N/A
	88275FPH6	9/1/2022	2.200%	$	-	WR	NR	#N/A N/A
	88275FPJ2	3/1/2023	2.250%	$	-	WR	NR	#N/A N/A
	88275FPK9	9/1/2023	2.300%	$	655,000.00	WR	NR	#N/A N/A
	88275FPL7	3/1/2024	2.450%	$	665,000.00	Aaa	AA+	#N/A N/A
	88275FPM5	9/1/2024	2.500%	$	670,000.00	Aaa	AA+	#N/A N/A
	88275FPN3	3/1/2025	2.600%	$	670,000.00	Aaa	AA+	#N/A N/A
	88275FPP8	9/1/2025	2.650%	$	680,000.00	Aaa	AA+	#N/A N/A
	88275FPQ6	3/1/2026	2.800%	$	695,000.00	Aaa	AA+	#N/A N/A
	88275FPR4	9/1/2026	2.850%	$	710,000.00	Aaa	AA+	#N/A N/A
	88275FPS2	3/1/2027	2.950%	$	710,000.00	Aaa	AA+	#N/A N/A
	88275FPT0	9/1/2027	3.000%	$	720,000.00	Aaa	AA+	#N/A N/A
	88275FPU7	3/1/2028	3.050%	$	740,000.00	Aaa	AA+	#N/A N/A
	88275FPV5	9/1/2028	3.100%	$	750,000.00	Aaa	AA+	#N/A N/A
	88275FPW3	3/1/2029	3.150%	$	755,000.00	Aaa	AA+	#N/A N/A
	88275FPX1	9/1/2029	3.200%	$	765,000.00	Aaa	AA+	#N/A N/A
	88275FPY9	9/1/2033	3.350%	$	-	Aaa	NR	#N/A N/A
	88275FPZ6	9/1/2038	4.125%	$	10,315,000.00	Aaa	AA+	#N/A N/A
	88275FQA0	9/1/2043	4.250%	$	12,890,000.00	Aaa	AA+	#N/A N/A
	88275FQB8	9/1/2048	4.250%	$	16,255,000.00	Aaa	AA+	#N/A N/A
	88275FQC6	3/1/2049	4.750%	$	25,895,000.00	Aaa	AA+	#N/A N/A
2019A	88275FQE2	9/1/2021	1.400%	$	-	WR	NR	#N/A N/A
	88275FQF9	3/1/2022	1.450%	$	-	WR	NR	#N/A N/A
	88275FQG7	9/1/2022	1.500%	$	-	WR	NR	#N/A N/A
	88275FQH5	3/1/2023	1.550%	$	-	WR	NR	#N/A N/A
	88275FQJ1	9/1/2023	1.600%	$	835,000.00	WR	NR	#N/A N/A
	88275FQK8	3/1/2024	1.600%	$	845,000.00	Aaa	AA+	#N/A N/A
	88275FQL6	9/1/2024	1.650%	$	850,000.00	Aaa	AA+	#N/A N/A
	88275FQM4	3/1/2025	1.700%	$	865,000.00	Aaa	AA+	#N/A N/A
	88275FQN2	9/1/2025	1.750%	$	880,000.00	Aaa	AA+	#N/A N/A
	88275FQP7	3/1/2026	1.850%	$	885,000.00	Aaa	AA+	#N/A N/A
	88275FQQ5	9/1/2026	1.950%	$	890,000.00	Aaa	AA+	#N/A N/A
	88275FQR3	3/1/2027	2.000%	$	900,000.00	Aaa	AA+	#N/A N/A
	88275FQS1	9/1/2027	2.050%	$	900,000.00	Aaa	AA+	#N/A N/A
	88275FQT9	3/1/2028	2.150%	$	900,000.00	Aaa	AA+	#N/A N/A
	88275FQU6	9/1/2028	2.200%	$	915,000.00	Aaa	AA+	#N/A N/A
	88275FQV4	3/1/2029	2.250%	$	935,000.00	Aaa	AA+	#N/A N/A
	88275FQW2	9/1/2029	2.300%	$	950,000.00	Aaa	AA+	#N/A N/A
	88275FQX0	3/1/2030	2.350%	$	965,000.00	Aaa	AA+	#N/A N/A
	88275FQY8	9/1/2030	2.400%	$	970,000.00	Aaa	AA+	#N/A N/A
	88275FQZ5	9/1/2034	2.700%	$	-	WR	NR	#N/A N/A
	88275FRA9	9/1/2039	3.375%	$	12,535,000.00	Aaa	AA+	#N/A N/A
	88275FRB7	9/1/2044	3.625%	$	15,350,000.00	Aaa	AA+	#N/A N/A
	88275FRC5	9/1/2049	3.750%	$	21,930,000.00	Aaa	AA+	#N/A N/A
	88275FRD3	3/1/2050	4.000%	$	50,465,000.00	Aaa	AA+	#N/A N/A
2020A	88275FRF8	9/1/2021	0.400%	$	-	WR	NR	#N/A N/A
	88275FRG6	3/1/2022	0.550%	$	-	WR	NR	#N/A N/A
	88275FRH4	9/1/2022	0.600%	$	-	WR	NR	#N/A N/A
	88275FRJ0	3/1/2023	0.750%	$	-	WR	NR	#N/A N/A
	88275FRK7	9/1/2023	0.800%	$	1,250,000.00	WR	NR	#N/A N/A
	88275FRL5	3/1/2024	0.900%	$	1,260,000.00	Aaa	AA+	#N/A N/A
	88275FRM3	9/1/2024	0.950%	$	1,270,000.00	Aaa	AA+	#N/A N/A

	88275FRN1	3/1/2025	1.250%	$	1,280,000.00	Aaa	AA+	#N/A N/A
	88275FRP6	9/1/2025	1.250%	$	1,290,000.00	Aaa	AA+	#N/A N/A
	88275FRQ4	3/1/2026	4.000%	$	1,290,000.00	Aaa	AA+	#N/A N/A
	88275FRR2	9/1/2026	4.000%	$	1,300,000.00	Aaa	AA+	#N/A N/A
	88275FRS0	3/1/2027	5.000%	$	1,315,000.00	Aaa	AA+	#N/A N/A
	88275FRT8	9/1/2027	5.000%	$	1,325,000.00	Aaa	AA+	#N/A N/A
	88275FRU5	3/1/2028	5.000%	$	1,335,000.00	Aaa	AA+	#N/A N/A
	88275FRV3	9/1/2028	5.000%	$	1,340,000.00	Aaa	AA+	#N/A N/A
	88275FRW1	3/1/2029	1.900%	$	1,365,000.00	Aaa	AA+	#N/A N/A
	88275FRX9	9/1/2029	1.950%	$	1,370,000.00	Aaa	AA+	#N/A N/A
	88275FRY7	3/1/2030	2.000%	$	1,380,000.00	Aaa	AA+	#N/A N/A
	88275FRZ4	9/1/2030	2.050%	$	1,395,000.00	Aaa	AA+	#N/A N/A
	88275FSA8	3/1/2031	2.100%	$	1,410,000.00	Aaa	AA+	#N/A N/A
	88275FSB6	9/1/2031	2.150%	$	1,425,000.00	Aaa	AA+	#N/A N/A
	88275FSC4	9/1/2035	2.150%	$	4,670,000.00	Aaa	AA+	#N/A N/A
	88275FSD2	9/1/2040	2.500%	$	17,120,000.00	Aaa	AA+	#N/A N/A
	88275FSE0	9/1/2045	3.000%	$	20,005,000.00	Aaa	AA+	#N/A N/A
	88275FSF7	3/1/2050	3.000%	$	21,035,000.00	Aaa	AA+	#N/A N/A
	88275FSG5	3/1/2051	3.500%	$	62,190,000.00	Aaa	AA+	#N/A N/A
2020B	88275FSH3	3/1/2036	2.000%	$	7,090,542.00	Aaa	AA+	#N/A N/A
2020A Jr Lien	88275FSJ9	9/1/2030	2.040%	$	15,000,000.00	Aa1	AA+	#N/A N/A
	88275FSK6	9/1/2045	2.997%	$	15,000,000.00	Aa1	AA+	#N/A N/A
2021A	88275FSL4	9/1/2022	0.125%	$	-	WR	NR	#N/A N/A
	88275FSM2	3/1/2023	0.150%	$	-	WR	NR	#N/A N/A
	88275FSN0	9/1/2023	0.200%	$	990,000.00	WR	NR	#N/A N/A
	88275FSP5	3/1/2024	0.300%	$	1,000,000.00	Aaa	AA+	#N/A N/A
	88275FSQ3	9/1/2024	0.350%	$	1,000,000.00	Aaa	AA+	#N/A N/A
	88275FSR1	3/1/2025	0.500%	$	995,000.00	Aaa	AA+	#N/A N/A
	88275FSS9	9/1/2025	0.550%	$	1,005,000.00	Aaa	AA+	#N/A N/A
	88275FST7	3/1/2026	0.600%	$	1,010,000.00	Aaa	AA+	#N/A N/A
	88275FSU4	9/1/2026	0.700%	$	1,020,000.00	Aaa	AA+	#N/A N/A
	88275FSV2	3/1/2027	5.000%	$	1,035,000.00	Aaa	AA+	#N/A N/A
	88275FSW0	9/1/2027	5.000%	$	1,065,000.00	Aaa	AA+	#N/A N/A
	88275FSX8	3/1/2028	5.000%	$	1,090,000.00	Aaa	AA+	#N/A N/A
	88275FSY6	9/1/2028	5.000%	$	1,120,000.00	Aaa	AA+	#N/A N/A
	88275FSZ3	3/1/2029	5.000%	$	1,155,000.00	Aaa	AA+	#N/A N/A
	88275FTA7	9/1/2029	5.000%	$	1,185,000.00	Aaa	AA+	#N/A N/A
	88275FTB5	3/1/2030	1.550%	$	1,205,000.00	Aaa	AA+	#N/A N/A
	88275FTC3	9/1/2030	1.600%	$	1,215,000.00	Aaa	AA+	#N/A N/A
	88275FTD1	3/1/2031	1.650%	$	1,220,000.00	Aaa	AA+	#N/A N/A
	88275FTE9	9/1/2031	1.700%	$	1,235,000.00	Aaa	AA+	#N/A N/A
	88275FTF6	3/1/2032	1.750%	$	1,240,000.00	Aaa	AA+	#N/A N/A
	88275FTG4	9/1/2032	1.750%	$	1,260,000.00	Aaa	AA+	#N/A N/A
	88275FTH2	3/1/2033	1.800%	$	1,270,000.00	Aaa	AA+	#N/A N/A
	88275FTJ8	9/1/2033	1.800%	$	1,280,000.00	Aaa	AA+	#N/A N/A
	88275FTK5	9/1/2036	1.850%	$	8,110,000.00	Aaa	AA+	#N/A N/A
	88275FTL3	9/1/2041	2.050%	$	15,000,000.00	Aaa	AA+	#N/A N/A
	88275FTM1	9/1/2046	2.250%	$	17,160,000.00	Aaa	AA+	#N/A N/A
	88275FTN9	9/1/2051	2.350%	$	19,730,000.00	Aaa	AA+	#N/A N/A
	88275FTP4	3/1/2052	3.000%	$	60,445,000.00	Aaa	AA+	#N/A N/A
2021B	88275FTQ2	3/1/2039	1.550%	$	17,126,979.00	Aaa	AA+	#N/A N/A
2022A	88275FTR0	3/1/2023	2.050%	$	-	WR	NR	#N/A N/A
	88275FTS8	9/1/2023	2.300%	$	745,000.00	WR	NR	#N/A N/A
	88275FTT6	3/1/2024	2.500%	$	755,000.00	Aaa	AA+	#N/A N/A
	88275FTU3	9/1/2024	2.700%	$	775,000.00	Aaa	AA+	#N/A N/A
	88275FTV1	3/1/2025	2.850%	$	790,000.00	Aaa	AA+	#N/A N/A
	88275FTW9	9/1/2025	3.000%	$	805,000.00	Aaa	AA+	#N/A N/A
	88275FTX7	3/1/2026	3.100%	$	820,000.00	Aaa	AA+	#N/A N/A
	88275FTY5	9/1/2026	3.150%	$	845,000.00	Aaa	AA+	#N/A N/A
	88275FTZ2	3/1/2027	5.500%	$	865,000.00	Aaa	AA+	#N/A N/A
	88275FUA5	9/1/2027	5.500%	$	890,000.00	Aaa	AA+	#N/A N/A
	88275FUB3	3/1/2028	5.500%	$	915,000.00	Aaa	AA+	#N/A N/A
	88275FUC1	9/1/2028	5.500%	$	945,000.00	Aaa	AA+	#N/A N/A
	88275FUD9	3/1/2029	5.500%	$	970,000.00	Aaa	AA+	#N/A N/A
	88275FUE7	9/1/2029	5.500%	$	1,000,000.00	Aaa	AA+	#N/A N/A
	88275FUF4	3/1/2030	5.500%	$	1,030,000.00	Aaa	AA+	#N/A N/A
	88275FUG2	9/1/2030	5.500%	$	1,060,000.00	Aaa	AA+	#N/A N/A
	88275FUH0	3/1/2031	5.500%	$	1,095,000.00	Aaa	AA+	#N/A N/A
	88275FUJ6	9/1/2031	5.500%	$	1,125,000.00	Aaa	AA+	#N/A N/A
	88275FUK3	3/1/2032	3.850%	$	1,160,000.00	Aaa	AA+	#N/A N/A
	88275FUL1	9/1/2032	3.900%	$	1,190,000.00	Aaa	AA+	#N/A N/A
	88275FUM9	3/1/2033	3.950%	$	1,220,000.00	Aaa	AA+	#N/A N/A
	88275FUN7	9/1/2033	4.000%	$	1,250,000.00	Aaa	AA+	#N/A N/A
	88275FUP2	9/1/2037	4.050%	$	16,085,000.00	Aaa	AA+	#N/A N/A
	88275FUQ0	9/1/2040	4.100%	$	6,065,000.00	Aaa	AA+	#N/A N/A
	88275FUR8	9/1/2047	4.300%	$	30,010,000.00	Aaa	AA+	#N/A N/A
	88275FUS6	3/1/2052	4.350%	$	26,730,000.00	Aaa	AA+	#N/A N/A
	88275FUT4	9/1/2052	5.500%	$	89,645,000.00	Aaa	AA+	#N/A N/A
2022B	88275FUU1	3/1/2024	2.700%	$	780,000.00	Aaa	AA+	#N/A N/A
	88275FUV9	9/1/2024	2.800%	$	725,000.00	Aaa	AA+	#N/A N/A

	88275FUW7	3/1/2025	2.900%	$	740,000.00	Aaa	AA+	#N/A N/A
	88275FUX5	9/1/2025	3.000%	$	760,000.00	Aaa	AA+	#N/A N/A
	88275FUY3	3/1/2026	3.100%	$	775,000.00	Aaa	AA+	#N/A N/A
	88275FUZ0	9/1/2026	3.150%	$	795,000.00	Aaa	AA+	#N/A N/A
	88275FVA4	3/1/2027	3.250%	$	815,000.00	Aaa	AA+	#N/A N/A
	88275FVB2	9/1/2027	5.500%	$	830,000.00	Aaa	AA+	#N/A N/A
	88275FVC0	3/1/2028	5.500%	$	860,000.00	Aaa	AA+	#N/A N/A
	88275FVD8	9/1/2028	5.500%	$	885,000.00	Aaa	AA+	#N/A N/A
	88275FVE6	3/1/2029	5.500%	$	910,000.00	Aaa	AA+	#N/A N/A
	88275FVF3	9/1/2029	5.500%	$	940,000.00	Aaa	AA+	#N/A N/A
	88275FVG1	3/1/2030	5.500%	$	965,000.00	Aaa	AA+	#N/A N/A
	88275FVH9	9/1/2030	5.500%	$	995,000.00	Aaa	AA+	#N/A N/A
	88275FVJ5	3/1/2031	5.500%	$	1,025,000.00	Aaa	AA+	#N/A N/A
	88275FVK2	9/1/2031	5.500%	$	1,060,000.00	Aaa	AA+	#N/A N/A
	88275FVL0	3/1/2032	5.500%	$	1,090,000.00	Aaa	AA+	#N/A N/A
	88275FVM8	9/1/2032	5.500%	$	1,125,000.00	Aaa	AA+	#N/A N/A
	88275FVN6	3/1/2033	5.500%	$	1,160,000.00	Aaa	AA+	#N/A N/A
	88275FVP1	9/1/2033	4.000%	$	1,195,000.00	Aaa	AA+	#N/A N/A
	88275FVQ9	3/1/2034	4.050%	$	1,230,000.00	Aaa	AA+	#N/A N/A
	88275FVR7	9/1/2034	4.100%	$	1,265,000.00	Aaa	AA+	#N/A N/A
	88275FVS5	9/1/2037	4.400%	$	8,360,000.00	Aaa	AA+	#N/A N/A
	88275FVT3	9/1/2042	4.650%	$	17,440,000.00	Aaa	AA+	#N/A N/A
	88275FVU0	9/1/2047	5.125%	$	23,180,000.00	Aaa	AA+	#N/A N/A
	88275FVV8	9/1/2052	5.250%	$	31,170,000.00	Aaa	AA+	#N/A N/A
	88275FVW6	3/1/2053	6.000%	$	88,335,000.00	Aaa	AA+	#N/A N/A
2023AB	88275FVX4	9/1/2024	5.500%	$	715,000.00	Aaa	AA+	#N/A N/A
	88275FVY2	3/1/2025	5.500%	$	730,000.00	Aaa	AA+	#N/A N/A
	88275FVZ9	9/1/2025	5.500%	$	760,000.00	Aaa	AA+	#N/A N/A
	88275FWA3	3/1/2026	5.500%	$	780,000.00	Aaa	AA+	#N/A N/A
	88275FWB1	9/1/2026	5.500%	$	805,000.00	Aaa	AA+	#N/A N/A
	88275FWC9	3/1/2027	5.500%	$	825,000.00	Aaa	AA+	#N/A N/A
	88275FWD7	9/1/2027	5.500%	$	855,000.00	Aaa	AA+	#N/A N/A
	88275FWE5	3/1/2028	5.500%	$	880,000.00	Aaa	AA+	#N/A N/A
	88275FWF2	9/1/2028	5.500%	$	905,000.00	Aaa	AA+	#N/A N/A
	88275FWG0	3/1/2029	5.500%	$	935,000.00	Aaa	AA+	#N/A N/A
	88275FWH8	9/1/2029	5.500%	$	960,000.00	Aaa	AA+	#N/A N/A
	88275FWJ4	3/1/2030	5.500%	$	990,000.00	Aaa	AA+	#N/A N/A
	88275FWK1	9/1/2030	5.500%	$	1,020,000.00	Aaa	AA+	#N/A N/A
	88275FWL9	3/1/2031	5.500%	$	1,055,000.00	Aaa	AA+	#N/A N/A
	88275FWM7	9/1/2031	5.500%	$	1,080,000.00	Aaa	AA+	#N/A N/A
	88275FWN5	3/1/2032	5.500%	$	1,115,000.00	Aaa	AA+	#N/A N/A
	88275FWP0	9/1/2032	5.500%	$	1,150,000.00	Aaa	AA+	#N/A N/A
	88275FWQ8	3/1/2033	3.900%	$	1,190,000.00	Aaa	AA+	#N/A N/A
	88275FWR6	9/1/2033	3.950%	$	1,220,000.00	Aaa	AA+	#N/A N/A
	88275FWS4	3/1/2034	4.000%	$	1,250,000.00	Aaa	AA+	#N/A N/A
	88275FWT2	9/1/2034	4.050%	$	1,285,000.00	Aaa	AA+	#N/A N/A
	88275FWU9	3/1/2035	4.100%	$	1,320,000.00	Aaa	AA+	#N/A N/A
	88275FWV7	9/1/2038	4.350%	$	10,290,000.00	Aaa	AA+	#N/A N/A
	88275FWW5	9/1/2043	4.600%	$	18,635,000.00	Aaa	AA+	#N/A N/A
	88275FWX3	9/1/2048	5.125%	$	24,840,000.00	Aaa	AA+	#N/A N/A
	88275FWY1	9/1/2053	5.250%	$	33,410,000.00	Aaa	AA+	#N/A N/A
	88275FWZ8	3/1/2054	5.750%	$	91,000,000.00	Aaa	AA+	#N/A N/A
	88275FXA2	9/1/2024	5.090%	$	635,000.00	Aaa	AA+	#N/A N/A
	88275FXB0	3/1/2025	4.980%	$	650,000.00	Aaa	AA+	#N/A N/A
	88275FXC8	9/1/2025	5.040%	$	660,000.00	Aaa	AA+	#N/A N/A
	88275FXD6	3/1/2026	4.829%	$	670,000.00	Aaa	AA+	#N/A N/A
	88275FXE4	9/1/2026	4.879%	$	680,000.00	Aaa	AA+	#N/A N/A
	88275FXF1	3/1/2027	4.869%	$	690,000.00	Aaa	AA+	#N/A N/A
	88275FXG9	9/1/2027	4.909%	$	700,000.00	Aaa	AA+	#N/A N/A
	88275FXH7	3/1/2028	4.969%	$	710,000.00	Aaa	AA+	#N/A N/A
	88275FXJ3	9/1/2028	5.019%	$	725,000.00	Aaa	AA+	#N/A N/A
	88275FXK0	3/1/2029	5.056%	$	735,000.00	Aaa	AA+	#N/A N/A
	88275FXL8	9/1/2029	5.106%	$	750,000.00	Aaa	AA+	#N/A N/A
	88275FXM6	3/1/2030	5.196%	$	760,000.00	Aaa	AA+	#N/A N/A
	88275FXN4	9/1/2030	5.246%	$	775,000.00	Aaa	AA+	#N/A N/A
	88275FXP9	3/1/2031	5.267%	$	790,000.00	Aaa	AA+	#N/A N/A
	88275FXQ7	9/1/2031	5.317%	$	805,000.00	Aaa	AA+	#N/A N/A
	88275FXR5	3/1/2032	5.387%	$	820,000.00	Aaa	AA+	#N/A N/A
	88275FXS3	9/1/2032	5.407%	$	835,000.00	Aaa	AA+	#N/A N/A
	88275FXT1	3/1/2033	5.377%	$	850,000.00	Aaa	AA+	#N/A N/A
	88275FXU8	9/1/2033	5.387%	$	860,000.00	Aaa	AA+	#N/A N/A
	88275FXV6	3/1/2038	5.407%	$	5,080,000.00	Aaa	AA+	#N/A N/A
	88275FXW4	3/1/2044	5.495%	$	8,280,000.00	Aaa	AA+	#N/A N/A
	88275FXX2	9/1/2053	5.750%	$	22,540,000.00	Aaa	AA+	#N/A N/A
		Total Bonds Outstanding		$	1,275,581,446.00			
2018 Issuer Note	N/A	8/8/2025	3.500%	$	-			

Bonds/Notes Rated in the Highest Category (Aaa OR AAA)	$	1,245,581,446.00
Bonds/Notes NOT Rated in the Highest Category (Aaa OR AAA)	$	30,000,000.00

EXHIBIT C

RMRB Indenture					Rating Agencies		
				8/31/2023	Moody's	Standard & Poor's	Fitch
Series	CUSIP	Maturity Date	Interest Rate	Ending Bonds Outstanding	rtg moody	rtg sp	rtg fitch
2019A	882750NX6	1/1/2022	1.950%	$ -	WR	NR	#N/A N/A
	882750NH1	7/1/2022	5.000%	$ -	WR	NR	#N/A N/A
	882750NY4	1/1/2023	2.050%	$ -	WR	NR	#N/A N/A
	882750NJ7	7/1/2023	5.000%	$ -	WR	NR	#N/A N/A
	882750NZ1	1/1/2024	2.200%	$ 665,000.00	Aaa	AA+	#N/A N/A
	882750NK4	7/1/2024	5.000%	$ 1,015,000.00	Aaa	AA+	#N/A N/A
	882750PA4	1/1/2025	2.350%	$ 690,000.00	Aaa	AA+	#N/A N/A
	882750NL2	7/1/2025	5.000%	$ 1,060,000.00	Aaa	AA+	#N/A N/A
	882750PB2	1/1/2026	2.500%	$ 715,000.00	Aaa	AA+	#N/A N/A
	882750NM0	7/1/2026	5.000%	$ 1,105,000.00	Aaa	AA+	#N/A N/A
	882750PC0	1/1/2027	2.650%	$ 730,000.00	Aaa	AA+	#N/A N/A
	882750NN8	7/1/2027	5.000%	$ 1,155,000.00	Aaa	AA+	#N/A N/A
	882750PD8	1/1/2028	2.750%	$ 765,000.00	Aaa	AA+	#N/A N/A
	882750NP3	7/1/2028	5.000%	$ 1,210,000.00	Aaa	AA+	#N/A N/A
	882750PE6	1/1/2029	2.900%	$ 815,000.00	Aaa	AA+	#N/A N/A
	882750NQ1	7/1/2029	5.000%	$ 1,270,000.00	Aaa	AA+	#N/A N/A
	882750PF3	1/1/2030	3.000%	$ 860,000.00	Aaa	AA+	#N/A N/A
	882750NR9	7/1/2030	5.000%	$ 1,330,000.00	Aaa	AA+	#N/A N/A
	882750NS7	1/1/2031	5.000%	$ 1,370,000.00	Aaa	AA+	#N/A N/A
	882750NT5	7/1/2031	5.000%	$ 1,405,000.00	Aaa	AA+	#N/A N/A
	882750NU2	1/1/2032	5.000%	$ 1,440,000.00	Aaa	AA+	#N/A N/A
	882750NV0	7/1/2032	5.000%	$ 1,480,000.00	Aaa	AA+	#N/A N/A
	882750PG1	7/1/2034	3.500%	$ 4,110,000.00	Aaa	AA+	#N/A N/A
	882750PH9	7/1/2039	3.800%	$ 12,160,000.00	Aaa	AA+	#N/A N/A
	882750PJ5	7/1/2044	3.900%	$ 15,150,000.00	Aaa	AA+	#N/A N/A
	882750PK2	1/1/2049	4.750%	$ 31,510,000.00	Aaa	AA+	#N/A N/A
	882750PL0	1/1/2050	3.950%	$ 20,940,000.00	Aaa	AA+	#N/A N/A
2021A	882750PM8	7/1/2022	0.25%	$ -	WR	NR	#N/A N/A
	882750PN6	1/1/2023	0.30%	$ -	WR	NR	#N/A N/A
	882750PP1	7/1/2023	0.35%	$ -	WR	NR	#N/A N/A
	882750PQ9	1/1/2024	0.45%	$ 605,000.00	Aaa	AA+	#N/A N/A
	882750PR7	7/1/2024	0.50%	$ 610,000.00	Aaa	AA+	#N/A N/A
	882750PS5	1/1/2025	0.60%	$ 620,000.00	Aaa	AA+	#N/A N/A
	882750PT3	7/1/2025	0.65%	$ 630,000.00	Aaa	AA+	#N/A N/A
	882750PU0	1/1/2026	0.75%	$ 635,000.00	Aaa	AA+	#N/A N/A
	882750PV8	7/1/2026	0.80%	$ 645,000.00	Aaa	AA+	#N/A N/A
	882750PW6	1/1/2027	5.00%	$ 645,000.00	Aaa	AA+	#N/A N/A
	882750PX4	7/1/2027	5.00%	$ 665,000.00	Aaa	AA+	#N/A N/A
	882750PY2	1/1/2028	5.00%	$ 675,000.00	Aaa	AA+	#N/A N/A
	882750PZ9	7/1/2028	5.00%	$ 705,000.00	Aaa	AA+	#N/A N/A
	882750QA3	1/1/2029	5.00%	$ 705,000.00	Aaa	AA+	#N/A N/A
	882750QB1	7/1/2029	5.00%	$ 720,000.00	Aaa	AA+	#N/A N/A
	882750QC9	1/1/2030	1.60%	$ 750,000.00	Aaa	AA+	#N/A N/A
	882750QD7	7/1/2030	1.65%	$ 745,000.00	Aaa	AA+	#N/A N/A
	882750QE5	1/1/2031	1.80%	$ 760,000.00	Aaa	AA+	#N/A N/A
	882750QF2	7/1/2031	1.85%	$ 770,000.00	Aaa	AA+	#N/A N/A
	882750QG0	1/1/2032	1.95%	$ 785,000.00	Aaa	AA+	#N/A N/A
	882750QH8	7/1/2032	1.95%	$ 790,000.00	Aaa	AA+	#N/A N/A
	882750QJ4	1/1/2033	2.00%	$ 785,000.00	Aaa	AA+	#N/A N/A
	882750QK1	7/1/2033	2.00%	$ 795,000.00	Aaa	AA+	#N/A N/A
	882750QL9	7/1/2036	2.05%	$ 5,130,000.00	Aaa	AA+	#N/A N/A
	882750QM7	7/1/2041	2.25%	$ 9,665,000.00	Aaa	AA+	#N/A N/A
	882750QN5	7/1/2046	2.45%	$ 11,375,000.00	Aaa	AA+	#N/A N/A
	882750QP0	7/1/2051	2.50%	$ 13,260,000.00	Aaa	AA+	#N/A N/A
	882750QQ8	1/1/2052	3.00%	$ 39,530,000.00	Aaa	AA+	#N/A N/A
2021B	882750QR6	7/1/2042	1.70%	$ 40,995,367.00	Aaa	AA+	#N/A N/A
2022A	882750QS4	1/1/2023	0.50%	$ -	WR	NR	#N/A N/A
	882750QT4	7/1/2023	0.60%	$ -	WR	NR	#N/A N/A
	882750QU9	1/1/2024	0.75%	$ 1,090,000.00	Aaa	AA+	#N/A N/A
	882750QV7	7/1/2024	0.85%	$ 1,100,000.00	Aaa	AA+	#N/A N/A
	882750QW5	1/1/2025	0.90%	$ 1,115,000.00	Aaa	AA+	#N/A N/A
	882750QX3	7/1/2025	1.00%	$ 1,130,000.00	Aaa	AA+	#N/A N/A
	882750QY1	1/1/2026	1.10%	$ 1,145,000.00	Aaa	AA+	#N/A N/A
	882750QZ8	7/1/2026	1.20%	$ 1,160,000.00	Aaa	AA+	#N/A N/A
	882750RA2	1/1/2027	5.00%	$ 1,165,000.00	Aaa	AA+	#N/A N/A
	882750RB0	7/1/2027	5.00%	$ 1,190,000.00	Aaa	AA+	#N/A N/A
	882750RC8	1/1/2028	5.00%	$ 1,220,000.00	Aaa	AA+	#N/A N/A
	882750RD6	7/1/2028	5.00%	$ 1,250,000.00	Aaa	AA+	#N/A N/A
	882750RE4	1/1/2029	5.00%	$ 1,280,000.00	Aaa	AA+	#N/A N/A

	882750RF1	7/1/2029	5.00%	$	1,310,000.00	Aaa	AA+	#N/A N/A
	882750RG9	1/1/2030	5.00%	$	1,345,000.00	Aaa	AA+	#N/A N/A
	882750RH7	7/1/2030	5.00%	$	1,375,000.00	Aaa	AA+	#N/A N/A
	882750RL8	1/1/2032	2.10%	$	1,465,000.00	Aaa	AA+	#N/A N/A
	882750RM6	7/1/2032	2.15%	$	1,485,000.00	Aaa	AA+	#N/A N/A
	882750RN4	1/1/2033	2.20%	$	1,510,000.00	Aaa	AA+	#N/A N/A
	882750RP9	7/1/2033	2.20%	$	1,530,000.00	Aaa	AA+	#N/A N/A
	882750RK0	7/1/2031	2.00%	$	2,855,000.00	Aaa	AA+	#N/A N/A
	882750RQ7	7/1/2037	2.15%	$	12,230,000.00	Aaa	AA+	#N/A N/A
	882750RR5	7/1/2042	2.60%	$	19,080,000.00	Aaa	AA+	#N/A N/A
	882750RS3	7/1/2047	3.13%	$	22,790,000.00	Aaa	AA+	#N/A N/A
	882750RT1	1/1/2052	3.13%	$	24,505,000.00	Aaa	AA+	#N/A N/A
	882750RU8	7/1/2052	3.50%	$	81,430,000.00	Aaa	AA+	#N/A N/A
2022B	882750RV6	1/1/2024	2.65%	$	420,000.00	Aaa	AA+	#N/A N/A
	882750RW4	7/1/2024	2.70%	$	595,000.00	Aaa	AA+	#N/A N/A
	882750RX2	1/1/2025	2.80%	$	610,000.00	Aaa	AA+	#N/A N/A
	882750RY0	7/1/2025	2.85%	$	625,000.00	Aaa	AA+	#N/A N/A
	882750RZ7	1/1/2026	2.95%	$	635,000.00	Aaa	AA+	#N/A N/A
	882750SA1	7/1/2026	3.00%	$	650,000.00	Aaa	AA+	#N/A N/A
	882750SB9	1/1/2027	3.15%	$	665,000.00	Aaa	AA+	#N/A N/A
	882750SC7	7/1/2027	5.50%	$	675,000.00	Aaa	AA+	#N/A N/A
	882750SD5	1/1/2028	5.50%	$	695,000.00	Aaa	AA+	#N/A N/A
	882750SE3	7/1/2028	5.50%	$	720,000.00	Aaa	AA+	#N/A N/A
	882750SF0	1/1/2029	5.50%	$	740,000.00	Aaa	AA+	#N/A N/A
	882750SG8	7/1/2029	5.50%	$	765,000.00	Aaa	AA+	#N/A N/A
	882750SH6	1/1/2030	5.50%	$	785,000.00	Aaa	AA+	#N/A N/A
	882750SJ2	7/1/2030	5.50%	$	810,000.00	Aaa	AA+	#N/A N/A
	882750SK9	1/1/2031	5.50%	$	835,000.00	Aaa	AA+	#N/A N/A
	882750SL7	7/1/2031	5.50%	$	860,000.00	Aaa	AA+	#N/A N/A
	882750SM5	1/1/2032	5.50%	$	885,000.00	Aaa	AA+	#N/A N/A
	882750SN3	7/1/2032	5.50%	$	915,000.00	Aaa	AA+	#N/A N/A
	882750SP8	1/1/2033	5.50%	$	945,000.00	Aaa	AA+	#N/A N/A
	882750SQ6	7/1/2033	4.15%	$	975,000.00	Aaa	AA+	#N/A N/A
	882750SR4	1/1/2034	4.25%	$	995,000.00	Aaa	AA+	#N/A N/A
	882750SS2	7/1/2034	4.25%	$	1,025,000.00	Aaa	AA+	#N/A N/A
	882750ST0	7/1/2037	4.40%	$	6,040,000.00	Aaa	AA+	#N/A N/A
	882750SU7	7/1/2042	4.70%	$	14,030,000.00	Aaa	AA+	#N/A N/A
	882750SV5	7/1/2047	5.00%	$	18,545,000.00	Aaa	AA+	#N/A N/A
	882750SW3	7/1/2052	5.13%	$	24,680,000.00	Aaa	AA+	#N/A N/A
	882750SX1	1/1/2053	5.75%	$	68,670,000.00	Aaa	AA+	#N/A N/A
2023A	882750SY9	7/1/2024	3.20%	$	990,000.00	Aaa	AA+	#N/A N/A
	882750SZ6	1/1/2025	3.20%	$	1,010,000.00	Aaa	AA+	#N/A N/A
	882750TA0	7/1/2025	3.15%	$	1,035,000.00	Aaa	AA+	#N/A N/A
	882750TB8	1/1/2026	3.15%	$	1,060,000.00	Aaa	AA+	#N/A N/A
	882750TC6	7/1/2026	3.13%	$	1,085,000.00	Aaa	AA+	#N/A N/A
	882750TD4	1/1/2027	3.20%	$	1,110,000.00	Aaa	AA+	#N/A N/A
	882750TE2	7/1/2027	3.25%	$	1,135,000.00	Aaa	AA+	#N/A N/A
	882750TF9	1/1/2028	5.50%	$	745,000.00	Aaa	AA+	#N/A N/A
	882750TG7	7/1/2028	5.50%	$	760,000.00	Aaa	AA+	#N/A N/A
	882750TH5	1/1/2029	5.50%	$	775,000.00	Aaa	AA+	#N/A N/A
	882750TJ1	7/1/2029	5.50%	$	790,000.00	Aaa	AA+	#N/A N/A
	882750TK8	1/1/2030	5.50%	$	805,000.00	Aaa	AA+	#N/A N/A
	882750TL6	7/1/2030	5.50%	$	820,000.00	Aaa	AA+	#N/A N/A
	882750TM4	1/1/2031	5.50%	$	840,000.00	Aaa	AA+	#N/A N/A
	882750TN2	7/1/2031	5.50%	$	855,000.00	Aaa	AA+	#N/A N/A
	882750TP7	1/1/2032	5.50%	$	875,000.00	Aaa	AA+	#N/A N/A
	882750TQ5	7/1/2032	5.50%	$	890,000.00	Aaa	AA+	#N/A N/A
	882750TR3	1/1/2033	3.85%	$	1,425,000.00	Aaa	AA+	#N/A N/A
	882750TS1	7/1/2033	3.90%	$	1,460,000.00	Aaa	AA+	#N/A N/A
	882750TT9	1/1/2034	3.95%	$	1,495,000.00	Aaa	AA+	#N/A N/A
	882750TU6	7/1/2034	4.00%	$	1,530,000.00	Aaa	AA+	#N/A N/A
	882750TV4	1/1/2035	4.05%	$	1,565,000.00	Aaa	AA+	#N/A N/A
	882750TW2	1/1/2038	4.30%	$	10,300,000.00	Aaa	AA+	#N/A N/A
	882750TX0	1/1/2043	4.70%	$	21,305,000.00	Aaa	AA+	#N/A N/A
	882750TY8	1/1/2048	5.13%	$	28,140,000.00	Aaa	AA+	#N/A N/A
	882750TZ5	1/1/2053	5.25%	$	37,505,000.00	Aaa	AA+	#N/A N/A
	882750UA8	7/1/2053	5.50%	$	109,685,000.00	Aaa	AA+	#N/A N/A
		Total Bonds Outstanding		$	801,480,367.00			
2016 Issuer Note	N/A	9/28/2026	1.000%	$	10,000,000.00			
Bonds/Notes Rated in the Highest Category (Aaa OR AAA)				$	801,480,367.00			
Bonds/Notes NOT Rated in the Highest Category (Aaa OR AAA)				$	10,000,000.00			

EXHIBIT C

Multifamily			Not Updated	Rating Agencies		
			8/31/2023	Moody's	Standard & Poor's	Fitch
MF Bond Issue	CUSIP	Private or Public	Ending Bonds Outstanding	rtg moody	rtg sp	rtg fitch
1996 A MF Refunding (Brighton's Mark Development)	88275BBK3	Private Place	$ 8,075,000.00	#N/A N/A	NR	#N/A N/A
1998 A MF (Residence at the Oaks Project)	88275BDA3	Private Place	$ 1,997,000.00	#N/A N/A	NR	#N/A N/A
1998 B MF (Residence at the Oaks Project)	88275BDB1	Private Place	$ 1,066,000.00	#N/A N/A	NR	#N/A N/A
1998 C MF (Residence at the Oaks Project)	88275BDB1	Private Place	$ 35,000.00	#N/A N/A	NR	#N/A N/A
2000 A MF (Highland Meadow Village Apartments)	88275BEW4	Private Place	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2000 A MF (Collingham Park Apartments)	88275BEZ7	Private Place	$ -			
2000 B MF (Collingham Park Apartments)	88275BFA1	Private Place	$ -			
2001 A MF (Skyway Villas Apartments)	88275BFN3	Public Offer	$ 3,685,000.00	WR	NR	WD
2001 B MF (Skyway Villas Apartments)	88275BFQ6	Private Place	$ 955,000.00	WR	#N/A N/A	#N/A N/A
2001 A-1 MF (Meridian Apartments)	88275ACG3	Public Offer	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2001 B MF (Meridian Apartments)	88275ACH1	Private Place	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2001 A-1 MF (Wildwood Apartments)	88275ACJ7	Public Offer	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2003 A MF Refunding (Reading Road)	88275BJJ8	Public Offer	$ -	#N/A N/A	NR/NR	#N/A N/A
2003 B MF Refunding (Reading Road)	88275BJK5	Private Place	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2003 A MF (West Virginia Apartments)	88275BHT8	Public Offer	$ -	WR	NR	WD
2003 B MF (West Virginia Apartments)	88275BHU5	Public Offer	$ -	WR	NR	WD
2003 A MF (Primrose Houston School Apartments)	88275BJB5	Private Place	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2003 A MF (Ash Creek Apartments)	88275BJS8	Private Place	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2003 A MF (Peninsula Apartments)	88275BJU3	Public Offer	$ 7,975,000.00	#N/A N/A	NR	#N/A N/A
2003 A MF (Arlington Villas Apartments)	88275BJX7	Public Offer	$ -	WR/WR	#N/A N/A	#N/A N/A
2003 B MF (Arlington Villas Apartments)	88275BJY5	Public Offer	$ -	WR/WR	#N/A N/A	#N/A N/A
2004 A MF (Timber Ridge II Apartments)	88275BJZ2	Private Place	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2004 MF (Providence at Rush Creek II)	88275BKH0	Private Place	$ -	#N/A N/A	NR/NR	#N/A N/A
2004 MF (Humble Parkway Townhomes)	88275BKJ6	Public Offer	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2004 MF (Chisholm Trail Apartments)	88275BKR8	Public Offer	$ -	WR/WR	#N/A N/A	#N/A N/A
2004 MF (Evergreen at Plano Parkway)	88275BKX5	Private Place	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2004 MF (Bristol Apartments)	88275BKT4	Public Offer	$ -	WR/WR	#N/A N/A	#N/A N/A
2004 MF (Pinnacle Apartments)	88275BKV9	Public Offer	$ 11,465,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2005 MF (Atascocita Pines Apartments)	88275BLV8	Public Offer	$ -	WR/WR	#N/A N/A	#N/A N/A
2005 MF (Tower Ridge Apartments)	88275BLX4	Public Offer	$ 15,000,000.00	#N/A N/A	AA+/A-1+	#N/A N/A
2005 MF (St. Augustine Estate Apartments)	88275BME5	Public Offer	$ -	Aaa/VMIG1	#N/A N/A	#N/A N/A
2005 MF (Providence Mockingbird Apartments)	None	Private Place	$ -	Charter Mac Equity Issuer Trust		
2005 MF (Plaza at Chase Oaks Apartments)	None	Private Place	$ 9,283,221.67	Washington Mutual Bank		
2005 MF (Coral Hills Apartments)	88275BMP0	Public Offer	$ -	#N/A N/A	NR	#N/A N/A
2006 MF (Village Park Apartments)	88275BNC8	Public Offer	$ -	#N/A N/A	NR	#N/A N/A
2006 MF (Oakmoor Apartments)	88275BNA2	Private Place	$ 12,413,742.97	#N/A N/A	#N/A N/A	#N/A N/A
2006 MF (The Residences at Sunset Pointe)	88275AAA8	Public Offer	$ 14,090,000.00	#N/A N/A	AA+/A-1+	#N/A N/A
2006 MF (Hillcrest Apartments)	88275AAE0	Public Offer	$ -	#N/A N/A	NR	#N/A N/A
2006 MF (Meadowlands Apartments)	88275AAH3	Private Place	$ 10,761,040.52	#N/A N/A	#N/A N/A	#N/A N/A
2006 MF (East Tex Pines)	88275AAP5	Private Place	$ 11,805,000.00	#N/A N/A	#N/A N/A	#N/A N/A
2006 MF (Aspen Park)	88275AAR1	Public Place	$ -	#N/A N/A	NR	#N/A N/A
2006 MF (Idlewilde)	88275AAY6	Public Offer	$ 11,590,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2007 MF (Lancaster)	88275ABA79	Public Offer	$ 11,580,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2007 MF (Park Place at Loyola)	88275ABB5	Private Place	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2007 MF (Terraces at Cibolo)	88275ABC3	Public Place	$ -	#N/A N/A	NR/NR	#N/A N/A
2007 MF (Santora Villas)	88275ABD1	Private Place	$ -	#N/A N/A	#N/A N/A	#N/A N/A
2007 MF (Costa Rialto)	None	Private Place	$ -	Centerline Equity Issuer Trust		
2007 MF (Windshire)	88275ABN9	Public Offer	$ 11,800,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2007 MF (Residences @ Onion Creek)	88275ABX7	Public Offer	$ 15,000,000.00	#N/A N/A	AA+/A-1+	#N/A N/A
2008 MF (West Oaks Apartments)	88275ABY5	Public Offer	$ 10,675,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2008 MF (Costa Ibiza Apartments)	88275ACD0	Public Offer	$ -	WR/WR	#N/A N/A	#N/A N/A
2008 MF (Alta Cullen Refunding)	88275ACF5	Public Offer	$ -	#N/A N/A	NR/NR	#N/A N/A
2009 MF (Costa Mariposa)	88275ACK4	Public Offer	$ -	Aaa/VMIG1	#N/A N/A	#N/A N/A
2009 MF (Woodmont)	88275ACL2	Public Offer	$ 12,790,000.00	WR/WR	#N/A N/A	#N/A N/A
2014 MF (Decatur Angle)	88275ACN8	Private Place	$ 21,721,160.83	#N/A N/A	#N/A N/A	#N/A N/A
2016 MF (Williamsburg Apts)	88275ACW8	Public Offer	$ 21,152,731.43	Aaa	#N/A N/A	#N/A N/A
2016 MF (Skyline Place Apartments)	88275ADC1	Public Offer	$ 17,043,356.03	Aaa	#N/A N/A	#N/A N/A
2017 MF (Casa Inc Apartments)	88275ADD9	Public Offer	$ 22,093,006.86	Aaa	#N/A N/A	#N/A N/A
2017 MF (Casa Brendan Apartments)	88275ADF4	Public Offer	$ 4,602,709.92	Aaa	#N/A N/A	#N/A N/A
2017 MF (Nuestro Hogar)	88275ADE7	Public Offer	$ 5,247,089.25	Aaa	#N/A N/A	#N/A N/A
2018 MF (Vista on Gessner)	88275ADH0	Public Offer	$ 47,923,400.19	Aaa	#N/A N/A	#N/A N/A
2018 MF (Springs Apartments)	88275ADJ6	Public Offer	$ -	#N/A N/A	NR	#N/A N/A
2018 MF (Crosby Plaza Apartments)	88275ADK3	Public Offer	$ -	#N/A N/A	NR	#N/A N/A
2018 MF (Oaks on Lamar)	88275ADN7	Public Offer	$ 15,780,846.69	#N/A N/A	AA+	#N/A N/A
2018 MF (Riverside Townhomes)	88275ADM9	Public Offer	$ 18,024,525.21	#N/A N/A	AA+	#N/A N/A
2018 A MF (Forestwood)	88275ADP2	Private Place	$ 19,485,224.58			
2018 B MF (Forestwood)	88275ADQ0	Private Place	$ -			
2019 MF A (Park Yellowstone)	88275LAA4	Public Offer	$ 12,215,058.76	#N/A N/A	AA+	#N/A N/A
2019 MF B (Park Yellowstone)	88275ADS6	Public Offer	$ -	#N/A N/A	NR	#N/A N/A
2019 MF Series A (Lago de Plata)	88275ADT4	Private Place	$ 13,495,000.00	#N/A N/A	#N/A N/A	#N/A N/A
2019 MF Series A (McMullen Square)		Private Place	$ 7,401,101.47			
2019 MF Series A (Northgate Village)	88275ADC9	Public Offer	$ 17,924,070.84	Aaa	#N/A N/A	#N/A N/A
2020 MF (Oaks on Clark)	88275LAB2	Public Offer	$ 9,497,719.71	#N/A N/A	#N/A N/A	#N/A N/A
2020 MF (Pines)	88275LAD8	Public Offer	$ 20,952,843.06	Aaa	#N/A N/A	#N/A N/A

2020 MF (333 Holly)	88275LAC0	Public Offer	$	35,048,392.77	Aaa	#N/A N/A	#N/A N/A
2020 MF (Scott Street Lofts)	88275ADX5	Public Offer	$	11,949,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2020 MF (The Walzem)		Private Place	$	19,077,830.22			
2020 MF (Pecan Grove)	88275ADY3	Public Offer	$	26,000,000.00			
2020 MF (Fishpond at Corpus Christi)	88275AEA4	Public Offer	$	10,000,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2021 MF (Montage)	88275AEB2	Private Place	$	31,000,000.00	#N/A N/A	#N/A N/A	#N/A N/A
2021 MF (Oso Bay)	88275AEC0	Public Offer	$	-	WR/WR	#N/A N/A	#N/A N/A
2021 MF (Bella Vista)	88275LAE6	Public Offer	$	14,442,274.20	Aaa	#N/A N/A	#N/A N/A
2021 MF (Crystal Falls Crossing)	88275LAF3	Public Offer	$	13,928,597.62	Aaa	#N/A N/A	#N/A N/A
2021 MF (Shiloh Village)	88275LAG1	Public Offer	$	21,180,292.10	Aaa	#N/A N/A	#N/A N/A
2021 MF (Ridgewood)	88275LAH9	Public Offer	$	38,600,654.40	Aaa	#N/A N/A	#N/A N/A
2021 MF (Pineview)	88275LAJ5	Public Offer	$	32,806,778.25	Aaa	#N/A N/A	#N/A N/A
2021 MF (Palladium Simpsom Stuart)	88275AED8	Public Offer	$	25,750,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2021 MF (Corona Del Valle)	88275AEE6	Public Offer	$	-	Aaa/WR	#N/A N/A	#N/A N/A
2021 SERIES (MEADOWBROOK)	88275AEF3	Private Place	$	30,000,000.00	#N/A N/A	#N/A N/A	#N/A N/A
2021 SERIES (PARK AT KIRKSTALL)	88275AEG1	Public Offer	$	26,750,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2022 SERIES (TORRINGTON ARCADIA TRAIL)		Private Place	$	31,000,000.00			
2022 SERIES (UNION ACRES)		Private Place	$	10,100,000.00			
2022 SERIES (SOCORRO VILLAGE)	88275AEH9	Public Offer	$	7,290,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2022 SERIES (PALLADIUM EAST BERRY)		Private Place	$	26,092,000.00			
2022 SERIES (PALLADIUM OAK GROVE)		Private Place	$	25,600,000.00			
2023 SERIES (THE RHETT)		Private Place	$	30,750,000.00			
2023 SERIES (PALLADIUM MCKINNEY)		Private Place	$	23,140,000.00			
2023 SERIES (NORTH GRAND VILLAS)	88275AEN6	Public Offer	$	12,246,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A
2023 SERIES (ASPEN PARK)	88275AEP1	Public Offer	$	23,709,000.00	Aaa/VMIG1	#N/A N/A	#N/A N/A

Total Bonds Outstanding $ 983,061,669.55

MULTI-FAMILY HOUSING NOTES PAYABLE

2016 (Garden City Apartments)	$	14,991,671.13
2016 (Gateway at Hutchins Apartments)	$	26,003,544.64
2016 (Mercantile Apts)	$	28,033,143.44
2018 (Preserve at Hunters Crossing)	$	12,739,627.14
2019 (Ventura at Hickory Tree)	$	27,170,000.00
2020 (Reserves at San Marcos)	$	41,000,000.00
2020 (Vermillion)	$	28,000,000.00
2020 (Granada Terrace)	$	11,521,612.55
2020 (Legacy Riverside Senior)	$	40,000,000.00
2021 (Murdeaux Villas)	$	35,000,000.00
2021 (Caroline Lofts)	$	18,188,676.20
2021 (Citadel)	$	15,000,000.00
2021 (Fiji Lofts)	$	23,849,000.00
2022 (ChampionsCrossing)	$	13,948,696.02
2022 (380 Villas)	$	33,555,000.00
2022 (Marine Park)	$	15,666,116.66
2023 (Worthington Point)	$	30,860,000.00
2023 (Terrace at Highland Hills)	$	50,000,000.00
2023 (Crossing at Clear Creek)	$	45,000,000.00

Total Notes Outstanding $ 510,527,087.78

Bonds/Notes Rated in the Highest Category (Aaa OR AAA) $ 464,041,196.92

Bonds/Notes NOT Rated in the Highest Category (Aaa OR AAA) $ 1,029,547,560.41

File #: 445 **Agenda Date:** 12/7/2023 **Agenda #:** 15.

Executive Director's Report

ORAL PRESENTATION

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 461 **Agenda Date:** 12/7/2023 **Agenda #:** 16.

Report on the Meeting of the Internal Audit and Finance Committee

File #: 472 **Agenda Date:** 12/7/2023 **Agenda #:** 17.

Presentation, Discussion and Possible Action on approval of the Fiscal Year 2024 Internal Audit Work Plan.

RECOMMENDED ACTION

WHEREAS, the Tex. Gov't Code §2306.073 (b), the Internal Auditing Act and audit standards require the Department's Governing Board to approve an annual audit work plan that outlines the internal audit projects planned for the fiscal year; and

WHEREAS, the Audit and Finance Committee of the Board recommends approval of the work plan;

NOW, therefore, it is hereby

RESOLVED, the internal audit work plan for Fiscal Year 2024 is approved as presented.

BACKGROUND

The annual internal audit work plan is required by the Tex. Gov't Code §2306.073 (b), the Texas Internal Auditing Act (Tex. Gov't Code Chapter 2102) and by the International Standards for the Professional Practice of Internal Auditing (Standards). The plan is prepared by the internal auditor based on an agency-wide risk assessment as well as input from the Department's Governing Board and executive management. The plan identifies the individual audits to be conducted during Fiscal Year 2024. The plan also outlines other planned activities that will be performed by the Internal Audit Division.

Texas Department of Housing and Community Affairs
Office of Internal Audit
Audit Plan for Fiscal Year 2024

Statutory and Professional Standards Requirement

The Texas Internal Auditing Act (Texas Government Code, §2102.005) requires state agencies to conduct a program of internal auditing. The *International Standards for the Professional Practice of Internal Auditing (IA Standards)* define Internal Auditing as an "independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

The Texas Government Code and the *IA Standards* require internal auditors to develop an annual audit plan, using risk assessment techniques, that identifies individual audits to be conducted during the year. The Code requires that the plan be approved by the state agency's governing board or by its administrator, if the agency has no governing board.

The program of internal auditing is carried out by the Office of Internal Audit (OIA) which serves at the direction of the Governing Board. The OIA has prepared this audit plan for consideration and approval by the Governing Board.

Development of the Annual Audit Plan

The Fiscal Year 2024 plan is designed to cover areas of highest risk to the State and the agency; however, it does not cover all risks. TDHCA management should utilize internal controls and other appropriate methodologies to mitigate residual risks not covered by the audit plan.

The annual audit plan was developed using a risk based methodology which included:

- Obtaining management's and the Governing Board's perspectives through surveys and discussions.
- Consulting with the State Auditor's Office and other oversight bodies.
- Reviewing prior TDHCA meeting minutes, audit report findings and recommendations, and budgetary information.
- Evaluating information about key agency business areas, processes, and systems.
- Considering input from internal audit staff.
- Utilizing a matrix whereby identified auditable units were ranked according to standard risk factors.

The budgeted hours for all projects are based on two staff auditors and the Director of Internal Audit.

Projects for Fiscal Year 2024 Annual Audit Plan

We have identified the following projects for inclusion in the 2024 Annual Audit Plan based on our annual risk assessment of the auditable units. The project numbers are for identification purposes and may not correspond to the order in which the projects are performed. Also included below is a brief description of functions to be reviewed.

<u>New Audit Projects:</u>

1. Program Services

Program Services Section facilitates adherence to the rules regarding processing and completion of federal mandates and departmental requirements affecting a variety of programs administered by the Department. These mandates and requirements include: Environmental Review & Clearances, Employment opportunities for Low-Income People, Loan closings, Quality Assurance and federal funds. Compliance with federal mandates can affect release of funds and future program eligibility. This function rated high on the annual risk assessment due to lack of any prior audits, as well as recommendation for review from management.

2. Compliance Monitoring (Multifamily)

The Compliance Monitoring section of Compliance Division is responsible for long-term compliance with the multifamily housing programs funded by the TDHCA. Compliance monitors conduct reviews to evaluate compliance with income and rent limits as well as other requirements including social services and affirmative marketing. Compliance monitors conduct reviews at least once every three years. In addition, the Compliance Monitoring section reviews each property's Annual Owner's Compliance Reports as required under Chapter 2306 of the Texas Government Code and other federal regulations. The Compliance Monitoring section provides training for owners and managers.

This division rated high on the annual risk assessment due to its importance in ensuring compliance with applicable laws for multiple programs at TDHCA. The Compliance monitoring division was last audited to OIA in 2016.

Asset Management Division:

The Asset Management Division is responsible for monitoring and processing of all post-award activities for developments involving Housing Tax Credits, HOME funds, National and State Housing Trust Funds, and Neighborhood Stabilization Program (NSP) funds. The Post Award Activities manual outlines the procedures and instructions for completing activities including the 10% Test, Construction Status Reports, Cost Certification, LURA Origination, LURA Amendments, Application Amendments, and Ownership Transfers. The following three units rated high on the annual risk assessment due to lack of any prior audits, as well as their importance in ensuring proper processes and approval and for each state of the construction process.

3. Construction Status Report

Construction Status Reports must be submitted by all multifamily developments (HOME, NHTF, TCAP, 9% HTC, 4% HTC/BOND) that are currently in construction. The submission of construction status reports continues on a quarterly basis until the entire development is complete, and evidence of completion, which are Certificates of Occupancy for each building, AN AIA G704, or the Final AIA G702/3 or equivalent, is received by the Department.

4. Handling of Amendments and Transfers

The Asset Manager evaluates each amendment request and determines if the change constitutes a notification, requires Executive Director's approval, or is a change that must be approved by the TDHCA Board. Additional information may be requested by Department staff in order to properly evaluate and process the request.

5. Ownership Transfers

All multifamily Development Owners must provide written notice and a completed Ownership Transfer packet to the Department at least 45 calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development

6. Grant Accounting

This area is vital in performing proper accounting for the revenue and expenses related to grants. There is a high volume of transactions, some of which can be complex. This area has not undergone a recent internal audit.

Carry Over Project

Homeowner Assistance Fund (HAF); CliftonLarsonAllen LLP (CLA) selected to perform audit of Homeowner Assistance Funds program during fiscal Year 2023. OIA paused this audit to avoid any interference with CLA's reviews and audit. After conclusion of CLA's audit of HAF program OIA will evaluate and determine if a further review of the program is necessary.

Administrative and Statutory Projects:

- Review of TDHCA compliance with appropriation riders and other requirements of the Government Code
- Annual Audit Plan and reporting
- Annual tracking of the implementation status of prior audit recommendations
- Coordination and review of complaints related to possible Fraud, Waste, and Abuse

Consulting Projects and External Audit Coordination

Pursuant to the TDHCA internal audit charter, the OIA performs consulting activities for the agency. For fiscal year 2024, OIA is providing consulting services related to the new Grant Guidance in 2 CFR 200, as well as sub-recipient monitoring.

OIA also coordinates and advises on external audit activities.

Sincerely,

Mark Scott, CPA, CIA, CISA, CFE, MBA
Internal Audit Director

MS/NS

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 441 **Agenda Date:** 12/7/2023 **Agenda #:** 18.

Report and Presentation on TDHCA One-Time or Temporary Allocations - Pandemic Response and Other Initiatives

BACKGROUND

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

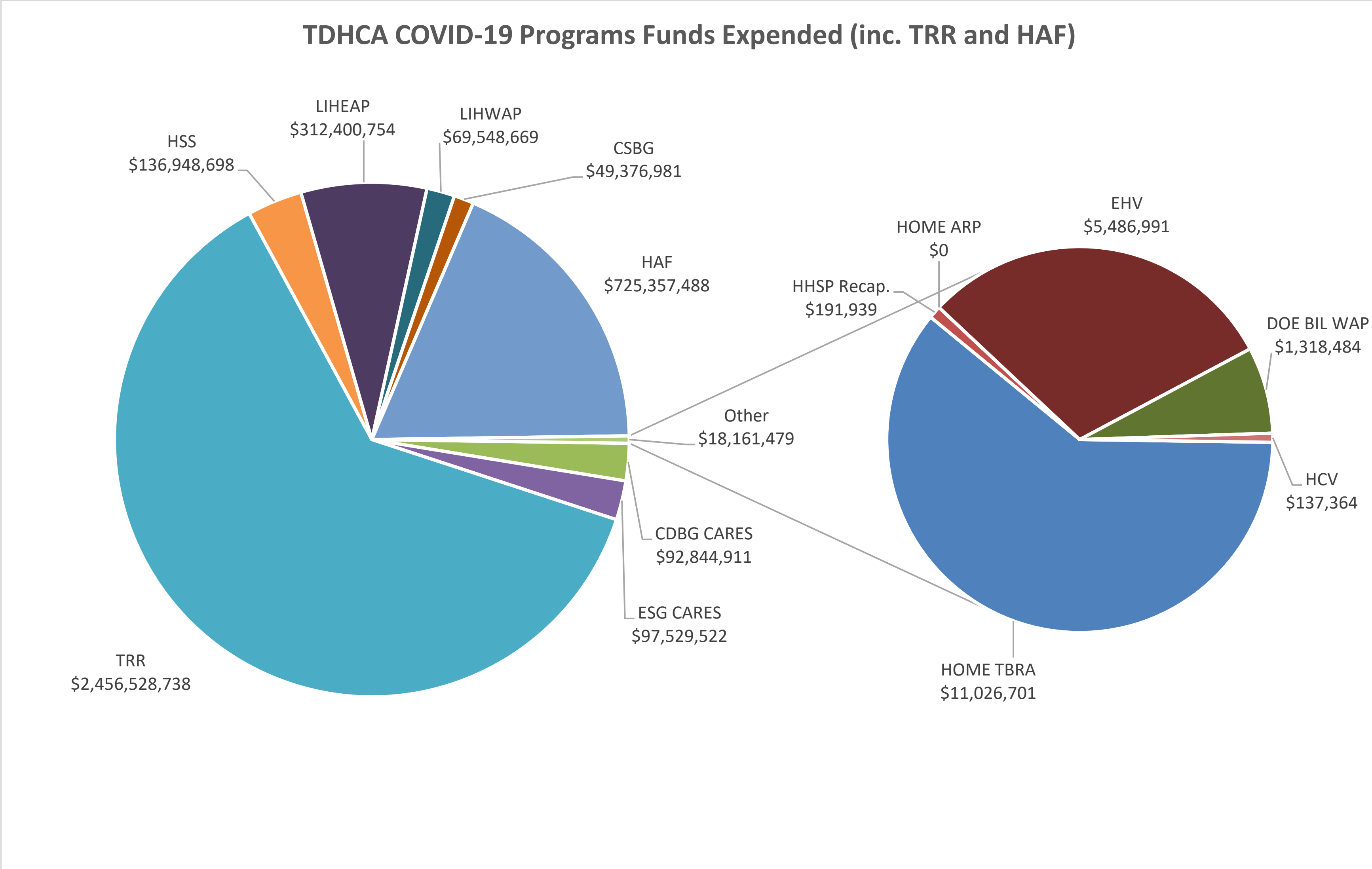
TDHCA One-Time or Temporary Allocations – Pandemic Response and Other Initiatives
Report for December 7, 2023

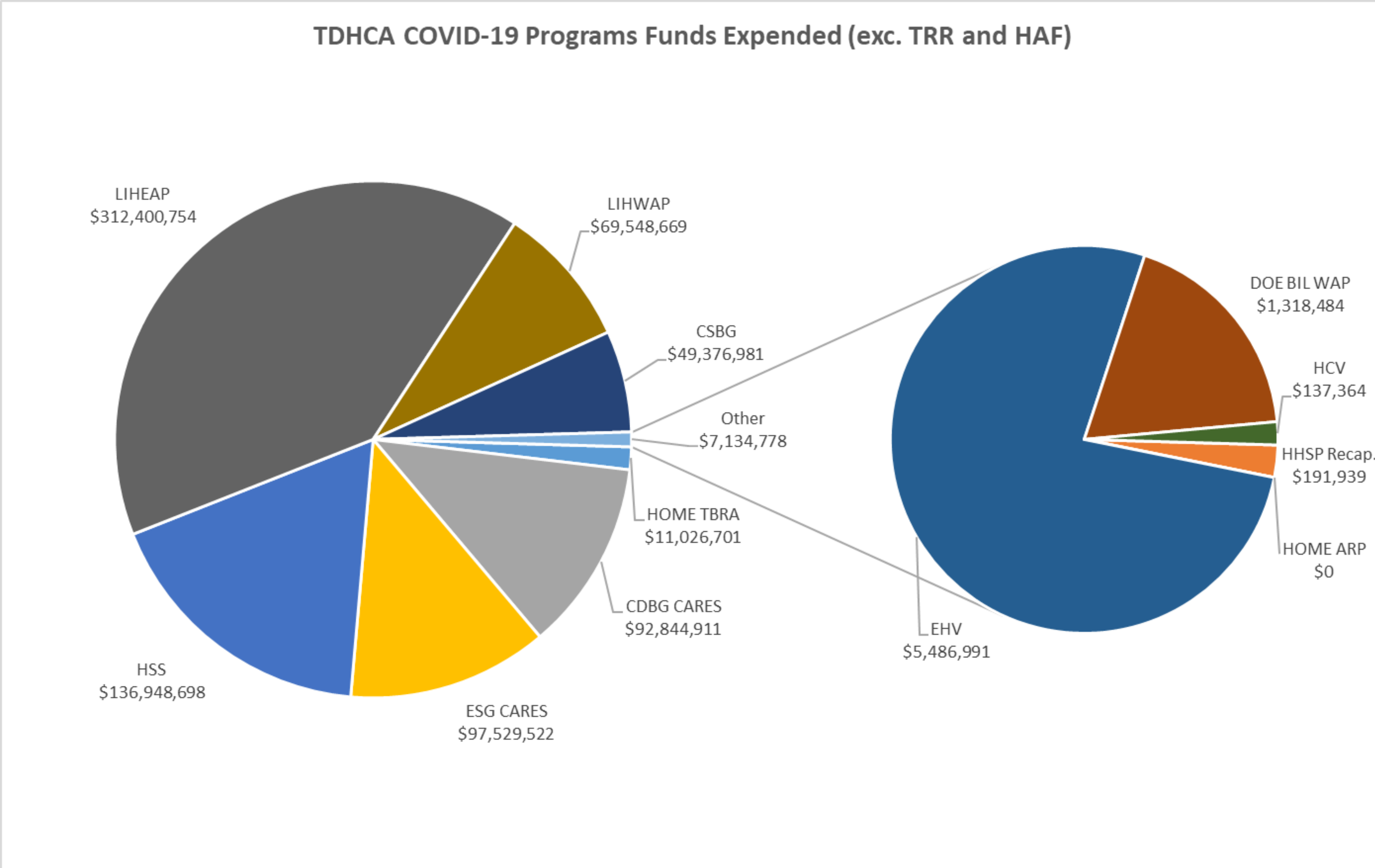
This report reflects one-time or temporary federally awarded allocations of funds, in addition to those funds focused specifically on the programs TDHCA has targeted to assist with Texas' response to COVID-19. Programs reflected include those that were reprogramming of existing funds and those awarded through the administration of federal bills. All completed programs are reported at the end of the report.

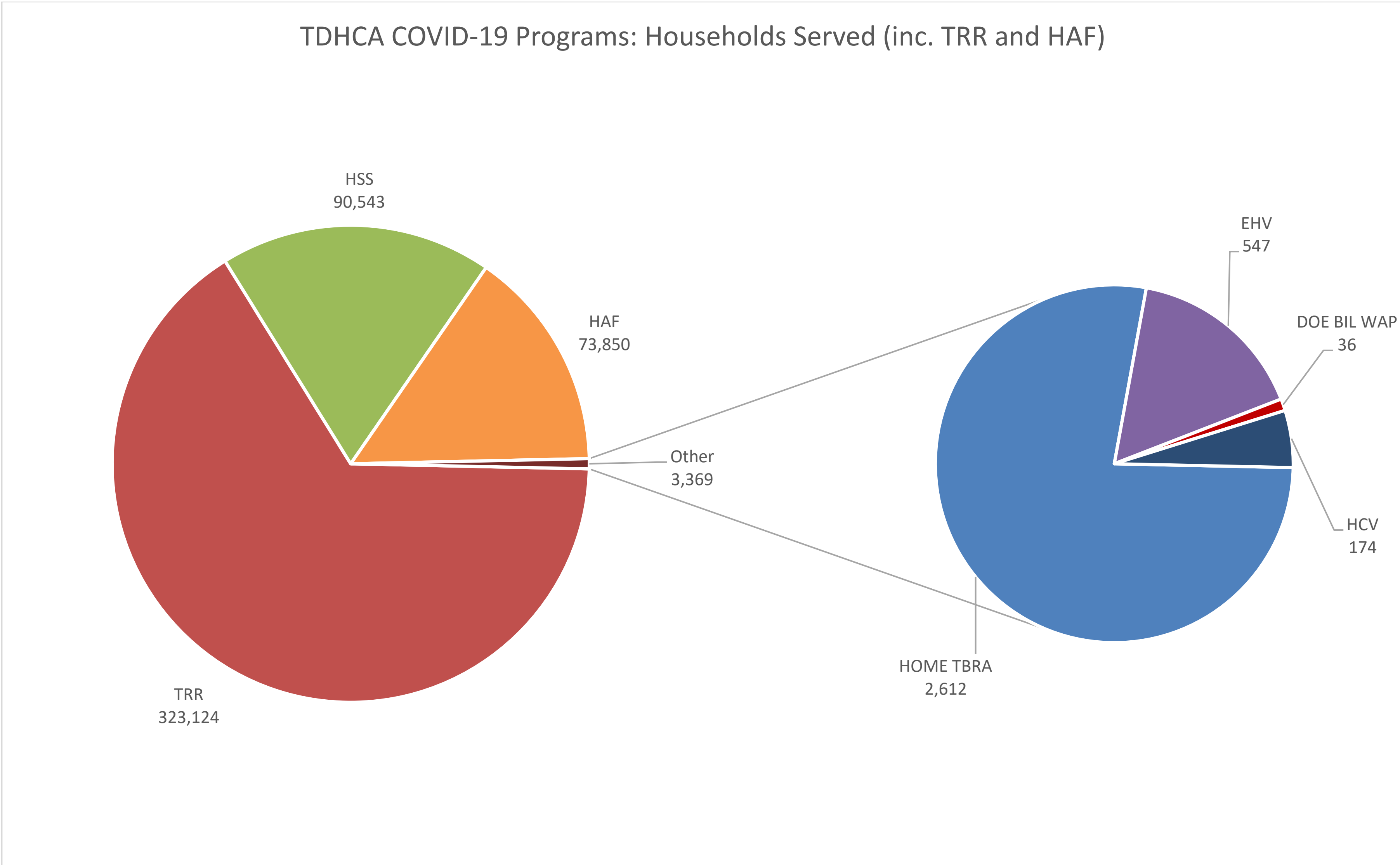
PERFORMANCE TO DATE ACROSS ALL OPEN AND CLOSED PROGRAMS

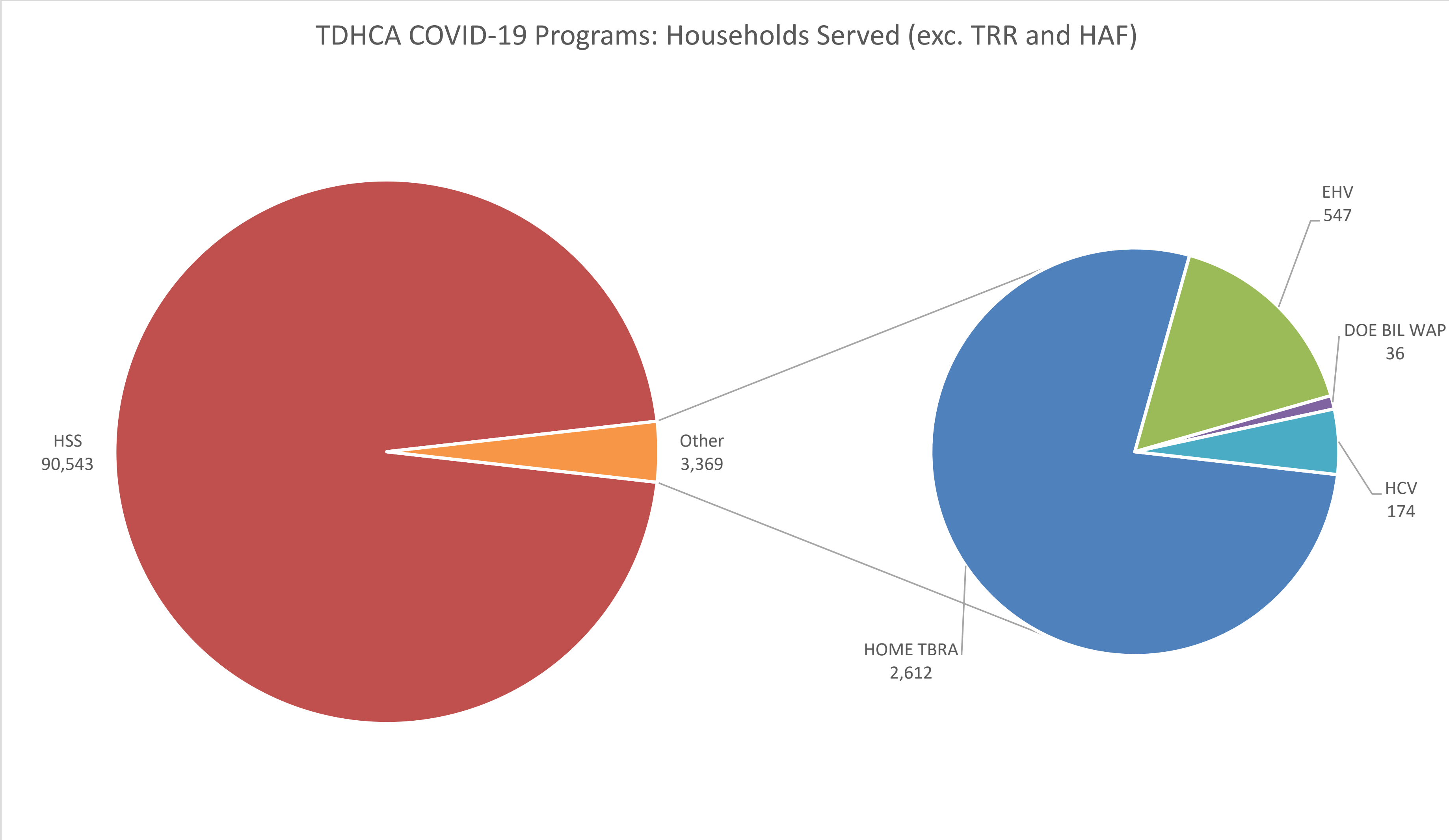
Cumulative Performance to Date Across All Programs Reported			
Total of All Funding	**Total Funds Obligated[1,2]**	**Total Funds Spent[1]**	**Total Served to Date[3,4,5,6]**
$4,620,927,150	**$4,263,568,620 (92.27%)**	**$3,958,697,240 (86%)**	**490,886 households 4,630,811 persons 229 units committed**

1. May include administrative funds obligated and expended. 2. For TRR and HAF, funds are only considered 'Obligated' when they are expended.3. Based on reporting requirements, some programs report households and some report persons. Persons reported above do not comprise the members of the households reported, but are separate persons assisted. 4. For comparability purposes, if the average Texas household size of 2.83 is applied to the number of households served and converted to an estimate of individuals, that estimate would be 1,389,207; when combined with the 4,630,811 of individuals reported that would result in an estimated 6,020,018 individuals assisted with these programs. 5. An additional 593,582 meals have been served through the HSS Program that are not otherwise reflected in either the count of households or persons served. 6. Units committed are from either HOME-ARP or ERA Multifamily development funds.


TDHCA COVID-19 Programs Funds Expended (inc. TRR and HAF)
HSS
$136,948,698
LIHEAP
$312,400,754
LIHWAP
$69,548,669
CSBG
$49,376,981
HAF
$725,357,488
Other
$18,161,479
CDBG CARES
$92,844,911
ESG CARES
$97,529,522
TRR
$2,456,528,738
HOME ARP
$0
EHV
$5,486,991
HHSP Recap.
$191,939
DOE BIL WAP
$1,318,484
HCV
$137,364
HOME TBRA
$11,026,701


TDHCA COVID-19 Programs Funds Expended (exc. TRR and HAF)
LIHEAP
$312,400,754
LIHWAP
$69,548,669
CSBG
$49,376,981
Other
$7,134,778
HOME TBRA
$11,026,701
CDBG CARES
$92,844,911
ESG CARES
$97,529,522
HSS
$136,948,698
DOE BIL WAP
$1,318,484
HCV
$137,364
HHSP Recap.
$191,939
HOME ARP
$0
EHV
$5,486,991


TDHCA COVID-19 Programs: Households Served (inc. TRR and HAF)
HSS
90,543
HAF
73,850
Other
3,369
TRR
323,124
EHV
547
DOE BIL WAP
36
HCV
174
HOME TBRA
2,612


TDHCA COVID-19 Programs: Households Served (exc. TRR and HAF)
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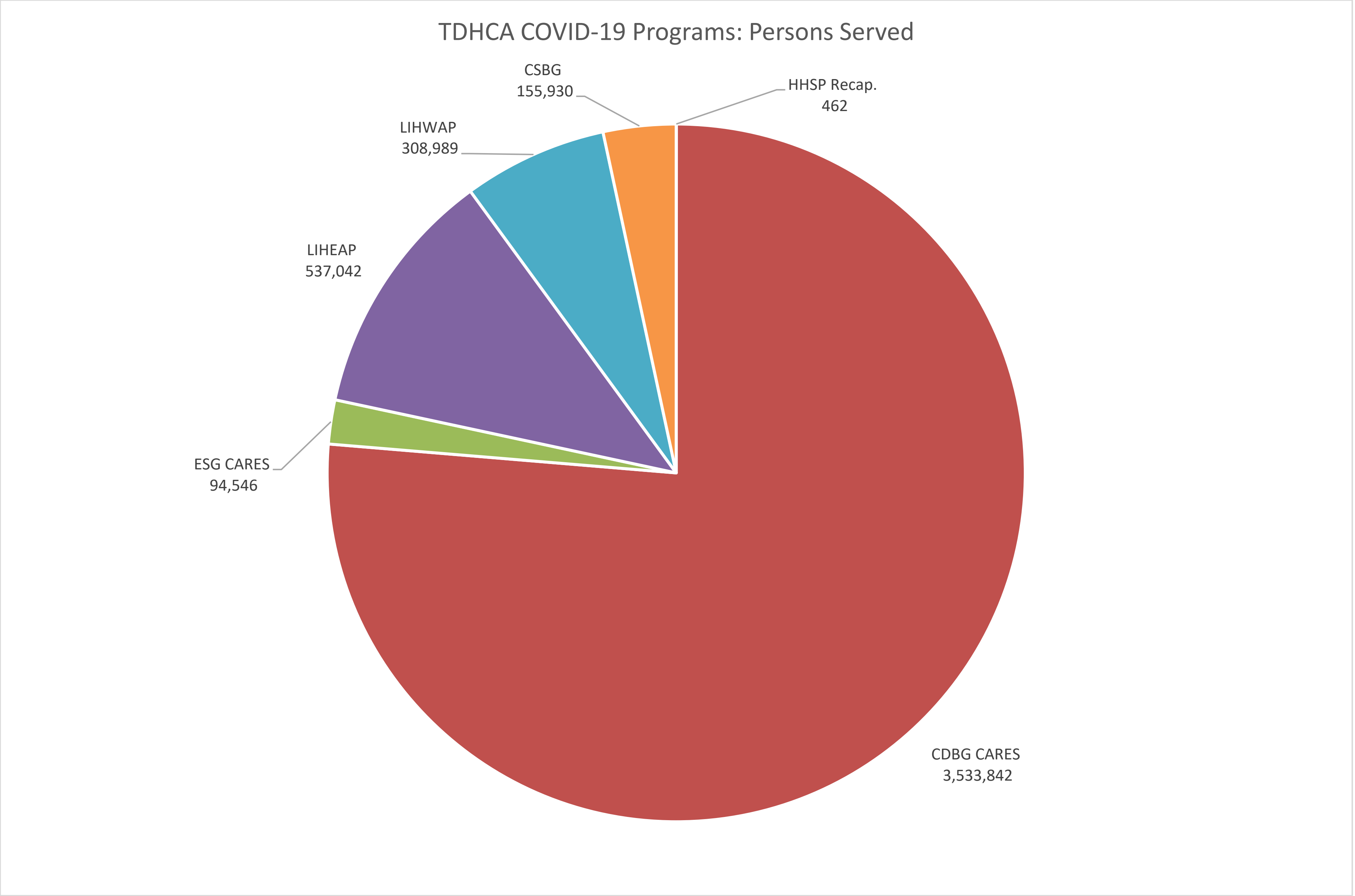

TDHCA COVID-19 Programs: Persons Served
CSBG
155,930
HHSP Recap.
462
LIHWAP
308,989
LIHEAP
537,042
ESG CARES
94,546
CDBG CARES
3,533,842

OPEN PROGRAMS

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CARES ACT FUNDS								
CDBG CARES – Phases I, II and III	Board approved general use of the funds for CDBG Phase I in April 2020 and Plan Amendments in October 2020, January 2021, and July 2021 Funds must be expended by November 3, 2026 90-day closeout period	Completed Activities: rental assistance in 40 cities/counties; mortgage payment assistance in 40 counties; legal services; assistance for providers of persons with disabilities; and food expenses. Pending remaining activity: community resiliency program (CRP). *See Also Attached Report.* *Geography:* Varies by activity type. *Income Eligibility:* For persons at or below 80% of AMI.	HUD agreement executed November 3, 2020. All Plan Amendments approved.	*See Attached Report.* In April 2023 HUD removed the requirement that 80% of funds must be expended by November 3, 2023. All CRP awards are now obligated into contracts.	8 positions filled. All FTES are Art. IX Up to 7% admin and TA budget ($9,484,238)	3,533,842 Persons	1st allocation: $40,000,886 2nd Allocation: $63,546,200 3rd Allocation: $38,299,172 Total: $141,846,258 $141,830,391* 99.99% $92,844,911* 65.45%	* Figure includes TDHCA admin funds.
ESG CARES – Phase 1 & 2	• ESG1 awards made July 23, 2020 and ESG2 awards made January 14, 2021 • Deadline to expend 80% by March 31, 2022 was removed by HUD; new benchmark for June 2022 has been met • Expend original allocation by September 30, 2023, except that TDHCA admin may be utilized through 12/31/2023 for close out • Expend any reallocated funds by June 30, 2024	• ESG1: Existing subs were offered funds. ESG Coordinators decided via local process for their CoC, in three areas without ESG Coordinators awards offered to CoC awardees (also used for Legal/ HMIS) • ESG2: Funding provided for Homelessness Prevention, Rapid Rehousing, HMIS, Street Outreach & Emergency Shelter • *Geography:* Locations of all funded grantees • *Income Eligibility*: 50% AMI for homeless prevention	TDHCA received a grant agreement for an additional $5,854,004 in reallocated funds; funds were awarded on March 9, 2023. These funds will expire June 30, 2024.	• 159 contracts executed: 25 active, 5 expired, 129 closed • Although a portion of ESG2 funds will be deobligated due to some sub-recipients not fully expending, the cumulative ESG CARES use of funds are expected to meet the benchmark, allowing deobligated funding to be reallocated to ESG3 awardees. (see Staffing and other Notes)	2 Art. IX FTE (2 FTEs have left and will not be replaced) Up to 5 % admin ($5,187,681) (cont. TDHCA may also continue to utilize ESG2 funds for administrative expenses through December, 2023.)	94,546 persons	$103,646,620 $103,634,196** 99.99% $97,529,522 ** 94.10%	**Figure includes TDHCA admin funds. (cont. The 6 CV3 contracts are on track to fully expend their funds by the June 30, 2024 deadline. The awards may be increased to reobligate remaining balances from closed ESG2 contracts that resulted in deobligated funds.)

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CORONAVIRUS RELIEF BILL – PART OF THE CONSOLIDATED APPROPRIATIONS ACT OF 2021								
Texas Rent Relief (TRR) Program (Funded with ERA1 and ERA2)	The program dedicates funds through Treasury specifically for rental and utility assistance. The first allocation (Consolidated Appropriations Act) is ERA1. The second allocation (American Rescue Plan Act, Section 3201) is ERA2. ERA1: All direct assistance was obligated by program deadline of December 29, 2022. Final report was submitted to Treasury in April, 2023. ERA2: Required to obligate all funds by September 30, 2025.	Program provides up to 18 months of rental and utility assistance including arrears. Households may reapply every 3 months. A portion of ERA funds are for Housing Stability Services (see following row). $11.5M of ERA2 funds were designated by the Board for other affordable rental housing which is being administered by TDHCA's Multifamily Direct Loans (MFDL) program. Established a 10% set-aside for eviction diversion; households facing eviction are prioritized for processing. Treasury has provided periodic updated FAQs as informal guidance. *Geography:* Statewide. *Income Eligibility:* For households at or <80% AMI.	*<u>Treasury Reallocation</u>*: To date, TRR has received $299.1M in reallocated funds from the Treasury and local/county programs in Texas.	After committing all remaining available assistance, TDHCA announced on July 7, 2023 that TRR was closing. As of October 6, 2023, TRR has made all final payments to approved households. Now that all direct assistance funds have been distributed, TRR staff will continue working on reconciliation, audit, reporting, and closeout. The Board has approved the first ERA award for affordable housing, $1.55M for Freedom's Path at Waco. Funds are administered by the MFDL program and are in the process of being contracted and closed.	TRR Positions filled include Director and 8 staff positions. Staffing also includes a separate team for the Housing Stability Services activity (see below). All FTES are Art. IX *Admin Allowed (All ERA)*: 10% ERA1 15% ERA2 $331,164,695	323,124 house-holds served*	<u>Total ERA Budget:</u> $2,689,725,564 <u>TRR Direct Assistance Expended*</u>: $2,221,318,459 <u>TRR Admin</u>: Total Available: $243,561,484 Obligated: $243,188,179 99.85% Expended**: $ 235,210,279 96.57% <u>Other ERA</u>: HSS: $213,345,621 (see row below) MFDL: $11,500,000	* Per internal report 11/14/23. Subject to some payment adjustments as staff continues to work on reconciliation and closeout. ** Per internal report as of 11/14/23. Expended admin funds are a subset of obligated admin funds.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Housing Stability Services (HSS) Program (funded by ERA1 and 2)	These funds are a subset of the ERA funds in the row above. A portion of the funds from ERA1 and ERA2 are authorized for housing stability. ERA1: All program funds were expended by the December 29, 2022, deadline and the final report was submitted to Treasury on April 27, 2023. ERA2: Must expend funds by September 30, 2025	Program provides funds to local communities or nonprofits for them to provide eligible Texans with a variety of services that help household maintain or obtain stable housing including legal services, outreach services, shelter services, community services, and services offered at permanent supportive housing properties. *Geography:* Available where Subrecipients are located. *Income Eligibility:* For households at or below 80% AMI. Any ERA1 and ERA2 funds reallocated by Treasury (as noted by TRR above) and allocated to HSS will be reflected in this row.	Treasury has provided periodic updated FAQs as informal program guidance. As guidance is released, HSS policies are adjusted.	ERA1: 28 Subrecipient contracts completed and closed. ERA2: 47 contracts executed with Subrecipients; MOU with TVC executed for SFY 2023-24. 18 Subrecipients were awarded both ERA1 and ERA2 contracts.	6 Art. IX FTEs plus support of 2 staff at TVC ERA1: $798,506.20 ERA2: $2,720,850.72	ERA 1 583,247 meals served ERA 1 43,051 house-holds ERA 2 10,335 meals served ERA 2 47,492 house-holds	Total* $213,345,621 HSS ERA1 Obligated and Expended $63,295,298.06 **100%** HSS ERA2 Obligated: $148,550,331 99.00% Expended*: $73,653,400 49.58%	*figure includes TDHCA Admin funds
Low-Income Household Water Assistance Program (LIHWAP1)	Part of the appropriation bill; provides dedicated funds through HHS for the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program Must obligate and expend funds by: March 31, 2024. This is an extension from the original deadline of September 30, 2023.	Program provides funds to assist low-income households by providing funds to owners/operators of public water and treatment systems to reduce arrearages charged. Funds are directed through the LIHEAP network of subs and a statewide program operated by a web-based vendor called Texas Utility Help. *Geography:* Statewide *Income Eligibility:* 150% federal poverty level	HHS approved TDHCA's LIHWAP Plan on October 22, 2021. HHS approved an extension to March 31, 2024.	33 contracts have been executed. Lubbock declined funds. Statewide availability of these funds through a web-based platform also began in July 2022.	3 Art. IX FTEs Admin 15% Any FTES will be Art. IX	141,880 persons	$51,801,876 $44,031,595 85%* $35,206,339 67.96%	$638M Nationally *Remaining 15% is for admin. All program funds are obligated.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
AMERICAN RESCUE PLAN (ARPA) – Public Law 117-2								
HOME ARP Program	Section 3205 of the American Rescue Plan. Dedicates funds through HUD allowing flexible uses that can include typical HOME activities as well as homeless services and non-congregate shelter Must expend funds by September 30, 2030	Funds are programmed for development of rental housing, development of non-congregate shelter, and operating costs/capacity building for eligible nonprofit organizations. *Geography:* Statewide for rental, and focused on high needs areas for non-congregate shelter. *Households Eligibility: (See Other Notes)*	The previous waiver from the Governor relating to limits on using the funds in rural areas allowed the funds to assist homeless persons in urban and rural areas.	Awarded $52.9 M in rental development, with $6.8 pending award. Awarded $3.3M in nonprofit capacity building/operating, with $0 remaining available, Non-congregate shelter Invitation to Apply pending. Funds obligated reflect executed contracts.	A HOME-ARP Division has been established, with six FTEs. All FTES are Art. IX 10% for admin/planning ($13,296,915)	229 rental units obligated	*$119,672,232 $36,589,846 31% $0 0%	*Excludes admin. Eligibility: homeless, at risk of homelessness, those fleeing Domestic Violence, populations with housing instability
LIHEAP ARP	Passed as Section 2911 of the American Rescue Plan, dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2023	99% of funds were programmed in April 2021 to CEAP subs using a modified formula; 1% for state admin. Some funds also have been directed to a statewide web-based vendor. *Geography*: Available statewide *Income Eligibility*: 150% of federal poverty level	None needed.	On March 1, 2022, flexibilities were granted. A statewide provider to provide CEAP ARP was selected in May 2022 and made funds available in July 2022; that provider closed its portal on September 15, 2023. Close out complete of subrecipients. Small amount of refunds due.	FTEs noted under CARES LIHEAP will be utilized for both allocations. .13% admin $181,532	201,743 persons	$134,407,308 $134,407,308 100% $132,252,630 98.40%	No changes to this program this month. $4.5B nationally.
LIHWAP2	Passed as Section 2912 of the American Rescue Plan, dedicates funds through HHS for home water costs Must obligate and expend funds by: March 31, 2024. This is an extension from the original deadline of September 30, 2023	See LIHWAP1 above. HHS will administer LIHWAP1 and 2 under one LIHWAP Plan. Because of the different funding sources, separate contracts will be required. *Geography:* Statewide *Income Eligibility:* TBD	Executed agreement for funds on April 22, 2021. HHS approved TDHCA's LIHWAP Plan on October 22, 2021. HHS approved an extension to March 31, 2024.	This allocation of funds was directed to the statewide provider.	FTEs noted under Appropriation Act LIHWAP will be utilized for both allocations. Admin: currently 14.43%	167,109 Persons	$40,597,082 $40,597,082 100% $34,342,330 84.59%	$500M Nationally

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Homeowner Assistance Fund (HAF)	Passed as section 3206 of the American Rescue Plan, dedicates funds through Treasury specifically for preventing mortgage delinquencies, defaults, foreclosures, loss of utilities and displacement. Must expend funds by September 30, 2026	The HAF Plan avoids displacement through giving assistance payments up to $65,000 per qualified household for: 1) Mortgage payments and mortgage reinstatement assistance including up to three months of full monthly payment assistance to qualified homeowners; 2) payments to resolve delinquent property charges, including past due property taxes, insurance premiums, condo and homeowner association fees, and cooperative maintenance or common charges; and 3) up to $10,000 in utility payment assistance (within the $65,000 cap).	Treasury approved the HAF Plan on January 28, 2022. Subsequent plan and budget amendments have been submitted and approval received. *Geography:* Statewide *Income Eligibility:* Household income at or below greater of 100% AMI or 100% of national median income.	The program became available statewide on March 2, 2022. Closure of the program to new applications occurred October 10, 2023. Applications in the system are now being reviewed and pending payment. Program will still take several months for that process, and then QA/QC, reconciliation and ramp down.	The HAF Division includes 15.75 FTEs. All FTES are Art. IX Up to 15% ($126,332,101) for admin Reduction in some program staff begins in December 2023	55,819 hholds	Total HAF Budget: $842,214,006 HAF Direct Assistance Expended: $646,071,136 76.71% HAF Admin: Total Available *: $94,657,686 Expended: $65,768,609 69.48% Other HAF Expended: Subrecipients: $13,517,743 (see row below)	$9.9B nationally.
HAF Subrecipient Activities	Program was originally funded for $30.5 million. $13 million has been returned to be used for HAF assistance to households, leaving current funding at $17.5 million. Must expend funds by September 30, 2026.	Program provides funds to local communities or nonprofits for them to provide one or more of three eligible types of assistance: 1) serve as an Intake Center to assist households in applying for HAF funds, 2) provide Housing Counseling Services, and/or 3) provide Legal Services related to Homeownership. *Geography:* Available where Subrecipients are located. *Income Eligibility:* Household income at or below greater of 100% AMI or 100% of national median income.	See above for HAF	23 Subrecipient agreements are active and providing housing counseling and legal services. 11 contracts will close by the end of CY23 leaving 9 active contracts in 2024. Final contract will end in May and close out in June.	HAF Subrecipient Activity Division has 5 FTEs, and 2 PTEs. Reduction in some program staff begins in December 2023	Intake 9,350 Legal Services 1,628 Housing Counsel 6,806 Forecl. Prevent. 247 Outreach Events 1,676	Total $17,505,970.10 Obligated: $16,699,756.30 97.11% Expended: $13,517,743.09 79.52%	

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Emergency Housing Vouchers (EHV)	Passed as Section 3202 of the American Rescue Plan, dedicates vouchers through HUD for emergency rental assistance. HUD authority to recapture begins 1 Year from Funding (if vouchers are unissued) As per PIH 2023-31, PHA must increase EHV utilization to 75% or greater and successfully report all EHV leases and issuances to HUD by February 15, 2024. Renewal Funds available for 'Occupied Units' through Sept. 30, 2030.	TDHCA was allocated 798 vouchers by HUD. The award includes funds for the vouchers ($7,933,560) plus funds to provide services ($2,793,000) and funds for admin ($763,788). Vouchers are for households who are: (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless. *Geography*: Balance of State Continuum of Care counties underserved by an EHV-awarded PHA, Heart of Texas Homeless Coalition service area and Tarrant County Homeless Coalition (TCHC) service area *Income Eligibility*: Not to exceed 50% of AMI	Waivers authorized by HUD have expired. TDHCA was able to maximize the use of these waivers, assisting households that normally would not be offered a voucher. TDHCA updated its PHA Admin Plan to reflect our plan for the service fee (see last column) and other program elements.	Executed contracts with all CoC partners: the Heart of Texas Homeless Coalition, Texas Homeless Network (the Balance of State CoC), and Tarrant County Homeless Coalition (TCHC). Vouchers Issued: 744 Vouchers on the Street: 141 Housed: 547 Vouchers Declined after issuance: 56 Note that with rental assistance programs, funds expend fairly slowly as they are only drawn and expended as rent for the eligible household is paid each month. This is an expected level of financial activity for the number housed.	Program is being administered by the Section 8 area. 4 new positions are now in place. All paid for by EHV Admin and CSBG Admin. FTES are Art. IX	547 of 798 Housed 69%	Total $11,490,348 Rent Payments Avail: $7,933,560 HAP Obligated: $4,059,510 51.17% HAP Expended: $4,057,710 51.15% Service Contracts Avail: $2,793,000 Obligated: $2,793,000 100% Expended: $1,429,281 51.17%	$5 billion Nationally A service fee of $3,500 per unit is authorized separate from the rental assistance payment. The fee total is not tied to each voucher, but is a combined total of funds for services. Services may include: housing search assistance; deposits, holding fees, and application fees; owner-related uses; and other eligible uses.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
INFRASTRUCTURE INVESTMENT AND JOBS ACT – Public Law 117-58								
LIHEAP IIJA*	Passed as Section 501 of the Infrastructure Investment and Jobs Act (PL 117-58), dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2026	Funds nationally to be released in annual increments of $100 million each year for the next 5 years. These funds will be made available to each state as part of its annual LIHEAP allocation; the Department therefore will handle these as part of our annual allocation. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	None needed.	On March 1, 2022, flexibilities were granted. The statewide provider has been the recipient of these funds to date. That provider closed its portal on September 15, 2023. To date, two annual allocations have been received in the amounts of $7,532,384 and $9,627,413	FTEs noted under CARES LIHEAP will be utilized for both allocations.	18,983 persons	Estimated 5-Year Total*: $37,661,920 Received by TDHCA: $17,159,797 Obligated: $17,159,797 Of Rcvd: 100% Of 5–Year: 46% Expended: $15,486,768 Of Rcvd: 90.25% Of 5-Year: 41.12%	$500 million nationally *Note that the funds will only become available annually, therefore expenditure will be reflected slowly over 5 Years.
BIL WAP (Bipartisan Infrastructure Law Weatherization Assistance Program)	Passed as Section 40551 of the Infrastructure Investment and Jobs Act (Public Law 117-58), dedicates funds through Department of Energy for home weatherization. Law has no date by which funds must be expended; DOE strongly recommends activities be completed within 5 years of receipt of the funds.	Single family and multifamily weatherization of units. Additional restrictions added to the program through the bill beyond typical DOE WAP include Davis-Bacon, Buy American, NEPA, etc. In addition, DOE has applied several Administration priorities, including a focus on workforce development and Diversity in delivering funds. Because this award amount is more than 20 times the typical annual DOE award, Board granted authority in December 2021 to procure a statewide DOE WAP vendor to augment the work of the network. *Geography*: Available statewide *Income Eligibility*: 200% of poverty	None needed at this time.	In September 2022 DOE directed TDHCA to proceed with release of its 5-Year Plan for public comment. Staff had obtained Board authority to do so in May 2022. The Plan has now been approved. Statewide subrecipient Request for Applications has been released. Network subrecipient contracts for the first half of funds are now executed.	4 Current FTE's $11,349,839 6.55% Admin	36 hholds	$173,162,598* Obligated: $30,183,967 17.43% Expended: $1,318,484 0.76%	*$142,944,233 for Program and $30,218,365 for Training and TA 15% of grant made available initially As of March 23, 2023 50% of the grant is available

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CONTINUING APPROPRIATIONS ACT, 2023 – Public Law 117-180								
LIHEAP (23CR) Supplemental Funding	Passed as an additional contribution to the 2023 LIHEAP allocation through the *Continuing Appropriations Act (CR), 2023* (Public Law 117-180), dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2024	Funds nationally of an additional $1 billion added to the annual 2023 allocation. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	None needed.	On March 1, 2022, flexibilities were granted. A statewide provider to provide LIHEAP was selected in May 2022 and made funds available in July 2022. That statewide provider has been used for these funds as well. That provider closed its portal on September 15, 2023.	FTEs noted under CARES LIHEAP, and regular non-temporary LIHEAP, will be utilized.	65,279 persons	Total $84,732,886 $82,190,900 97% $56,546,468 66.73%	$1 billion nationally
LIHEAP (23CR) Supplemental Disaster Funding	Passed as an additional contribution to the 2023 LIHEAP allocation through the *Continuing Appropriations Act (CR), 2023* (Public Law 117-180), dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2024	*Geography*: Available statewide *Income Eligibility*: 150% of poverty	None needed.	On March 1, 2022, flexibilities were granted. A statewide provider to provide LIHEAP was selected in May 2022 and made funds available in July 2022. That statewide provider has been used for these funds as well. That provider closed its portal on September 15, 2023.	FTEs noted under CARES LIHEAP, and regular non-temporary LIHEAP, will be utilized.	69,822 persons	Total $55,322,964 55,322,964 100% $44,216,470 79.92%	$1 billion nationally

CLOSED /COMPLETED PROGRAMS

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)	Other Notes
EARLY REPROGRAMMING OF EXISTING TDHCA PROGRAM FUNDS								
HOME Program Tenant Based Rental Assistance (TBRA) for COVID-19 DR	NA: Reservation Agreements	Program provided 3-6 months of rental assistance through existing or new HOME subrecipients. *Geography:* Was available where subrecipients applied. 23 administrators covered 120 counties *Income Eligibility:* Households at or below 80% AMFI based on current circumstances	All necessary waivers for this activity were authorized by the OOG and HUD via HUD's mega-waiver of April 10, 2020. HUD waivers were extended by HUD in December 2020 to expire September 30, 2021.	**COMPLETED** **100% expended**	No added TDHCA staffing No added admin funds	2,612 house-holds	$11,026,701* $11,026,701 100% $11,026,701 100%	* Total Program Funding was originally authorized up to $11,290,076. Ultimately 97.7% of that ($11,026,701) was obligated and utilized.
Reprogram 2019 and 2020 CSBG Discretionary and Admin. Funds	• Board approval March 2020 • Recipients contracts were effective March 26, 2020 • Expenditure Deadline was August 31, 2020	Used the existing network of Community Action Agencies to provide direct client assistance to low income households economically impacted by COVID-19 *Geography*: Available statewide (excluding CWCCP and CSI) *Income Eligibility*: 200% poverty (normally is 125%)	None	**COMPLETED** 100% expended	No added TDHCA staffing No added admin funds	9,468 persons	$1,434,352 1,434,352 100% $1,434,352 100%	38 CAA subs
Recaptured 2018/2019 HHSP	• Board approval March 2020 • 2018 had to be spent by August 31, 2020; 2019 had to be spent by December 31, 2020	Allow subrecipients to perform HHSP eligible activities in addressing homelessness and those at risk of homelessness *Geography*: Available 9 largest metro areas *Income Eligibility*: Generally 30% AMFI if applicable	Approval from Comptroller granted	**COMPLETED** 100% expended	No added TDHCA staffing No added admin funds	462 persons	$191,939.53 $191,939.53 100% $191,939.53 100%	9 subs

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)	Other Notes
CARES ACT FUNDS								
LIHEAP CARES	• Board approved April 2020 • Expend deadline was Sept. 30, 2021 • 45 day closeout period	99% to CEAP subs for households affected by COVID-19; 1% for state admin (no weatherization) *Geography*: Available statewide *Income Eligibility*: 150% of poverty	The flexibilities allowed by USHHS were accepted	**COMPLETED**	1 Art. IX FTE for CEAP TA/capacity (1 Filled) 1% admin ($892,670)	181,215 persons	$94,023,896 $93,483,658 99% $63,898,418 68% **FINAL**	An estimated $29,676,554 was not expended by subrecipients by the deadline. Unused funds were returned to HHS.
Housing Choice Voucher Program Admin	Expend deadline was Dec. 31, 2021 • 1st Award: $117,268 • 2nd Award: $140,871	• Software upgrades with Housing Pro to allow more efficient remote interface • Landlord incentive payments • Ordered 3 tablets for inspections • October 2020 Board approved use of funds for retention payments to existing owners to ensure their ongoing participation in the program	Received HUD interpretation that using funds for software upgrades are acceptable. $11,620 was paid for the system purchase.	**COMPLETED***	No added TDHCA staffing.	142 Land-lord renewals 17 new landlords added	$258,139 $83,700 32.42% $83,700 32.42% **FINAL**	* $174,439 of admin was returned to HUD. Funds were not allowed to be used for direct household assistance nor were there higher admin expenses.
Housing Choice Voucher Program MVP	Had to issue vouchers by December 31, 2021. Orig. Allocation: $105,034*	15 additional MVP vouchers consistent with our award of MVP, which for TDHCA is for Project Access households. Received award from HUD. Issued the 15 vouchers on May 22, 2020. All 15 were leased.	None needed.	**COMPLETED** 100% of vouchers utilized	No added TDHCA staffing. No added admin funds.	15 families	$110,302 HAP Paid* $53,664 48.65% **FINAL**	Effective Dec. 31, 2021, the funding authority for the 15 housed families was rolled into TDHCA's regular yearly HAP authority.

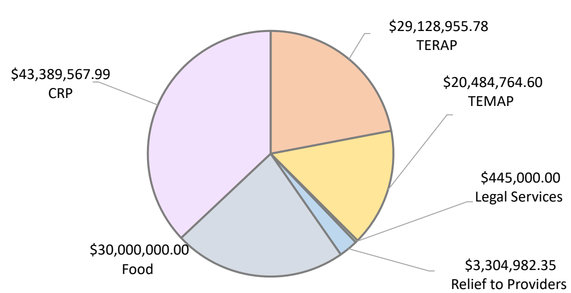
Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)	Other Notes
CSBG CARES	• Board approved April 2020 • Must expend 90% by August 31, 2022 • 45 day closeout period	90% to CAAs using regular CSBG formula for households affected by COVID-19; 2% ($949,120) to Texas Homeless Network (THN); 7% for an eviction diversion pilot program; 1% for state admin *Geography*: Available statewide *Income Eligibility*: 200% of poverty (normally is 125%)	The flexibilities allowed by USHHS have been accepted.	**COMPLETED** (reporting figures now final)	1 Art. IX FTE for CSBG reporting 1% admin ($474,560)	146,462 persons	$48,102,282 $48,102,282 **100%** $47,942,629 99.67% **FINAL***	40 CAA subs *Not 100% because of refunds received after program close-out.

As of November 15, 2023

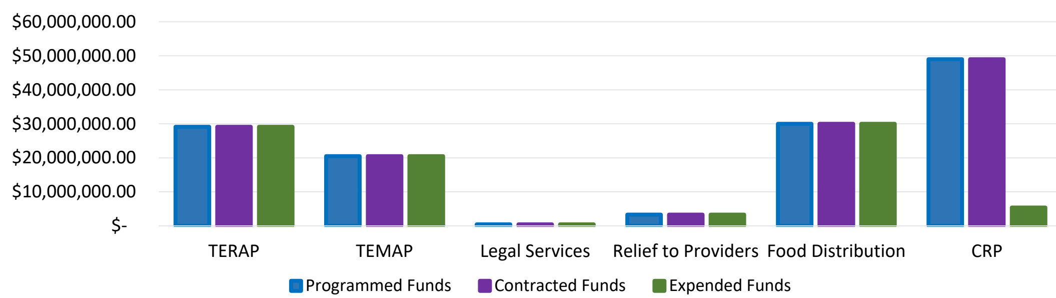
Texas Department of Housing and Community Affairs
CDBG CARES (Coronavirus Aid, Relief, and Economic Security) Act Programs

Texas Emergency Rental Assistance Program (TERAP)	Texas Emergency Mortgage Assistance Program (TEMAP)	Legal Services to Persons with Disabilities	Relief to Service Providers for Persons with Disabilities	Food Distribution	Community Resiliency Program
COMPLETED Rental assistance (up to six months, including arrears) to income-eligible households impacted by COVID-19 to help provide housing stability during the pandemic. Funds can also be used for eviction diversion, which provides rental assistance to tenants who have been sued for eviction. TERAP was initially funded for $33,981,073.89, however small amounts of funds have been unused or deobligated*.	**COMPLETED** Mortgage assistance (up to six months, including arrears) to income-eligible homeowners who have been economically impacted by COVID-19 to help provide housing stability during the pandemic.	**COMPLETED** Legal services assistance for persons with disabilities to obtain or retain housing as a result of COVID-19. Legal services include legal advice and legal representation by licensed attorneys in good standing with the State Bar of Texas.	**COMPLETED** Assistance to help providers continue serving residential persons with disabilities during the pandemic by reimbursing for allowable expenses undertaken to prevent, prepare for, or respond to COVID-19. Assistance was initially programmed for $5,000,000, but $1,695,017.65 was unused and deobligated by the administrator*.	**COMPLETED** Assistance to eligible food bank providers that have been economically impacted by COVID-19. Funds will be utilized to reimburse food banks for bulk food purchases to be distributed statewide.	Assistance to low- and moderate-income persons, and rural and small metro communities, to create, expand or enhance public facilities that provide medical care, social services, and/or emergency housing to prevent the transmission of COVID-19 and allow for adequate social distancing or remote access.
Start Date: January 15, 2021 **Persons Assisted:** 16,606	**Start Date:** June 15, 2021 **Persons Assisted to Date:** 11,777	**Start Date:** April 1, 2021 **Persons Assisted:** 750	**Start Date:** April 15, 2021 **Persons Assisted:** 3,592 **Providers Assisted:** 50	**Start Date:** October 1, 2021 **Persons Assisted:** 3,501,117	**Start Date:** May 2022
Program Administrators: 41 entitlement city and county governments throughout Texas	**Program Administrators:** 48 cities, counties and other local and regional service providers	**Program Administrator:** Disability Rights Texas	**Program Administrator:** My Health My Resources of Tarrant County	**Program Administrator:** Feeding Texas, a network of 21 member food banks	**Program Administrators:** 18 Non-Entitlement Communities throughout Texas
Service Area: 41 entitlement cities and counties	**Service area:** Statewide - All 254 counties in Texas	**Service area:** Statewide - All 254 counties in Texas	**Service area:** Statewide - All 254 counties in Texas	**Service area:** Statewide - All 254 counties in Texas	**Service Area:** Non-Entitlement communities in Texas
Programmed Funds: **$29,128,955.78**	**Programmed Funds:** **$20,484,764.60**	**Programmed Funds:** **$445,000.00**	**Programmed Funds:** **$3,304,982.35**	**Programmed Funds:** **$30,000,000.00**	**Programmed Funds:** **$48,982,450.61**
Contracted Funds: **$29,128,955.78**	**Contracted Funds:** **$20,484,764.60**	**Contracted Funds:** **$445,000.00**	**Contracted Funds:** **$3,304,982.35**	**Contracted Funds:** **$30,000,000.00**	**Contracted Funds:** **$48,982,450.61**
Expended Funds: **$29,128,955.78**	**Expended Funds:** **$20,484,764.60**	**Expended Funds:** **$445,000.00**	**Expended Funds:** **$3,304,982.35**	**Expended Funds:** **$30,000,000.00**	**Expended Funds:** **$5,393,721.28**

CDBG CARES Funds by Program



CDBG CARES Program Funds by Status



* In the case of funds unused by administrators or deobligated, funds will be reprogrammed and used for awards under the Community Resiliency Program or another existing program.

File #: 444	Agenda Date: 12/7/2023	Agenda #: 19.

Quarterly report relating to staff-issued Determination Notices for 2023 Non-competitive 4% Housing Tax Credit applications

BACKGROUND

The 4% Housing Tax Credit (HTC) applications are reviewed by program, underwriting, and compliance staff within an approximately 90-day period; and Determination Notices are issued once all reviews are complete and the underwriting report is posted to the Department's website. Applications are submitted at the beginning of each month and are then slated for a Determination Notice to be issued approximately 90 days later, which generally coincides with the Board meeting calendar, in order to provide internal and external expectations regarding the Determination Notice issuance date.

The 4% HTC applications listed in Exhibit A include those where the Determination Notice was issued administratively by staff. From September through November, staff has administratively issued eight Determination Notices. This represents 2,138 total units and $23,626,643 in annual 4% Housing Tax Credits.

2023 Application Log Summary

The 2023 Private Activity Bond (PAB) program has an annual ceiling amount of approximately $3.6 billion, and as of November 21, 2023, eligible requests total approximately $7.5 billion, with much of the requests coming from multifamily issuers that participated in the 2023 PAB Lottery. As of November 15, the last day of the calendar year to issue a bond reservation, there was $293 million in unreserved requests. The 2023 4% HTC Application Log is included as Exhibit B and reflects those applications that have been submitted to TDHCA from December 2022 through November 2023 in conjunction with the issuance of bond reservations from the Bond Review Board.

Currently, there are 16 applications under review for a total of 3,759 units. Additionally, reflected on the log are five applications that have been approved, and have had Determination Notices issued administratively, but have yet to close. Those approved applications represent total issuances of approximately $15 million in 4% Housing Tax Credits. Finally, the log also reflects the 37 applications that have closed on their respective bond allocations. Those projects that have closed represent 7,681 units, and approximately $82 million in 4% Housing Tax Credits. Altogether, when considering what has closed, been approved, and is currently active, the total number of units is 12,477.

Also reflected on the log are seven pre-applications that were submitted to TDHCA and added to the Department's waiting list for a bond reservation either for the 2023 or 2024 program year.

Finally, the log reflects those applications that were submitted to TDHCA, but subsequently withdrawn. This represented a total of 7,141 units. The reasoning behind these withdrawals were varied, but most commonly involved feasibility and timing concerns.

Exhibit A
4% Housing Tax Credit Recommended Applications

Application #	Development Information	Notice Issue Date	Units	Recommended HTC Amount	Bond Issuer & Priority Designation	PPR Category and Conditions
23461	Estates at Ferguson 9220 Ferguson Road City: Dallas County: Dallas New Construction Target Population: Elderly	September 18, 2023	164	$1,817,502	City of Dallas HFC Priority 2	Previously Approved
23457	South Plains Apartments 5520 58th Street City: Lubbock County: Lubbock Acquisition/Rehabilitation	September 22, 2023	244	$1,780,408	Lubbock HFC Priority 1B	Category 3 Approved with Conditions *1. The Applicant or the management company contracted by the Applicant is required to prepare or update its internal procedures to improve compliance outcomes and to provide copies of such new or updated procedures to the Department by **December 31, 2023.*** *2. Owner is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses to the Department for and on behalf of the proposed Development and all other Development subject to TDHCA LURAs over which the Owner has the power to exercise Control. The person(s) position title should be provided to the Department no later than **October 31, 2023.*** *3. Owner is required to ensure that agreed upon persons attend the trainings listed in subparagraphs (A) and (B) of this paragraph and provide TDHCA with certification of attendance or completion no later than **December 31, 2023**.*
23454	Brookside Gardens 3525 South Sam HoustonnParkway East City: Houston County: Harris Acquisition/Rehabilitation Target Population: General	September 25, 2023	240	$1,982,305	Lakeside Place PFC Priority 2	Previously Approved
23459	Santiago Estates SEC of Olivaris Blvd and Dionda Lane City: Austin County: Travis New Construction Target Population: General	October 3, 2023	300	$3,170,681	Strategic HFC of Travis County Priority 2/Traditional Carryforward	Category 2
23462	Norman Commons 3811 1/2 Tannehill Lane City: Austin County: Travis New Construction Target Population: General	October 3, 2023	156	$3,173,204	TSAHC Priority 3	Category 2
23453	The Life at Forest View 201 Hackberry Street City: Clute County: Brazoria Acquisition/Rehabilitation Target Population: General	October 19, 2023	520	$3,371,088	Texas Home Collaborative Priority 2	Previously Approved
23460	Bissonnet Apartments 12000 Bissonnet Street City: Houston County: Harris New Construction Target Population: General	October 20, 2023	264	$3,513,940	Lakeside Place PFC Priority 2	Previously Approved
23470	Northside Village 350 Highway 195 City: Georgetown County: Williamson New Construction Target Population: General	November 8, 2023	250	$4,817,515	Capital Area HFC Priority 2	Previously Approved
Totals for Recommended Applications			**2,138**	**$23,626,643.00**		

EXHIBIT B

4% (Non-Competitive) Housing Tax Credit Program
2023 Application Status Log

TDHCA #	Previous TDHCA #	Development Name	Development City	Construction Type	Board Meeting Date (MM/DD/YYYY)	Application Status	Total Units	Total Low-Income Units	Bond Reservation Amount	Requested HTC Amount	Recommend HTC Amount
23434	)3465; 2246(	Park at Humble	Houston	Acq/Rehab	11/10/2022	Closed	216	216	$ 35,000,000	$1,793,340	$ 1,788,376
23407		Summerdale Apartments	Houston	NC	4/13/2023	Closed	272	272	$ 38,000,000	$3,272,427	$ 3,270,300
23601		Palladium McKinney	McKinney	NC	5/11/2023	Closed	172	172	$ 40,000,000	$2,010,236	$ 2,010,236
23414		NHH Berry	Houston	NC	5/11/2023	Closed	220	220	$ 25,000,000	$2,295,985	$ 2,295,985
23412		Ellison Apartments	San Antonio	NC	5/11/2023	Closed	308	308	$ 43,000,000	$3,376,807	$ 3,286,582
23604	04486	The Worthington	Fort Worth	Acq/Rehab	5/11/2023	Closed	248	248	$ 30,860,000	$1,925,101	$ 1,925,101
23605		The Rhett	Austin	NC	5/11/2023	Closed	215	215	$ 35,000,000	$2,234,515	$ 2,234,515
23607	02029	North Grand Villas	Amarillo	Acq/Rehab	5/11/2023	Closed	144	144	$ 12,500,000	$990,398	$ 990,398
23401		Northill Manor	Fort Worth	Acq/Rehab	3/9/2023	Closed	101	100	$ 20,000,000	$1,194,935	$ 1,190,037
23425		The Rebekah	Austin	Acq/Rehab	6/15/2023	Closed	224	224	$ 45,000,000	$3,227,287	$ 3,227,229
23423		Cairn Point	Austin	NC	5/11/2023	Closed	150	150	$ 20,000,000	$1,481,293	$ 1,481,293
23610		The Crossing at Clear Creek	Dallas	NC	6/15/2023	Closed	264	264	$ 50,000,000	$4,221,814	$ 4,221,814
23609		The Terrace at Highland Hills	Dallas	NC	6/15/2023	Closed	300	300	$ 50,000,000	$4,639,833	$ 4,639,833
23432		Oaks of Bandera	Bandera	Acq/Rehab	6/15/2023	Closed	76	76	$ 25,000,000	$379,939	$ 379,939
23433		Trails at River Road	Boerne	Acq/Rehab	6/15/2023	Closed	107	107	$ 25,000,000	$394,581	$ 394,581
23424	03136	Tigoni Villas	San Antonio	Acq/Rehab	6/15/2023	Closed	140	140	$ 20,000,000	$946,702	$ 938,335
23426	94067	Canterbury Crossing	Abilene	Acq/Rehab	5/11/2023	Closed	304	304	$ 25,000,000	$1,887,825	$ 1,885,891
23430		Hillside Village	Longview	Acq/Rehab	6/15/2023	Closed	100	100	$ 11,000,000	$712,947	$ 706,949
23418		NHH Gray	Houston	NC	6/15/2023	Closed	135	135	$ 25,000,000	$1,901,513	$ 1,901,513
23420	03410	Rosemont at Ash Creek	Dallas	Acq/Rehab	6/15/2023	Closed	280	280	$ 45,000,000	$3,235,713	$ 3,207,846
23440		Palladium Crestway	San Antonio	NC	6/15/2023	Closed	271	271	$ 43,000,000	$2,822,661	$ 2,822,661
23437	060426	Costa Almadena	San Antonio	Acq/Rehab	7/6/2023	Closed	176	176	$ 25,000,000	$1,719,783	$ 1,716,333
23427		Kensington	Austin	Acq/Rehab	5/11/2023	Closed	136	136	$ 20,000,000	$1,379,222	$ 1,376,372
23443		The Preserve at Mustang Creek	Round Rock	NC	6/15/2023	Closed	252	252	$ 50,000,000	$2,562,616	$ 2,562,616
23413		Culebra Road Apartments	San Antonio	NC	4/13/2023	Closed	199	199	$ 28,500,000	$1,929,113	$ 1,929,113
23438		Juniper Creek	Austin	NC	5/11/2023	Closed	110	110	$ 26,000,000	$1,671,395	$ 1,671,395
23408		Sandy Creek	Bryan	Acq/Rehab	6/15/2023	Closed	140	140	$ 20,000,000	$917,170	$ 912,780
23428	01088	Eden Court/Place	Seguin	Acq/Rehab	5/11/2023	Closed	110	110	$ 16,000,000	$1,245,490	$ 1,245,490
23446		Seabrook Square	Austin	NC	6/15/2023	Closed	204	204	$ 50,000,000	$3,636,873	$ 3,636,614
23445		1518 Apartments	Schertz	NC	7/6/2023	Closed	300	300	$ 44,000,000	$3,651,980	$ 3,651,980
23421		The Positano	Dallas	Acq/Rehab	7/6/2023	Closed	232	232	$ 35,000,000	$2,414,020	$ 2,412,546
23444		Tobias Place	Fort Worth	NC	7/6/2023	Closed	288	288	$ 40,000,000	$3,780,582	$ 3,780,582
23454		Brookside Gardens	Houston	Acq/Rehab	7/6/2023	Closed	240	240	$ 37,500,000	$1,982,305	$ 1,969,889
23457	)4088/2242(	South Plains Apartments	Lubbock	Acq/Rehab	9/7/2023	Closed	244	243	$ 29,000,000	$1,780,818	$ 1,780,408
23606	2623/06062	Aspen Park	Houston	Acq/Rehab	6/15/2023	Closed	256	256	$ 24,000,000	$1,868,091	$ 1,868,091
23452		Daffan Flats	Austin	NC	7/6/2023	Closed	247	247	$ 45,000,000	$3,645,093	$ 3,645,093
23459		Santiago Estates	Austin	NC	9/7/2023	Closed	300	300	$ 60,000,000	$3,170,681	$ 3,170,681
							7681	**7679**	**$ 1,213,360,000**	**$82,301,084**	**$ 82,129,397**
23442		Oakwood Trails	Spring	NC	5/11/2023	Approved	203	203	$ 26,000,000	$2,393,859	$ 2,376,329
23460		Bissonnet Apartments	Houston	NC	9/7/2023	Approved	264	264	$ 40,000,000	$3,513,940	$ 3,513,940
23462		Norman Commons	Austin	NC	9/7/2023	Approved	156	156	$ 38,000,000	$3,173,204	$ 3,173,204
23461		Estates at Ferguson	Dallas	NC	10/12/2023	Approved	164	164	$ 25,000,000	$1,827,768	$ 1,817,502
23470		Northside Village	Georgetown	NC	11/9/2023	Approved	250	250	$ 50,000,000	$4,817,515	$ 4,817,515
							1037	**1037**	**$ 179,000,000**	**$15,726,286**	**$ 15,698,490**
23611		Palladium Old FM 471 W	San Antonio ETJ	NC	10/12/2023	Active	321	321	$ 37,850,000	$3,412,252	$ -
23472		Wellington Park	Houston	Acq/Rehab	11/9/2023	Active	244	244	$ 25,000,000	$1,416,823	$ -
23471		The Life at Beverly Palms	Pasadena	Acq/Rehab	11/9/2023	Active	308	308	$ 48,000,000	$2,576,177	$ -
23476		EMLI at Mesa Gardens	Houston	NC	12/7/2023	Active	300	300	$ 35,000,000	$3,033,482	$ -
23474		Kangle Southern Gardens	Houston	NC	12/7/2023	Active	180	145	$ 30,000,000	$1,314,630	$ -
23475	04222	The Mondello	Dallas	Acq/Rehab	12/7/2023	Active	150	150	$ 35,000,000	$1,640,877	$ -
23477		Blue Ridge Apartments	Austin	NC	12/7/2023	Active	321	321	$ 50,000,000	$3,540,996	$ -
23473		Kingswood	Austin	NC	12/7/2023	Active	328	328	$ 50,000,000	$4,989,178	$ -
23417		Taylor RAD	Taylor	Acq/Rehab	1/11/2024	Active	46	46	$ 15,000,000	$1,010,035	$ -
23441		Legacy Senior Residences SA	San Antonio	NC	1/11/2024	Active	180	180	$ 50,000,000	$1,981,088	$ -
23479		Creedmoor Farms	Creedmoor	NC	1/11/2024	Active	300	300	$ 38,800,000	$3,565,502	$ -
23482	22481	The Cesera	Garland	Acq/Rehab	1/11/2024	Active	204	204	$ 35,000,000	$2,206,821	$ -
23480	22470	Astoria Park	Amarillo	Acq/Rehab	2/8/2024	Active	164	164	$ 20,000,000	$857,503	$ -
23481		Landing on Orem	Houston	NC	2/8/2024	Active	369	369	$ 50,000,000	$3,864,362	$ -
23436	02421	Summit at Bennington	Houston	Acq/Rehab	6/15/2023	Active	248	248	$ 33,500,000	$2,361,742	$ -
23416		Remnant at Greenwood	McKinney	onstruction & Re	5/11/2023	Active	96	96	$ 30,000,000	$1,716,210	$ -
							3,759	**3,724**	**583,150,000**	**39,487,678**	**-**
					TOTAL		**12,477**	**12,440**	**$ 1,975,510,000**	**$137,515,048**	**$ 97,827,887**
23608		The Ridge at Loop 12	Dallas	NC	TBD	Pre-Application	300	285	TBD	$4,010,920	$ -
23612		Airport Commerce	Austin	NC	TBD	Pre-Application	164	164	TBD	$2,147,608	$ -
23613		Walnut Springs	Seguin	NC	TBD	Pre-Application	182	182	TBD	$2,609,742	$ -
23614		The Legacy at Five Mile	Dallas	NC	TBD	Pre-Application	240	240	TBD	$3,683,515	$ -
23615		Blue Ridge Apartments	Austin	NC	TBD	Pre-Application	363	363	TBD	$3,115,741	$ -

23616		Gulfway Manor	Corpus Christi	Acq/Rehab	TBD	Pre-Application	151	151		TBD	$1,855,105	$	-
23618		Palladium E Lancaster	Fort Worth	NC	TBD	Pre-Application	243	243		TBD	$2,809,281	$	-
							1,643	**1,628**		**-**	**20,231,912**		**-**
23603		West Houston Senior Living	Houston	NC	4/13/2023	Withdrawn	72	72	$	10,000,000	$396,539	$	-
23409		Blanco Basin	San Marcos	NC	5/11/2023	Withdrawn	200	200	$	35,000,000	$2,227,889	$	-
23600		The Reserves	Seagoville	NC	5/11/2023	Withdrawn	240	240	$	27,000,000	$2,380,017	$	-
23439		Oak Hill Lofts	Austin	NC	5/11/2023	Withdrawn	82	82	$	14,500,000	$715,058	$	-
23429		85 Ennis	Ennis	NC	6/15/2023	Withdrawn	252	252	$	40,000,000	$3,440,588	$	-
23441		Legacy Senior Residences SA	San Antonio	NC	6/15/2023	Withdrawn	180	180	$	50,000,000	$1,880,426	$	-
23419		Rosemont at Meadow Lane	Dallas	Acq/Rehab	5/11/2023	Withdrawn	264	264	$	45,000,000	$2,483,864	$	-
23450		Highpoint Village II	Wichita Falls	Acq/Rehab	6/15/2023	Withdrawn	144	144	$	35,000,000	$1,685,188	$	-
23400		The Life at Brighton Estates	Houston	Acq/Rehab	5/11/2023	Withdrawn	248	248	$	40,000,000	$2,164,519	$	-
23422	02479	Rosemont of Lancaster	Lancaster	Acq/Rehab	6/15/2023	Withdrawn	280	280	$	45,000,000	$2,656,819	$	-
23448		Country Park	Wichita Falls	Acq/Rehab	6/15/2023	Withdrawn	168	168	$	35,000,000	$1,415,101	$	-
23449		Highpoint Village I	Wichita Falls	Acq/Rehab	6/15/2023	Withdrawn	50	50	$	35,000,000	$548,269	$	-
23404		Juniper Landing	Texas City	NC	4/13/2023	Withdrawn	228	228	$	35,000,000	$2,546,051	$	2,546,051
23415	04412	Chisholm Trail	Houston	Acq/Rehab	4/13/2023	Withdrawn	228	228	$	34,000,000	$2,359,856	$	-
23403		Cattleman Square	San Antonio	NC	4/13/2023	Withdrawn	138	138	$	38,000,000	$1,672,703	$	-
23402		Legacy Senior Residences	Midland	NC	5/11/2023	Withdrawn	201	201	$	45,000,000	$1,489,446	$	-
23410		Winston/Roselawn	San Antonio	Acq/Rehab	5/11/2023	Withdrawn	208	208	$	25,000,000	$2,028,686	$	-
23411		Pecan Manor/Spanish Spur	San Antonio	Acq/Rehab	5/11/2023	Withdrawn	256	256	$	25,000,000	$2,303,933	$	-
23435		PDV Mariposa	Fredericksburg	NC	6/15/2023	Withdrawn	120	120	$	20,000,000	$1,405,790	$	-
23406		Robinhood Terrace	Brownsville	NC	6/15/2023	Withdrawn	236	236	$	30,000,000	$2,611,466	$	-
23445		The Ella	Lubbock	Acq/Rehab	6/15/2023	Withdrawn	152	152	$	25,000,000	$1,580,580	$	-
23431		Bernicia Place	Houston	NC	10/12/2023	Withdrawn	120	120	$	50,000,000	$1,862,687	$	-
23447		The Reserve at Anna	Anna	NC	7/6/2023	Withdrawn	199	199	$	32,000,000	$1,810,439	$	-
23468		Palladium Carver Living	Mesquite	NC	10/12/2023	Withdrawn	300	300	$	37,000,000	$3,305,049	$	-
23456		Palladium San Antonio	San Antonio	NC	9/7/2023	Withdrawn	288	288	$	43,000,000	$2,931,580	$	-
23458		Whisper Hills	San Marcos	NC	9/7/2023	Withdrawn	267	267	$	40,000,000	$2,578,545	$	-
23467		Westwood Plaza	San Antonio	Acq/Rehab	10/12/2023	Withdrawn	306	306	$	30,000,000	$2,718,951	$	-
23405		Progreso Heights	Progreso	NC	6/15/2023	Withdrawn	120	120	$	14,000,000	$1,007,705	$	-
23464		The Katy	Elgin	NC	12/7/2023	Withdrawn	150	150	$	35,000,000	$2,390,628	$	-
23478		Rock Island Riverfront	Dallas	NC	12/7/2023	Withdrawn	173	140	$	45,000,000	$2,096,700	$	-
23469		Palladium E Lancaster	Fort Worth	NC	10/12/2023	Withdrawn	243	243	$	35,000,000	$2,734,388	$	-
23465		The Life at Westland Estates	Fort Worth	NC	11/9/2023	Withdrawn	192	192	$	26,500,000	$1,933,868	$	-
23453		The Life at Forest View	Clute	Acq/Rehab	9/7/2023	Withdrawn	520	520	$	55,200,000	$3,371,088	$	3,173,204
23466	)1101, 0345(	The Life at Timber Ridge	Houston	Acq/Rehab	12/7/2023	Withdrawn	316	316	$	55,200,000	$2,793,979	$	-
							7141	**7108**					

File #: 454 **Agenda Date:** 12/7/2023 **Agenda #:** 20.

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Lalita Senior Living (HTC #22227)

RECOMMENDED ACTION

WHEREAS, Lalita Senior Living (Development) received an award of 9% Housing Tax Credits (HTCs) in 2022 for the new construction of 102 multifamily units, of which 86 units are low-income units, in Brownsville, Cameron County;

WHEREAS, VDC Minnesota Southmost, LP (Development Owner or Owner) requests approval for a reduction in the number of units from 102 to 78 with a decrease of 17 one-bedroom units, and decrease of seven two-bedroom units, which would result in a 22.28% reduction to the Net Rentable Area, from 87,873 square feet to 68,292 square feet;

WHEREAS, this change would result in a revision to the rent and income restrictions from nine units at 30% Area Median Income (AMI), 18 units at 50% AMI, 59 units at 60% AMI, and 16 units at market rate to eight units at 30% AMI, 16 units at 50% AMI, 54 units at 60% AMI, and zero units at market rate;

WHEREAS, the Owner also requests a significant modification of the architectural design, including elimination of one of two residential buildings, an increase in floors of the remaining residential building from three to four, a 20.79% decrease in the Common Area from 29,184 square feet to 23,116 square feet, a reduction in site area, and a reduction in the parking spaces;

WHEREAS, Board approval is required for a significant modification of the site plan, a modification to the number of units or bedroom mix of units, a reduction of 3% or more in the square footage of the units or common areas, a significant modification of the architectural design of the Development, and a modification of the residential density of the development of at least 5%, as directed in 10 TAC §10.405(a)(4)(A), (B), (D), and (E) and in Tex. Gov't Code §2306.6712(d)(1), (2), (4), and (5), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the amount of tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Lalita Senior Living is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Lalita Senior Living received a 9% HTC award in 2022 for the new construction of 102 multifamily units, of which 86 units are low-income units, in Brownsville, Cameron County. In a letter dated October 23, 2023, Sam Hagerty, counsel for the Development Owner, requested approval for a material amendment to reduce the number of units from 102 to 78 by decreasing the number of one-bedroom units by 17, and decreasing the number of two-bedroom units by seven from what was originally proposed in the Application. This change would result in a revision to the rent and income restrictions from nine units at 30% Area Median Income (AMI), 18 units at 50% AMI, 59 units at 60% AMI, and 16 units at market rent to eight units at 30% AMI, 16 units at 50% AMI, 54 units at 60% AMI, and zero units at market rent.

The change will also result in a significant modification of the architectural design. These changes include: reduction from two to one residential buildings; an increase from three floors to four floors for the remaining residential building; a reduction of 19,581 square feet (22.28%) in the Net Rentable Area from 87,873 to 68,292 square feet; a decrease of 6,068 square feet (20.79%) in the Common Area from 29,184 square feet to 23,116 square feet. Additionally, the number of parking spaces is reduced to 117 from the 154 identified at Application. Site area was reported to be 6.37 net acres at Application after an imputed 1.35 acre right of way dedication, and is now reported as 5.09 acres, after a planned 1.35 acre right of way dedication (6.44 acres before planned dedication), according to the revised site plan. This change in acreage will result in a 4.30% decrease to the residential density from 16.01 to 15.32 units per acre. The enclosed table compares the site plan of the Development at Application and the revised site plan after the amendment.

The Owner received a letter of continued support from the City Manager of Brownsville, as well as confirmation of support from their lender and investor.

The Owner states the reason for the requested changes is to reduce development costs to maintain feasibility, and indicates that, without reduction to the overall size, the Development is no longer feasible. The Owner cites increased construction costs, increased borrowing costs, and reduced equity pricing, and states that these factors were not foreseeable or preventable by Owner.

The Development was re-underwritten with the proposed amendment and revised financial information. The analysis supports no change to the HTC allocation and demonstrates the Development remains feasible. Staff also confirmed that the revised design plans and parking will continue to meet accessibility requirements. Additionally, staff reviewed the original Application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the selection of the Application in the competitive round.

Staff recommends approval of the amendment as presented herein.

<table>
<tr><th colspan="2">Material Alterations as defined in Tex. Gov’t Code §2306.6712(d)(1), (2), (4), and (5)
and 10 TAC §10.405(a)(4)(A), (B), (D), and (E)</th></tr>
<tr><td>Application</td><td>Amendment</td></tr>
<tr><td>
Acres: 6.37 (after imputed 1.35 acre ROW dedication; 7.72 acres before)

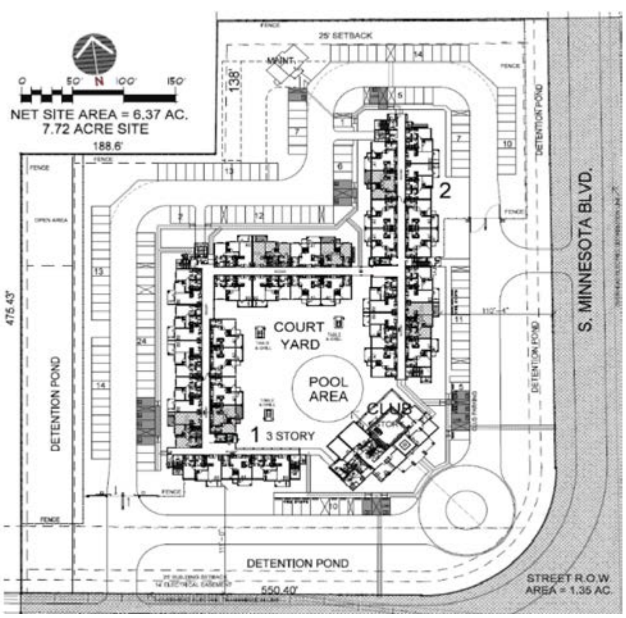
Residential Density: 16.01 units/acre

Unit Mix:
1BR/1BA – 51 units
2BR/2BA – 51 units
Total : 102 units

Net Rentable Area: 87,873 s.f.

Set Asides:
30% Units - 9
50% Units - 18
60% Units - 59
Market Units - 16
Total: 102 units

Parking Spaces: 154 surface parking spaces
Residential Buildings / Floors: Two / Three
Common Area: 29,184 s.f.



</td><td>
Acres: 5.09 (after 1.35 acre ROW dedication; 6.44 acres before)

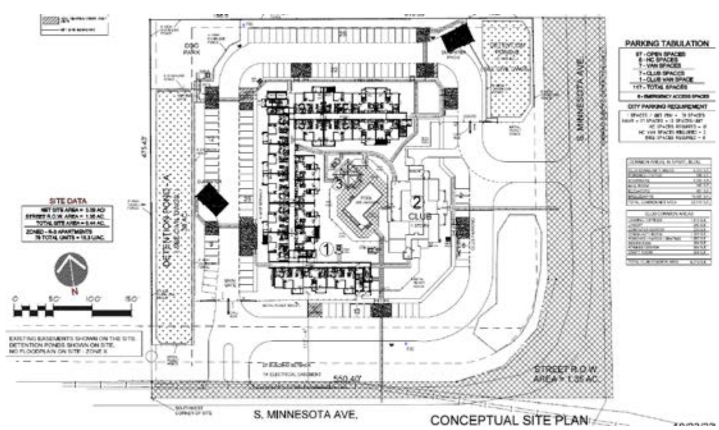
Residential Density: 15.32 units/acre (4.30% change)

Unit Mix:
1BR/1BA – 34 units, a decrease of 17 units
2BR/2BA – 44 units, a decrease of 7 units
Total: 78 units - a reduction of 24 units

Net Rentable Area: 68,292 s.f. (a 22.28% or 19,581 s.f. reduction)

Set Asides:
30% Units - 8
50% Units - 16
60% Units - 54
Market Units - 0
Total: 78 units

Parking Spaces: 117 surface parking spaces
Residential Buildings / Floors: One / Four
Common Area: 23,116 s.f. (20.79% or 6,068 s.f. reduction)



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Real Estate Analysis Division
November 6, 2023

Addendum to Underwriting Report

TDHCA Application #: **23828_22227** Program(s): **9% HTC**

Lalita Senior Living

Address/Location: NEQ of Minnesota Ave and Southmost Blvd

City: Brownsville County: Cameron Zip: 78521

	APPLICATION HISTORY
Report Date	**PURPOSE**
11/06/23	**9% HTC Amendment**
07/21/22	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,500,000				**$1,500,000**				

CONDITIONS STATUS

- Receipt and acceptance by Cost Certification:
  - Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
50% of AMI	50% of AMI	16
60% of AMI	60% of AMI	54

ANALYSIS

22227 Lalita Senior Living received a $1,500,000 LIHTC award from TDHCA in July 2022. The applicant has submitted an amendment request related to unforeseen increase in construction costs, interest rates, and a decrease in equity pricing, since the time of application.

The amendment includes decreasing the number of units from 102 to 78 (decrease of 24) by removing the previously proposed 16 market rate units and 8 HTC units from the application.

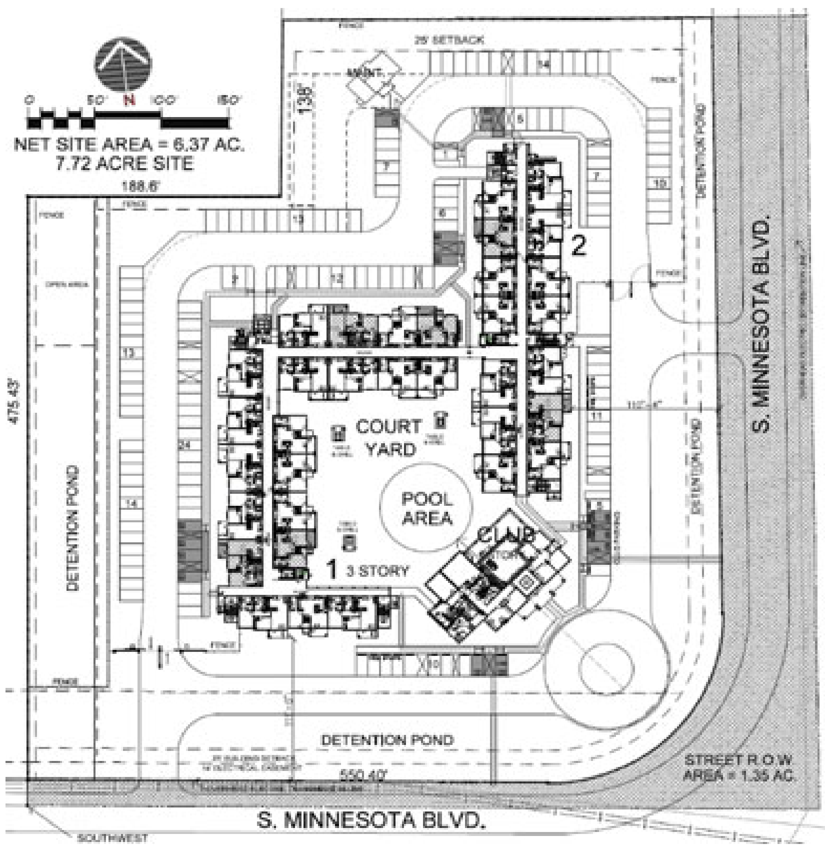
There will now be just one 4-story residential building instead of two 3-story buildings. This change reduced the total Net Rentable Area (NRA) by 19,581 SF. The total Common Area SF decreased by 6,068 SF.

Total parking has decreased from 154 spaces (original underwriting) to 117 spaces (decrease of 37). However, the project is still maintaining 1.5 spaces per unit parking ratio as per the original application.

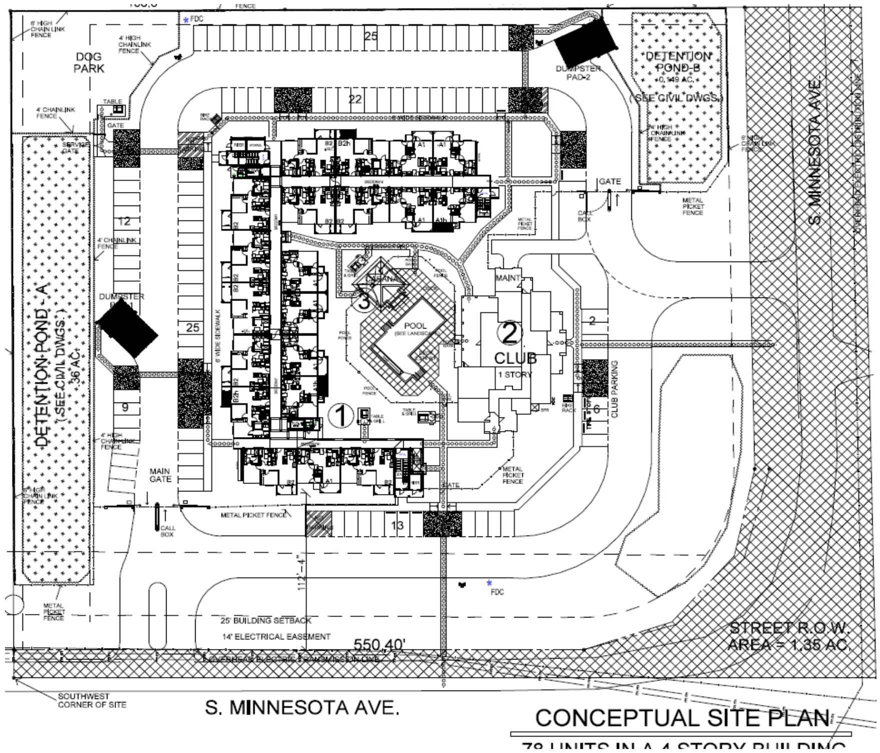
The amendment includes reducing the site acreage from 7.72 acres to 6.44 acres (decrease of 1.28). The total site is now 6.44 acres but there will be 1.35 acres dedicated for a Right-of-Way. The LURA is going to encumber the **5.09 acres**.

The density decreased from 16 units/acre to 15.3 units/acre.

OLD



NEW



Operating Pro Forma

The number of total units decreased from 102 to 78. Utility Allowances (UA) for one bedroom units increased from $57 to $69 and also increased for the two bedroom units from $74 to $91. Underwriter utilizing 2023 rents.

The applicant is using the UA schedule from the Housing Authority of the City of Brownsville, TX; Unit Type: **Energy Efficient Apartment**. The applicant confirmed that Energy Star appliances and energy efficient windows will be installed and will meet the standards of the Brownsville Housing Authority for purposes of qualifying to use their Energy Efficient UA.

Due to decrease in number of units, Effective Gross Income decreased by $128,338, Total Expenses decreased by $103,704 and as a result, Net Operating Income (NOI) decreased by $24,634. Expense per unit increased from $4,708 to $4,827.

The DCR decreased from a 1.27 to a 1.17.

Development Cost

The applicant's Building Costs have increased by $202,436 and Total Housing Development Costs have decreased by $823,700.

Applicant did not change the $324,200 of Off-Site costs.

Developer fee decreased by $362,224 from previous underwriting.

Site acquisition decreased by $25K by reducing the acreage.

The applicant provided a letter from Galaxy Builders, Ltd., indicating that they have reviewed the proposed construction budget included in the applicant's amendment package, and it appears reasonable. Based on the conceptual re-design of the project, they estimate project costs of around $12.2M.

Underwriter costed out the building using the updated Architectural Drawings and utilized Marshall & Swift's "good" base cost adjustment.

Underwriter adjusted $135,205 of P&P Bond (Eligible and Total) from Building Costs to the Other Financing Section - Performance Bonds line item.

Eligible Contingency is overstated by $22,694 and Eligible Contractor's fee is overstated by $3,175.

Sources of Funds

Construction loan decreased from $4M to $3,225,000 and the interest increased from 3.75% to 7.00%.

The permanent loan amount decreased by $775K. The interest rate increased from 5.25% to 7.35% that includes .35 basis points MIP fee.

The capital contribution decreased by $411,779 and the capital price went from $0.88 down to $0.8524.

The Deferred Developer Fee increased by $363,300. Deferred fee pays off in 14 years with a projected 15-Yr Cash Flow after Deferred Fee of $124,359.

Underwriter recommends an annual tax credit allocation of $1,500,000 as previously awarded.

Underwriter:	*Mario Castellanos*
Manager of Real Estate Analysis:	*Robert Castillo*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Lalita Senior Living, Brownsville, 9% HTC #23828_22227

LOCATION DATA	
CITY:	Brownsville
COUNTY:	Cameron
Area Median Income	$62,000
PROGRAM REGION:	11
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	34	43.6%	0	0
2	44	56.4%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**78**	**100.0%**	**-**	**-**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	876 sf

55% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	8	-	16	54	-	-	-	78
	% Total	0.0%	10.3%	0.0%	20.5%	69.2%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$405	4	1	1	752	$405	$69	$336	$0	$0.45	$336	**$1,344**	**$1,344**	$336	**$0.45**	**$0**	$1,025	$1.36	$1,025
TC 50%	$676	7	1	1	752	$676	$69	$607	$0	$0.81	$607	**$4,249**	**$4,249**	$607	**$0.81**	**$0**	$1,025	$1.36	$1,025
TC 60%	$811	23	1	1	752	$811	$69	$742	$0	$0.99	$742	**$17,066**	**$17,066**	$742	**$0.99**	**$0**	$1,025	$1.36	$1,025
TC 30%	$486	4	2	2	971	$486	$91	$395	$0	$0.41	$395	**$1,580**	**$1,580**	$395	**$0.41**	**$0**	$1,170	$1.20	$1,170
TC 50%	$811	9	2	2	971	$811	$91	$720	$0	$0.74	$720	**$6,480**	**$6,480**	$720	**$0.74**	**$0**	$1,170	$1.20	$1,170
TC 60%	$973	31	2	2	971	$973	$91	$882	$0	$0.91	$882	**$27,342**	**$27,342**	$882	**$0.91**	**$0**	$1,170	$1.20	$1,170
TOTALS/AVERAGES:		**78**			**68,292**				**$0**	**$0.85**	**$744**	**$58,061**	**$58,061**	**$744**	**$0.85**	**$0**	**$1,107**	**$1.26**	**$1,107**
ANNUAL POTENTIAL GROSS RENT:												**$696,732**	**$696,732**						

STABILIZED PRO FORMA

Lalita Senior Living, Brownsville, 9% HTC #23828_22227

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Cameron County		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.85	$744	$696,732	$826,836	$826,836	$696,732	$744	$0.85		0.0%	$0
late fees, phone , cable, laundry							$30.00	$28,080	36,720							
Total Secondary Income							$30.00			36,720	$28,080	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$724,812	$863,556	$863,556	$724,812				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(54,361)	(64,767)	(64,767)	(54,361)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$670,451	$798,789	$798,789	$670,451				0.0%	$0
General & Administrative	$26,965	$346/Unit	$35,368	$453	4.30%	$0.42	$369	$28,820	$35,980	$34,992	$26,965	$346	$0.39	4.02%	6.9%	1,855
Management	$25,842	4.6% EGI	$25,093	$322	5.00%	$0.49	$430	$33,523	$39,940	$39,939	$33,523	$430	$0.49	5.00%	0.0%	0
Payroll & Payroll Tax	$86,072	$1,103/Unit	$91,711	$1,176	13.61%	$1.34	$1,170	$91,230	$114,210	$112,556	$91,230	$1,170	$1.34	13.61%	0.0%	-
Repairs & Maintenance	$38,706	$496/Unit	$49,543	$635	7.40%	$0.73	$636	$49,622	$64,864	$66,300	$50,700	$650	$0.74	7.56%	-2.1%	(1,078)
Electric/Gas	$13,843	$177/Unit	$16,007	$205	2.41%	$0.24	$207	$16,128	$21,096	$17,954	$16,007	$205	$0.23	2.39%	0.8%	121
Water, Sewer, & Trash	$46,980	$602/Unit	$37,310	$478	6.26%	$0.61	$538	$41,952	$54,228	$47,314	$37,310	$478	$0.55	5.56%	12.4%	4,642
Property Insurance	$40,815	$0.60 /sf	$44,823	$575	4.84%	$0.47	$416	$32,438	$42,179	$53,374	$36,280	$465	$0.53	5.41%	-10.6%	(3,842)
Property Tax (@ 100%) 2.5700	$56,552	$725/Unit	$63,638	$816	8.98%	$0.88	$772	$60,200	$78,800	$81,255	$72,748	$933	$1.07	10.85%	-17.2%	(12,548)
Reserve for Replacements					2.91%	$0.29	$250	$19,500	$25,500	$25,500	$19,500	$250	$0.29	2.91%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.47%	$0.05	$40	$3,120	$3,440	$3,440	$3,120	$40	$0.05	0.47%	0.0%	-
TOTAL EXPENSES					**56.16%**	**$5.51**	**$4,827**	**$376,533**	$480,237	$482,623	**$387,383**	**$4,966**	**$5.67**	**57.78%**	**-2.8%**	**$ (10,850)**
NET OPERATING INCOME ("NOI")					**43.84%**	**$4.30**	**$3,768**	**$293,918**	$318,552	$316,166	**$283,068**	**$3,629**	**$4.14**	**42.22%**	**3.8%**	**$ 10,850**

CONTROLLABLE EXPENSES	$2,920/Unit		$2,849/Unit

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Lalita Senior Living, Brownsville, 9% HTC #23828_22227

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
PNC Bank, National Association HUD 221(d)(4)	0.35%	1.12	1.17	251,782	7.00%	40	40	$3,225,000	$4,000,000	$4,000,000	$3,225,000	40	40	7.00%	$251,781	1.17	19.2%
CASH FLOW DEBT / GRANTS																	
City of Brownsville		1.12	1.17		0.00%	0	0	$1,000	$1,000	$1,000	$1,000	0	0	0.00%		1.17	0.0%
				$251,782	TOTAL DEBT / GRANT SOURCES			$3,226,000	$4,001,000	$4,001,000	$3,226,000			TOTAL DEBT SERVICE	$251,781	1.17	19.3%
NET CASH FLOW		$31,286	$42,136								APPLICANT	NET OPERATING INCOME		$293,918	$42,137	NET CASH FLOW	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
PNC Bank, National Association	LIHTC Equity	76.3%	$1,500,000	$0.85	$12,786,000	$13,198,000	$13,198,000	$12,786,221	$0.8524	$1,500,000	76.3%	$19,231	Previous Allocation
VDC Lalita, LLC	Deferred Developer Fees	4.4%	(43% Deferred)		$741,988	$378,688	$378,688	$741,767	(43% Deferred)		4.4%	Total Developer Fee:	$1,717,650
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		80.7%			$13,527,988	$13,576,688	$13,576,688	$13,527,988			80.7%		
TOTAL CAPITALIZATION					$16,753,988	$17,577,688	$17,577,688	$16,753,988				15-Yr Cash Flow after Deferred Fee:	$124,359

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	New Const. Rehab			Total Costs	Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$1,350 / Unit	$105,323	$130,346	$130,346	$105,323	$1,350 / Unit				0.0%	$0
Off-Sites		$0		$4,156 / Unit	$324,200	$324,200	$324,200	$324,200	$4,156 / Unit				0.0%	$0
Site Work		$1,150,067		$14,744 / Unit	$1,150,067	$1,406,990	$1,406,990	$1,150,067	$14,744 / Unit		$1,150,067		0.0%	$0
Site Amenities		$427,500		$5,481 / Unit	$427,500	$469,500	$469,500	$427,500	$5,481 / Unit		$427,500		0.0%	$0
Building Cost		$6,048,622	$124.40 /sf	$108,916/Unit	$8,495,484	$8,293,048	$8,504,869	$7,950,068	$101,924/Unit	$116.41 /sf	$6,048,622		6.9%	$545,416
Contingency		$556,527	7.30%	5.35%	$556,527	$698,852	$698,852	$556,527	5.65%	7.00%	$533,833		0.0%	$0
Contractor Fees		$1,145,578	14.00%	10.46%	$1,145,578	$1,450,155	$1,450,155	$1,145,578	11.01%	14.00%	$1,142,403		0.0%	$0
Soft Costs	$0	$1,848,772		$23,702 / Unit	$1,848,772	$1,723,423	$1,723,423	$1,848,772	$23,702 / Unit		$1,848,772	$0	0.0%	$0
Financing	$0	$409,142		$8,087 / Unit	$630,787	$589,000	$589,000	$630,787	$8,087 / Unit		$409,142	$0	0.0%	$0
Developer Fee	$0	$1,717,650	14.82%	11.96%	$1,717,650	$2,079,874	$2,079,874	$1,717,650	12.44%	14.86%	$1,717,650	$0	0.0%	$0
Reserves				7 Months	$352,100	$412,300	$412,300	$352,100	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	$0	$13,303,858		$214,795 / Unit	$16,753,988	$17,577,688	$17,789,509	$16,208,572	$207,802 / Unit		$13,277,989	$0	3.4%	$545,416
Acquisition Cost	$0				$0	$0								
Contingency		($22,694)			$0	$0								
Contractor's Fee		($3,175)			$0	$0								
Financing Cost		$0												
Developer Fee	$0	$0			$0	$0								
Reserves					$0	$0								
ADJUSTED BASIS / COST	$0	$13,277,989		$214,795/unit	$16,753,988	$17,577,688	$17,789,509	$16,208,572	$207,802/unit		$13,277,989	$0	3.4%	$545,416

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): $16,753,988

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Lalita Senior Living, Brownsville, 9% HTC #23828_22227

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$13,277,989	$0	$13,277,989
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$13,277,989	$0	$13,277,989
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$17,261,386	$0	$17,261,386
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$17,261,386	$0	$17,261,386
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,553,525	$0	$1,553,525
CREDITS ON QUALIFIED BASIS	$1,553,525		$1,553,525	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8524	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,553,525	$13,242,474	----	----	----
Needed to Fill Gap	$1,587,019	$13,527,988	----	----	----
Previous Allocation	$1,500,000	$12,786,221	**$1,500,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)	68,292 SF	$93.28	6,370,407
Adjustments				
Exterior Wall Finish	2.40%		2.24	$152,890
Elderly	3.00%		2.80	191,112
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			1.14	78,000
Subfloor			0.22	15,195
Floor Cover			3.37	230,076
Breezeways	$30.44	13,927	6.21	424,007
Balconies	$29.84	8,288	3.62	247,326
Plumbing Fixtures	$1,090	132	2.11	143,880
Rough-ins	$535	156	1.22	83,460
Built-In Appliances	$1,880	78	2.15	146,640
Exterior Stairs	$2,460	9	0.32	22,140
Heating/Cooling			2.37	161,852
Storage Space	$30.44	1,867	0.83	56,841
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$96.02	4,439	6.24	426,219
Elevators	$150,400	2	4.40	300,800
Other: Mech., Mail, IT, Riser, Porches	$30.44	830	0.37	25,269
Fire Sprinklers	$2.88	88,525	3.73	254,952
SUBTOTAL			**136.63**	**9,331,066**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**136.63**	**$9,331,066**
Plans, specs, survey, bldg permits	3.30%		(4.51)	($307,925)
Contractor's OH & Profit	11.50%		(15.71)	(1,073,073)
NET BUILDING COSTS		$101,924/unit	$116.41/sf	$7,950,068

Long-Term Pro Forma

Lalita Senior Living, Brownsville, 9% HTC #23828_22227

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$670,451	$683,860	$697,537	$711,488	$725,718	$801,251	$884,646	$976,721	$1,078,379	$1,190,617	$1,314,537	$1,451,356
TOTAL EXPENSES	3.00%	$376,533	$387,494	$398,777	$410,391	$422,347	$487,613	$563,066	$650,307	$751,188	$867,857	$1,002,799	$1,158,891
NET OPERATING INCOME ("NOI")		**$293,918**	**$296,366**	**$298,761**	**$301,097**	**$303,371**	**$313,638**	**$321,580**	**$326,414**	**$327,190**	**$322,760**	**$311,739**	**$292,465**
EXPENSE/INCOME RATIO		56.2%	56.7%	57.2%	57.7%	58.2%	60.9%	63.6%	66.6%	69.7%	72.9%	76.3%	79.8%
MUST -PAY DEBT SERVICE													
PNC Bank, National Association HUD 221		$251,781	$251,728	$251,671	$251,610	$251,544	$251,137	$250,560	$249,742	$248,582	$246,939	$244,608	$241,305
TOTAL DEBT SERVICE		$251,781	$251,728	$251,671	$251,610	$251,544	$251,137	$250,560	$249,742	$248,582	$246,939	$244,608	$241,305
DEBT COVERAGE RATIO		1.17	1.18	1.19	1.20	1.21	1.25	1.28	1.31	1.32	1.31	1.27	1.21
ANNUAL CASH FLOW		**$42,137**	**$44,638**	**$47,090**	**$49,487**	**$51,827**	**$62,501**	**$71,020**	**$76,672**	**$78,608**	**$75,821**	**$67,131**	**$51,160**
Deferred Developer Fee Balance		$699,630	$654,992	$607,902	$558,415	$506,588	$214,697	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$124,359	$497,720	$888,562	$1,275,353	$1,631,010	$1,921,965

TDHCA
Cody Campbell
Director of Multifamily Programs
221 East 11th Street
Austin, TX 78701

October 23, 2023

RE: Amendment Request to 2022 Multifamily Uniform Application #22227 (the "Application") – Lalita Senior Living (the "Project")

Mr. Campbell:

Due to the unforeseen changes in construction costs, interest rates, and equity pricing that have occurred since submission of its original application, VDC Minnesota Southmost, LP respectfully submits the following amendment request for its Lalita Senior Living Application.

CURRENT PROJECT STATUS

In recent weeks, the Project received its firm commitment for HUD financing, secured plat approval, and permits were approved by the City of Brownsville for site work and utility installation. Unfortunately, due to the continued rise in construction costs, a spike in interest rates, and reduced tax credit pricing, the Project is no longer feasible as it is currently designed. Therefore, we are requesting approval from TDHCA to amend our Application as follows: a) reduce the number of units from 102 to 78 and adjust the design and site layout accordingly, b) revise the unit mix, and c) redesign the clubhouse.

We have received a letter of continued support from the City Manager of Brownsville, as well as engagement confirmations from our lender and investor groups who are in support of these revisions.

EXPLANATION OF UPDATES

Number of Units

We are proposing a reduction in the number of units from 102 to 78. All sixteen (16) market rate units will be eliminated, with the goal of preserving as many affordable units as possible. The total reduction in affordable units is eight (8), which is less than 10% from our original application. Further details on the AMI unit mix breakdown are provided in the table below.

	Original	Revised	Difference
30% Units	9	8	(1)
50% Units	18	16	(3)
60% Units	59	54	(4)
Market	16	0	(16)
	102	78	(24)

Design / Site Layout

One residential building has been eliminated with those units being stacked on the remaining building, taking it from 3-story to 4-story. The residential buildings will continue to be elevator-served and the number of elevators has not changed. The unit finishes and community amenities are the same as previously planned with the residents enjoying a clubhouse with pool, cabana, access to a social services manager, as well as business, laundry, and fitness facilities on-site. Community and unit amenities remain well above the required minimum thresholds with 21 community amenity points and 9 unit amenity points.

An implication of the layout change is a reduction in required land since the building footprint is smaller. The site acreage will be reduced by an estimated 1.28 acres, from 7.72 acres to 6.44 acres. After the property is platted, including a required public right-of-way dedication, the site acreage will be 5.09 acres and the resulting density is 15.3 units per acre (7.72 acres – 1.28 acres = 6.44, 6.44 minus 1.35 acres ROW = 5.09 acres 78/5.09 = 15.3 DUA) – the original Application reflected density of 13.2 DUA. The Project will maintain 1.5 spaces per unit parking ratio as per the original application.

Unit Mix

The unit mix will change from (51) 1-Bedroom Units and (51) 2-Bedroom Units to (34) 1-Bedroom Units and (44) 2-Bedroom Units (45% 1-BD and 55% 2-BD). The change in unit mix is driven by the way units stack within the residential structure.

Club Updates

The Clubhouse is proposed to be redesigned and reduced to 4,674 sft from 5,772 sft. The primary reduction in the clubhouse area is due to the elimination of the mail room and pool equipment room, as each of these spaces have been moved to other areas of the site to better serve residents. Modest adjustments were made to the Club layout to improve functionality after the removal of the noted areas. Additionally, adding a maintenance room adjoining the Club helps to reduce sitework, foundation, exterior finish, and roofing costs which would otherwise be incurred in constructing a separate maintenance building.

BASIS FOR CHANGE

Interest Rate Increases

At the time the original application was submitted the interest rate assumption for the construction loan was 3.75% with permanent debt financing at 5.25%. Current interest rate assumptions for construction and permanent financing are 7%, thus reducing the amount of debt the project can support.

Reduced Tax Credit Syndication Rate

The Syndication Rate has decreased to \$0.8525, while at Application the rate was at \$0.88. This has resulted in approximately a \$400,000 decrease in equity proceeds.

Hard Cost and Labor Cost Increases

The original construction budget was estimated to be $12,643,000 for 102 units ($123,950/unit), however, due to upward pressure on both materials and labor from subcontractors, the current construction estimate is $12,234,561 for 78 units ($156,853/unit). This represents an increase of 26% per unit in pricing estimates over the past 18 months. Without reductions in construction costs the project cannot be made solvent.

ADDITIONAL CONSIDERATIONS

To help make the project feasible, the developer proposes deferring additional Development Fee of $360,000, to over $740,000 in total. The original application reflected less than $380,000 as deferred development fee. This concession represents a significant, material component of funding allowing this Project to move forward.

CONCLUSION

This development is a much needed community for the senior citizens of Brownsville and the surrounding area. We do not believe that the cost increases, interest rate increases, or stresses faced by the equity market could have been foreseen or were preventable. The assumptions made for the application were reasonable and based on the best information available at the time.

Thank you for your time and consideration.

Helen Ramirez
City Manager

City of BROWNSVILLE Texas
On the Border, By the Sea and Beyond

Brownsville All-America City 2001 / 2014

October 17, 2023

TDHCA
Cody Campbell
221 East 11th Street
Austin, Texas 78701

RE: Lalita Senior Living – TDHCA Amendment Application

Dear Mr. Campbell,

I write this letter on behalf of the City of Brownsville and its continued support for the Lalita Senior Living community, to be located at 2150 S. Minnesota Avenue in Brownsville, Texas.

Discussions with the developer reveal that higher interest rates and increased construction costs have resulted in the need to decrease the construction budget by an overall reduction in the number of units.

The City of Brownsville recognizes the demand for safe, clean, affordable housing for all members of the community, especially older residents. We believe this development will help meet the affordable housing need for citizens of modest means. We kindly ask that the Board approve the amendment request so the project may proceed.

Sincerely,

Helen Ramirez, AICP
City Manager

PNC REAL ESTATE

October 20, 2023

Daniel Hendren
Development Manager |
VERSA Development, LLC
4733 College Park, Ste. 200, San Antonio, TX 78249

RE: Lalita Apartments Development Changes

Daniel:

I wanted to let you know that we are aware of the changes that are taking place with Lalita Apartments in order to adapt to the changing construction cost and interest rate markets. The property will now be developed as an 78-unit complex instead of 102 as originally planned. For the purposes of the loan we are in support of this change as it is a reflection of the environment and working towards completing an important affordable housing development. We are fully engaged to make the changes and keep the loan process moving smoothly to a loan closing with minimal time lost.

If you have any questions regarding the information or the remaining PNC loan process please do not hesitate to call me at (415) 733-1533.

Thank You,

Mark S. Ragsdale
Senior Vice President
PNC Real Estate

File #: 455 **Agenda Date:** 12/7/2023 **Agenda #:** 21.

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for 380 Villas (HTC #22609)

RECOMMENDED ACTION

WHEREAS, 380 Villas (the Development) received an award of 4% Housing Tax Credits (HTCs), a multifamily direct loan, and private activity bonds for the new construction of 220 multifamily units in McKinney, Collin County;

WHEREAS, SDC Throckmorton Villas, LP (the Development Owner or Owner) requests approval for a material amendment to the Application for an increase to the number of units from 220 to 260;

WHEREAS, Board approval is required for a modification of the number of units or bedroom mix of units, a significant modification of the architectural design of the Development, and for a modification of the residential density of at least 5%, as directed in Tex. Gov't Code §2306.6712 (d)(2), (5), and (6) and 10 TAC §10.405(a)(4)(B), (E), and (F), and the Owner has complied with the amendment requirements therein;

WHEREAS, Board approval of this amendment does not constitute a waiver of any of the rules or statutes applicable to the 2022 HTC Application, including but not limited to the accessibility requirements stated in Chapter 1, Subchapter B; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or change the amount of the tax credits awarded prior to cost certification;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for 380 Villas is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing; and

FURTHER RESOLVED, that following staff's review of the cost certification, if the amount of tax credits determined to be necessary as required by §42(m)(2)(D) exceeds 120% of the amount of tax credits reflected in the Determination Notice, an increase not to exceed 120% of the HTC amount estimated in the underwriting analysis for this amendment is hereby approved under 10 TAC §10.401(d), and will require no further Board action but will require the Owner to pay the fee under 10 TAC §11.901(8).

BACKGROUND

380 Villas received a 4% HTC award, a multifamily direct loan, and private activity bonds in 2022 to construct 220 affordable units in McKinney, Collin County. In a letter dated November 4, 2022, Joseph Agumadu, representative for the Owner, requested approval for an increase to the total number of units from 220 to 260. As originally proposed, the Development would have 11 buildings and 12,000 square feet of retail space, and this proposed amendment is to add a 12th building and replace the retail space with residential units. The intended 40 units will be comprised of four studio, 15 one-bedroom, and 21 two-bedroom units. The revised unit mix for the Development will be 36 studio, 82 one-bedroom, 120 two-bedroom, and 22 three-bedroom units. The increase in units has increased the HTC units at 30% of Area Median Income (AMI) units by seven and the 60% AMI units by 33. The Direct Loan units at 50% AMI and 60% AMI have each increased by one, and the Direct Loan units at 80% AMI units have decreased by two.

The increase in the number of units results in an 18.18% increase in the residential density, which will increase from 15.56 units per acre to 18.39 units per acre. This change in the number of units will also result in an increase in net rentable area from 190,399 square feet to 225,014 square feet, which is an increase of 18.18% or 34,615 square feet.

The enclosed table compares the site plan of the Development at Application and the revised site plan after the amendment.

The Owner explained that the Development had been zoned in 2017 under a differently constituted City Council as a planned development with a mandatory requirement for 12,000 square feet of retail space; however, the City Council provided a resolution of support for the Development with an informal request that the Development be re-designed to replace the retail space with residential units. The process and timelines for that re-design was in direct conflict with the July 2022 expiration deadline of the Development's bond allocation. In July 2022, the City approved an amended zoning that permits replacing the retail space with residential units.

The Owner provided updated financial information that has been analyzed by the Real Estate Analysis (REA) Division. REA's analysis of the updated financial information indicates that the Development is still feasible. The currently estimated development costs support an annual HTC amount of $3,187,017, which is $580,897 (22.29%) greater than the amount in the Determination Notice, $2,606,120. The final costs will be confirmed at cost certification, and any credit increase fee will be paid at that time.

Staff has determined that the proposed changes noted above would not have impacted the selection of the Application for an award.

Staff recommends approval of the amendment request as presented herein. Staff further recommends approval to administratively approve at cost certification an HTC increase of up to 20% from the HTC amount estimated in the underwriting analysis for this amendment, subject to the payment of the applicable fee under 10 TAC §11.901(8) and staff review and approval of the final cost certification.

Approval of the material amendment is conditioned upon the applicant executing all bond documents that may be necessary, including but not limited to, a First Amendment to the Bond Regulatory and Land Use Agreement as well as payment of the bond compliance fee ($25/unit) for the additional 40 units, in the amount of $1,000.

Material Alterations as defined in Tex. Gov't Code §2306.6712(d) and 10 TAC §10.405(a)(4)

Application

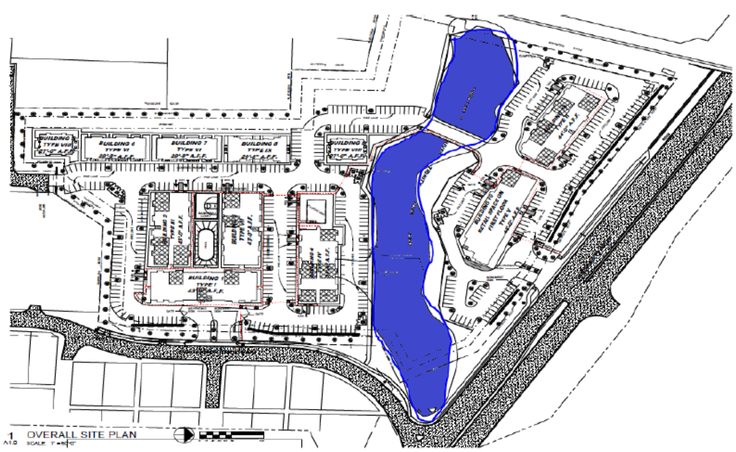
Original Unit Mix

BR/BA	S.F./Unit	No. of Units	NRA
Eff	556	32	17,792
1/1	717	39	27,963
1/1	725	28	20,300
2/2	946	20	18,920
2/2	952	59	56,168
2/2.5	1108	20	22,160
3/2	1158	6	6,948
3/2.5	1207	12	14,484
3/2.5	1416	4	5,664
Totals:		220	190,399 sq. ft.

HTC Set Asides:
30% Units - 32
60% Units - 188
Total: 220 units

Acres: 14.14
Residential Density: 15.56 units/acre

Site Plan:



Amendment

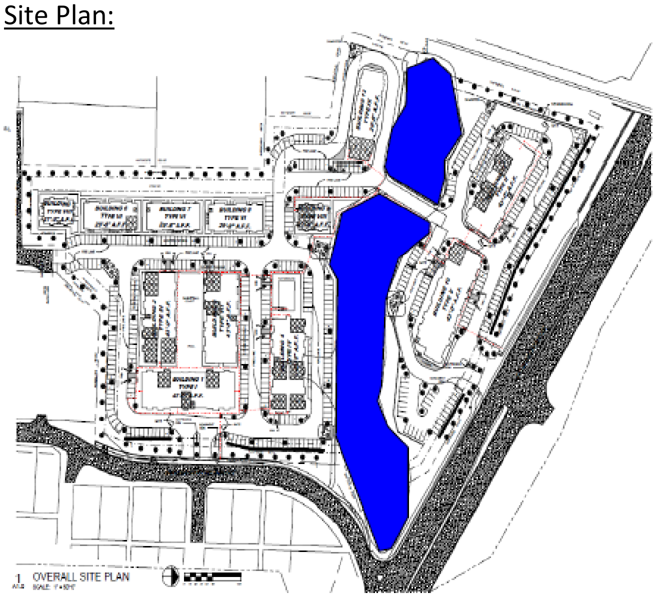
Revised Unit Mix

BR/BA	**S.F./Unit**	**No. of Units**	**NRA**
Eff	**556**	**36**	**20,016**
1/1	**717**	**50**	**35,850**
1/1	**725**	**32**	**23,200**
2/2	**946**	**24**	**22,704**
2/2	**952**	**64**	**60,928**
2/2.5	**1108**	**30**	**33,240**
2/2.5	**1176**	**2**	**2,352**
3/2	**1158**	**6**	**6,948**
3/2.5	**1236**	**16**	**19,776**
		260	**225,014 sq. ft.**

HTC Set Asides:
30% Units - 39
60% Units - 221
Total: 260 units

Acres: 14.14
Residential Density: 18.39 units/acre (18.18% increase)

Site Plan:



Real Estate Analysis Division
November 17, 2023

Addendum to Underwriting Report

TDHCA Application #: **22609** Program(s): **4% HTC/MDL**

380 Villas

Address/Location: 1003 Throckmorton Street

City: McKinney County: Collin Zip: 75069

	APPLICATION HISTORY
Report Date	**PURPOSE**
11/17/23	**Material Amendment and MDL Award Update**
06/10/22	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
Multifamily Direct Loan (Soft Repayable)	$4,000,000	0.00%	0	18	**$4,000,000**	**0.00%**	**0**	**16**	**3**
Private Activity Bonds	$33,555,000				**$33,555,000**				
LIHTC (4% Credit)	$2,606,120				**$3,187,017**				

* Multifamily Direct Loan Terms:

* The term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 Receipt and acceptance before Direct Loan Contract

- Before Contract execution, the Owner will obtain building permits from the City that allow construction of the accessible route over the waterway.

Status: To be cleared at direct loan contract by program staff.

2 Receipt and acceptance before Direct Loan Closing

a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders.

d: Substantially final draft of limited partnership agreement.

e: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.

g: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

3 Receipt and acceptance before Determination Notice:

- Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that parking and drive areas will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance for the buildings as long as they remain in the floodplain.

Status: Condition has been cleared.

4 Receipt and acceptance by Cost Certification:

- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	39
60% of AMI	60% of AMI	221

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	6
60% of AMFI	High HOME	20
80% of AMFI	High HOME	1

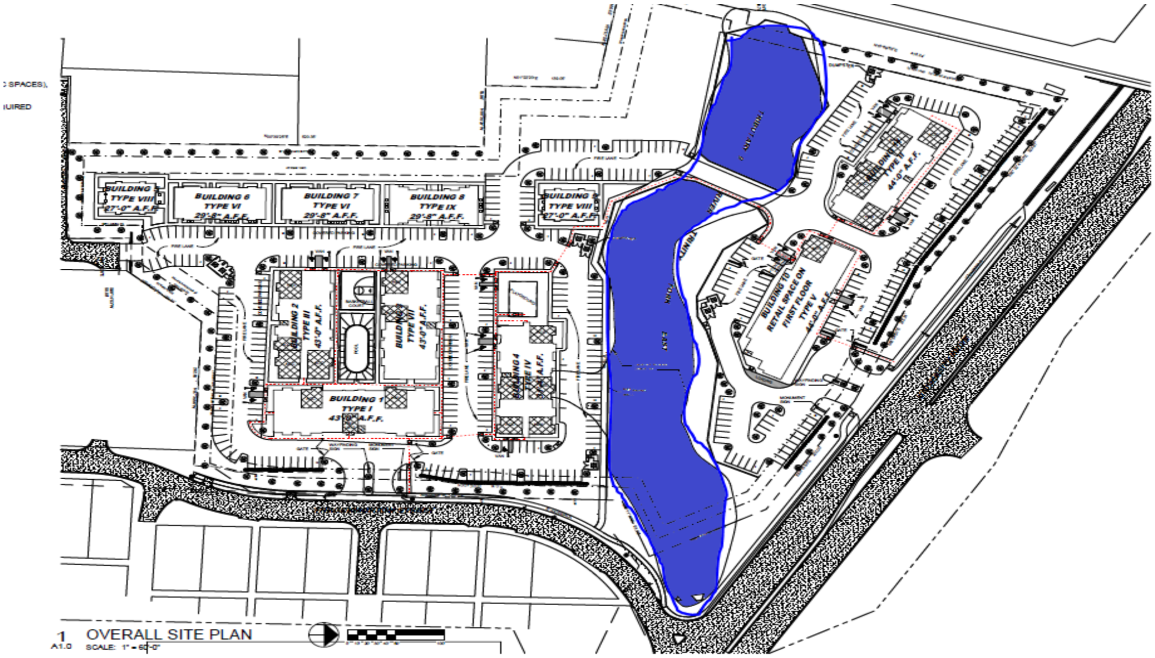
ANALYSIS

On June 12, 2022, 380 Villas was awarded an annual Housing Tax Credit allocation of $2,606,120 and a $4M deferred payable Multifamily Direct Loan with an annual payment of $87,500, at 0% interest, 18 year permanent term and 36 month construction term. In September 2023, the Applicant requested an amendment to the Application in order to increase the total number of units from 220 to 260. Originally, the application included 12,000 SF of retail space which the Applicant has changed to residential space to accomodate the additional units. The City approved this change in July 2022.

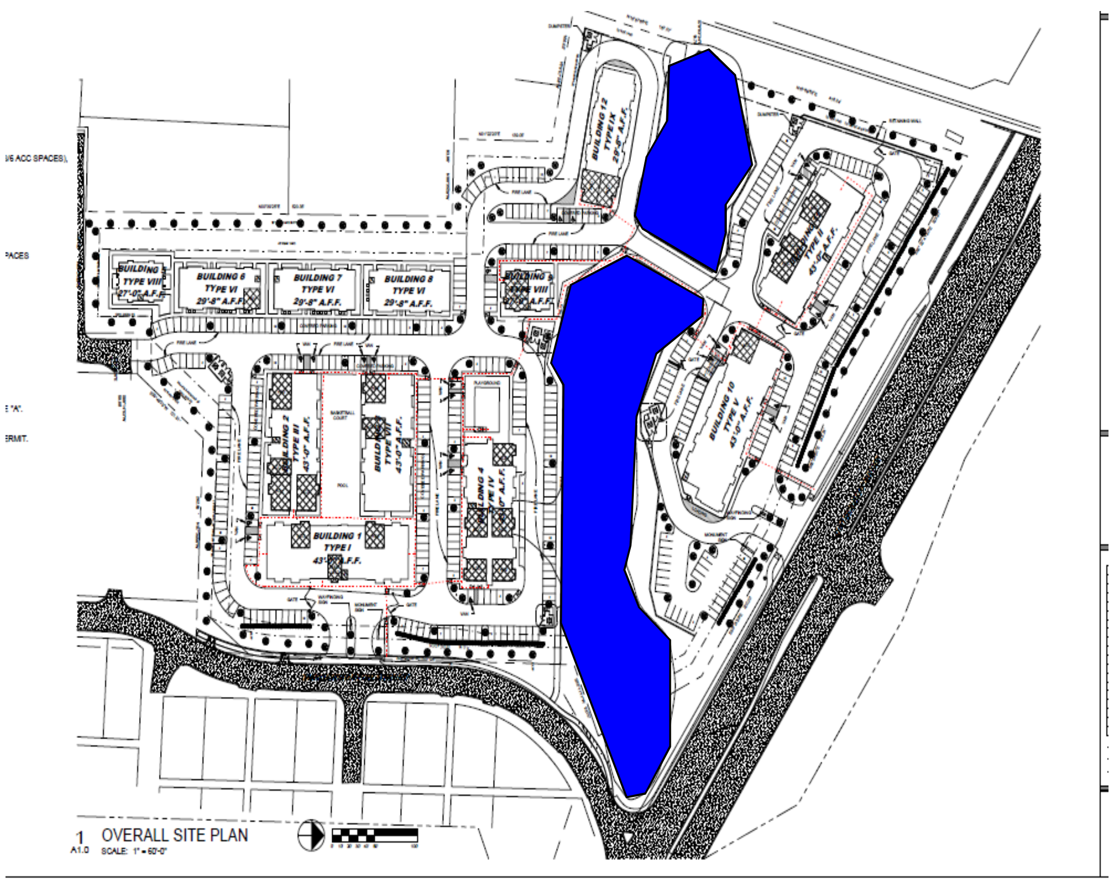
The increase in units has increased the HTC 30% units by 7 and the 60% units by 33. The Direct Loan 50%, 60% units have each increased by 1, and 80% units have decreased by 2.

Architect Drawings

Original Site Plan

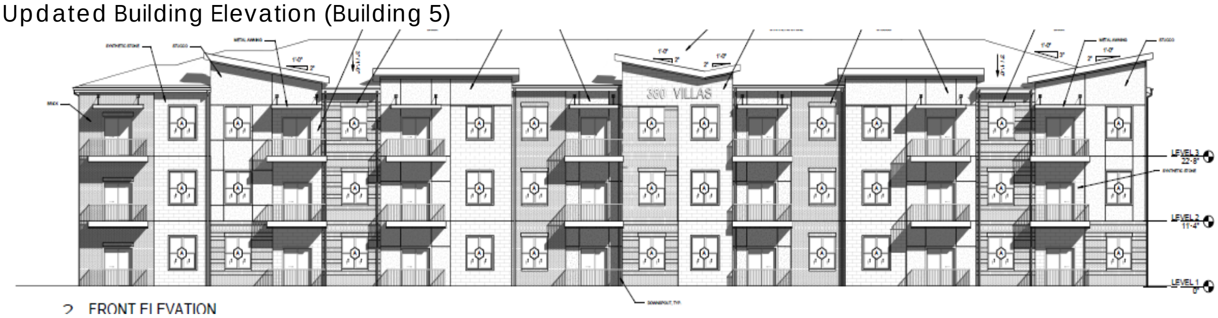


New Site Plan



Original Building Elevation (Building 5)

Updated Building Elevation (Building 5)



2 FRONT ELEVATION

Operating Pro Forma

Income has increased by $659K due to the increase in units, while expenses have increased by $268K. The overall Net Operating Income has increased by $391K.

Rents have been updated to 2023 limits.

Development Cost

Total development cost has increased by $11M. Site work costs increased by $2.47M with increases in paving, grading, and utilty work. Building costs increased by $4.57M and contingency and contractor fees added an additional $1.6M to those line items. Total Developer Fees increased by $1.39M.

Sources of Funds

Citi Bank N.A. will continue to provide the financing for the development. Construction period Tranche C financing has increased by $8M and the interest rate has increased from 4.31% to 8.18%. They have added a Tranche B tax exempt permanent loan of $6.09M, bringing the total permanent debt from Citi Bank to $29,706,000. The interest rate of Tranche A has dropped from 5.34% to 5.22% and the interest rate of Tranche B is 5.37%.

Affordable Housing Partners has added $4.79M to their equity contribution. Total developer fee has increased by $1.39M and deferred developer fee has increased by $123K. The Applicant has overstated the total developer fee by $810.

The underwriting analysis assumes a decrease in the Tranche A permanent loan amount from $23,616,000 to $23,391,000 to achieve the minimum combined 1.15x debt coverage ratio.

The Underwriter recommends an annual Housing Tax Credit allocation of $3,187,017 and a $4M deferred payable Multifamily Direct Loan with an annual payment of $87,500, at 0% interest, 16 year permanent term and an up to 36 month construction term, coterminus with the senior construction loan.

Underwriter:	*Jeffrey Price*
Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

380 Villas, McKinney, 4% HTC/MDL #22609

LOCATION DATA	
CITY:	McKinney
COUNTY:	Collin
Area Median Income	$105,600
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	36	13.8%	0	4
1	82	31.5%	0	8
2	120	46.2%	1	12
3	22	8.5%	0	3
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**260**	**100.0%**	**1**	**27**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	865 sf

56% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	39	-	-	221	-	-	-	**260**
	% Total	0.0%	15.0%	0.0%	0.0%	85.0%	0.0%	0.0%	0.0%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		MF Direct Loan Units (HOME Rent/Inc)			UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	Match	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$541	LH/50%	$902		1	0	1	556	$541	$45	$496	$0	$0.89	$496	**$496**	**$496**	$496	$0.89	$0	$989	$1.78	$989
TC 30%	$541				6	0	1	556	$541	$45	$496	$0	$0.89	$496	**$2,976**	**$2,976**	$496	$0.89	$0	$989	$1.78	$989
TC 60%	$1,083	HH/60%	$1,153		3	0	1	556	$1,083	$45	$1,038	($49)	$1.78	$989	**$2,967**	**$2,967**	$989	$1.78	($49)	$989	$1.78	$989
TC 60%	$1,083				26	0	1	556	$1,083	$45	$1,038	($49)	$1.78	$989	**$25,714**	**$25,714**	$989	$1.78	($49)	$989	$1.78	$989
TC 30%	$580	LH/50%	$966		2	1	1	717	$580	$52	$528	$0	$0.74	$528	**$1,056**	**$1,056**	$528	$0.74	$0	$1,328	$1.85	$1,328
TC 30%	$580	HH/60%	$1,236		6	1	1	717	$580	$52	$528	$0	$0.74	$528	**$3,168**	**$3,168**	$528	$0.74	$0	$1,328	$1.85	$1,328
TC 30%	$580				15	1	1	717	$580	$52	$528	$0	$0.74	$528	**$7,920**	**$7,920**	$528	$0.74	$0	$1,328	$1.85	$1,328
TC 60%	$1,160				27	1	1	717	$1,160	$52	$1,108	$0	$1.55	$1,108	**$29,916**	**$29,916**	$1,108	$1.55	$0	$1,328	$1.85	$1,328
TC 60%	$1,160			Match	1	1	1	725	$1,160	$52	$1,108	$0	$1.53	$1,108	**$1,108**	**$1,108**	$1,108	$1.53	$0	$1,328	$1.83	$1,328
TC 60%	$1,160				31	1	1	725	$1,160	$52	$1,108	$0	$1.53	$1,108	**$34,348**	**$34,348**	$1,108	$1.53	$0	$1,328	$1.83	$1,328
TC 30%	$696	LH/50%	$1,160		1	2	2	946	$696	$68	$628	$0	$0.66	$628	**$628**	**$628**	$628	$0.66	$0	$1,328	$1.40	$1,328
TC 30%	$696	HH/60%	$1,486		7	2	2	946	$696	$68	$628	$0	$0.66	$628	**$4,396**	**$4,396**	$628	$0.66	$0	$1,468	$1.55	$1,468
TC 60%	$1,392				16	2	2	946	$1,392	$68	$1,324	$0	$1.40	$1,324	**$21,184**	**$21,184**	$1,324	$1.40	$0	$1,468	$1.55	$1,468
TC 60%	$1,392			Match	1	2	2	952	$1,392	$68	$1,324	$0	$1.39	$1,324	**$1,324**	**$1,324**	$1,324	$1.39	$0	$1,468	$1.54	$1,468
TC 60%	$1,392	HH/80%	$1,486		1	2	2	952	$1,392	$68	$1,324	$0	$1.39	$1,324	**$1,324**	**$1,324**	$1,324	$1.39	$0	$1,468	$1.54	$1,468
TC 60%	$1,392				62	2	2	952	$1,392	$68	$1,324	$0	$1.39	$1,324	**$82,088**	**$82,088**	$1,324	$1.39	$0	$1,468	$1.54	$1,468
TC 60%	$1,392	LH/50%	$1,160		1	2	2.5	1,108	$1,160	$68	$1,092	$0	$0.99	$1,092	**$1,092**	**$1,092**	$1,092	$0.99	$0	$1,468	$1.32	$1,468
TC 60%	$1,392	HH/60%	$1,486		2	2	2.5	1,108	$1,392	$68	$1,324	$0	$1.19	$1,324	**$2,648**	**$2,648**	$1,324	$1.19	$0	$1,468	$1.32	$1,468
TC 60%	$1,392				27	2	2.5	1,108	$1,392	$68	$1,324	$0	$1.19	$1,324	**$35,748**	**$35,748**	$1,324	$1.19	$0	$1,626	$1.47	$1,626
TC 60%	$1,392				2	2	2.5	1,176	$1,392	$68	$1,324	$0	$1.13	$1,324	**$2,648**	**$2,648**	$1,324	$1.13	$0	$1,626	$1.38	$1,626
TC 30%	$804	LH/50%	$1,340		1	3	2	1,158	$804	$84	$720	$0	$0.62	$720	**$720**	**$720**	$720	$0.62	$0	$1,648	$1.42	$1,648
TC 60%	$1,608				5	3	2	1,158	$1,608	$84	$1,524	$0	$1.32	$1,524	**$7,620**	**$7,620**	$1,524	$1.32	$0	$1,648	$1.42	$1,648
TC 60%	$1,608	HH/60%	$1,709		2	3	2.5	1,236	$1,608	$84	$1,524	$0	$1.23	$1,524	**$3,048**	**$3,048**	$1,524	$1.23	$0	$1,648	$1.33	$1,648
TC 60%	$1,608				14	3	2.5	1,236	$1,608	$84	$1,524	$0	$1.23	$1,524	**$21,336**	**$21,336**	$1,524	$1.23	$0	$1,648	$1.33	$1,648
TOTALS/AVERAGES:					**260**			**225,014**				**($5)**	**$1.31**	**$1,136**	**$295,473**	**$295,473**	**$1,136**	**$1.31**	**($5)**	**$1,390**	**$1.61**	**$1,390**

ANNUAL POTENTIAL GROSS RENT:		
	$3,545,676	**$3,545,676**

STABILIZED PRO FORMA

380 Villas, McKinney, 4% HTC/MDL #22609

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Collin County Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.31	$1,136	$3,545,676	$2,847,300	$2,846,112	$3,545,676	$1,136	$1.31		0.0%	$0
Appl Fees, Late Fees, Pet Fees, Cable, St							$30.00	$93,600	79,200							
Total Secondary Income							$30.00			79,200	$93,600	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$3,639,276	$2,926,500	$2,925,312	$3,639,276				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(272,946)	(219,488)	(219,398)	(272,946)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$3,366,330	$2,707,013	$2,705,914	$3,366,330				0.0%	$0
General & Administrative	$124,218	$478/Unit	$100,343	$386	2.87%	$0.43	$372	$96,700	$71,000	$71,000	$100,343	$386	$0.45	2.98%	-3.6%	(3,643)
Management	$116,224	3.7% EGI	$147,316	$567	4.02%	$0.60	$520	$135,300	$108,200	$108,237	$135,300	$520	$0.60	4.02%	0.0%	-
Payroll & Payroll Tax	$348,179	$1,339/Unit	$375,028	$1,442	10.14%	$1.52	$1,313	$341,275	$308,000	$294,613	$375,028	$1,442	$1.67	11.14%	-9.0%	(33,753)
Repairs & Maintenance	$187,899	$723/Unit	$118,211	$455	5.27%	$0.79	$682	$177,400	$126,311	$143,000	$169,000	$650	$0.75	5.02%	5.0%	8,400
Electric/Gas	$62,149	$239/Unit	$60,531	$233	0.92%	$0.14	$119	$31,000	$25,000	$25,000	$31,000	$119	$0.14	0.92%	0.0%	-
Water, Sewer, & Trash	$202,587	$779/Unit	$179,223	$689	5.29%	$0.79	$685	$178,000	$114,000	$153,819	$179,223	$689	$0.80	5.32%	-0.7%	(1,223)
Property Insurance	$118,120	$0.52 /sf	$161,539	$621	4.63%	$0.69	$600	$156,000	$95,700	$99,948	$156,000	$600	$0.69	4.63%	0.0%	-
Property Tax (@ 0%) 2.1237	$267,222	$1,028/Unit	$111,179	$428	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements					1.93%	$0.29	$250	$65,000	$55,000	$55,000	$65,000	$250	$0.29	1.93%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.31%	$0.05	$40	$10,400	$8,800	$8,800	$10,400	$40	$0.05	0.31%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Bond Compliance Fee					0.19%	$0.03	$25	$6,500	$5,500	$5,500	$6,500	$25	$0.03	0.19%	0.0%	-
Bond Trustee Fees					0.12%	$0.02	$15	$4,000	$4,000	$4,000	$4,000	$15	$0.02	0.12%	0.0%	-
Security					0.00%	$0.00	$0	$0	$10,000	$10,000	$0	$0	$0.00	0.00%	0.0%	-
Fire Safety					0.00%	$0.00	$0	$0	$2,000	$2,000	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES					**35.69%**	**$5.34**	**$4,621**	**$1,201,575**	$933,511	$980,917	**$1,231,794**	**$4,738**	**$5.47**	**36.59%**	**-2.5%**	**$ (30,219)**
NET OPERATING INCOME ("NOI")					**64.31%**	**$9.62**	**$8,326**	**$2,164,755**	$1,773,502	$1,724,997	**$2,134,537**	**$8,210**	**$9.49**	**63.41%**	**1.4%**	**$ 30,219**
CONTROLLABLE EXPENSES							$3,171/Unit					$3,287/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

380 Villas, McKinney, 4% HTC/MDL #22609

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Citi Bank N.A. (Tranche A)	0.10%	1.48	1.51	1,437,500	5.22%	40	16.0	$23,616,000	$23,616,000	$23,616,000	$23,616,000	16.0	40	5.22%	$1,431,670	1.51	35.0%
Adjustment to Debt Per §11.302(c)(2)	0.10%									$0	($225,000)	16.0	40	5.22%	($13,640)	1.53	-0.3%
TDHCA (soft repayable)		1.40	1.42	$87,750	0.00%	0	16.0	$4,000,000	$4,000,000	$4,000,000	$4,000,000	16.0	0	0.00%	$87,500	1.44	5.9%
Citi Bank N.A. (Tranche B)	0.10%	1.12	1.14	$376,572	5.37%	40	16.0	$6,090,000	$0	$0	$6,090,000	16.0	40	5.37%	$376,572	1.15	9.0%
CASH FLOW DEBT / GRANTS																	
Housing Services Inc. (MDL Match)		1.12	1.14		0.00%	0	0	$300,000	$300,000	$300,000	$300,000	0	0	0.00%		1.15	0.4%
				$1,901,822	**TOTAL DEBT / GRANT SOURCES**			**$34,006,000**	**$27,916,000**	**$27,916,000**	**$33,781,000**	**TOTAL DEBT SERVICE**			**$1,882,102**	**1.15**	50.1%
NET CASH FLOW		$232,714	$262,933								**APPLICANT**	**NET OPERATING INCOME**			**$2,164,755**	**$282,653**	**NET CASH FLOW**

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE					
						Prior Underwriting							
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Affordable Housing Partners	LIHTC Equity	40.9%	$3,187,059	$0.86	$27,562,548	$22,771,772	$22,540,680	$27,562,185	$0.8648	$3,187,017	40.9%	$12,258	Eligible Basis
Sphinx Development Corporation	Deferred Developer Fees	8.7%	(74% Deferred)		$5,886,051	$5,762,420	$5,993,512	$6,111,415	(76% Deferred)		9.1%	Total Developer Fee:	$7,995,000
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		49.6%			$33,448,599	$28,534,192	$28,534,192	$33,673,600			49.9%		
TOTAL CAPITALIZATION					**$67,454,599**	$56,450,192	$56,450,192	**$67,454,600**			**15-Yr Cash Flow after Deferred Fee:**		**$1,725,060**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	New Const. Rehab		Total Costs		Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$7,615 / Unit	$1,980,000	$1,980,000	$1,980,000	$1,980,000	$7,615 / Unit				0.0%	$0
Off-Sites				$577 / Unit	$150,000	$150,000	$150,000	$150,000	$577 / Unit				0.0%	$0
Site Work		$5,434,000		$20,900 / Unit	$5,434,000	$2,960,450	$2,960,450	$5,434,000	$20,900 / Unit		$5,434,000		0.0%	$0
Site Amenities		$1,378,000		$5,300 / Unit	$1,378,000	$1,275,000	$1,275,000	$1,378,000	$5,300 / Unit		$1,378,000		0.0%	$0
Commerical Space (12,000 sf retail)				$ / Unit	$0	$360,000	$360,000	$0	$ / Unit		$0		0.0%	$0
Building Cost		$27,747,000	$123.31 /sf	$106,719/Unit	$27,747,000	$23,176,140	$24,902,655	$27,933,373	$107,436/Unit	$124.14 /sf	$27,747,000		-0.7%	($186,373)
Contingency		$2,044,600	5.92%	5.89%	$2,044,600	$1,593,889	$1,593,889	$2,044,600	5.86%	5.92%	$2,044,600		0.0%	$0
Contractor Fees		$5,123,000	14.00%	13.97%	$5,133,000	$3,971,200	$3,971,200	$5,133,000	13.90%	14.00%	$5,123,000		0.0%	$0
Soft Costs	$0	$5,477,000		$22,027 / Unit	$5,727,000	$5,243,600	$5,243,600	$5,727,000	$22,027 / Unit		$5,477,000	$0	0.0%	$0
Financing	$0	$6,091,000		$33,742 / Unit	$8,773,000	$8,236,645	$8,236,645	$8,773,000	$33,742 / Unit		$6,091,000	$0	0.0%	$0
Developer Fee	$0	$7,995,000	15.00%	14.96%	$7,995,000	$6,605,000	$6,605,000	$7,995,000	14.91%	15.00%	$7,994,190	$0	0.0%	$0
Reserves				4 Months	$1,093,000	$898,268	$898,268	$1,093,000	4 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$61,289,600**		$259,441 / Unit	**$67,454,600**	$56,450,192	$58,176,707	**$67,640,973**	$260,158 / Unit		**$61,288,790**	**$0**	**-0.3%**	**($186,373)**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0			$0	$0								
Financing Cost		$0												
Developer Fee	$0	($810)	15.00%		$0	$0								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$61,288,790**		$259,441/unit	**$67,454,600**	$56,450,192	$58,176,707	**$67,640,973**	$260,158/unit		**$61,288,790**	**$0**	**-0.3%**	**($186,373)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$67,454,600**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

380 Villas, McKinney, 4% HTC/MDL #22609

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$61,288,790	$0	$61,288,790
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$61,288,790	$0	$61,288,790
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$79,675,427	$0	$79,675,427
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$79,675,427	$0	$79,675,427
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$0	$3,187,017	$0	$3,187,017
CREDITS ON QUALIFIED BASIS	$3,187,017		$3,187,017	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8648	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$3,187,017	$27,562,185	**$3,187,017**	($42)	($363)
Needed to Fill Gap	$3,893,680	$33,673,600	----	----	----
Applicant Request	$3,187,059	$27,562,548	----	----	----

50% Test for Bond Financing for 4% Tax Credits				
Tax-Exempt Bond Amount	$	33,555,000		
			Applicant	TDHCA
Land Cost	$	1,980,000	$1,980,000	$1,980,000
Depreciable Bldg Cost **	$	61,449,600	$61,449,600	$61,635,973
Aggregate Basis for 50% Test	**$**	**63,429,600**	$63,429,600	$63,615,973
Percent Financed by Tax-Exempt Bonds		52.90%	52.9%	52.7%

**Depreciable building cost includes: Total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Combination	225,014 SF	$109.72	24,687,515
Adjustments				
Exterior Wall Finish	7.20%		7.90	$1,777,501
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.90%		4.28	962,813
Roof Adjustment(s)			(0.25)	(56,254)
Subfloor			(0.33)	(74,390)
Floor Cover			3.31	745,719
Breezeways	$30.33	20,845	2.81	632,138
Balconies	$30.01	12,595	1.68	377,961
Plumbing Fixtures	$1,090	492	2.38	536,280
Rough-ins	$535	520	1.24	278,200
Built-In Appliances	$1,880	260	2.17	488,800
Exterior Stairs	$2,460	34	0.37	83,640
Heating/Cooling			2.37	533,283
Storage Space	$30.33	0	0.00	0
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$87.42	12,230	4.75	1,069,147
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.88	258,089	3.30	743,296
SUBTOTAL			**145.70**	**32,785,649**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**145.70**	**$32,785,649**
Plans, specs, survey, bldg permits	3.30%		(4.81)	($1,081,926)
Contractor's OH & Profit	11.50%		(16.76)	(3,770,350)
NET BUILDING COSTS		$107,436/unit	$124.14/sf	$27,933,373

Long-Term Pro Forma

380 Villas, McKinney, 4% HTC/MDL #22609

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$3,366,330	$3,433,657	$3,502,330	$3,572,377	$3,643,824	$4,023,076	$4,441,801	$4,904,108	$5,414,531	$5,978,080	$6,600,283	$7,287,246
TOTAL EXPENSES	3.00%	$1,201,575	$1,236,269	$1,271,977	$1,308,729	$1,346,555	$1,552,943	$1,791,362	$2,066,826	$2,385,139	$2,753,019	$3,178,242	$3,669,812
NET OPERATING INCOME ("NOI")		**$2,164,755**	**$2,197,388**	**$2,230,353**	**$2,263,648**	**$2,297,269**	**$2,470,133**	**$2,650,439**	**$2,837,281**	**$3,029,392**	**$3,225,061**	**$3,422,041**	**$3,617,434**
EXPENSE/INCOME RATIO		35.7%	36.0%	36.3%	36.6%	37.0%	38.6%	40.3%	42.1%	44.1%	46.1%	48.2%	50.4%
MUST -PAY DEBT SERVICE													
Citi Bank N.A. (Tranche A)		$1,431,670	$1,431,490	$1,431,301	$1,431,102	$1,430,892	$1,429,662	$1,428,065	$1,425,994	$1,423,306	$1,419,819	$1,415,294	$1,409,423
TDHCA (soft repayable)		$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500
TOTAL DEBT SERVICE		$1,882,102	$1,881,923	$1,881,734	$1,881,534	$1,881,324	$1,880,094	$1,878,497	$1,876,426	$1,873,738	$1,870,251	$1,865,726	$1,859,855
DEBT COVERAGE RATIO		1.15	1.17	1.19	1.20	1.22	1.31	1.41	1.51	1.62	1.72	1.83	1.95
ANNUAL CASH FLOW		**$282,653**	**$315,465**	**$348,619**	**$382,113**	**$415,945**	**$590,039**	**$771,942**	**$960,855**	**$1,155,654**	**$1,354,810**	**$1,556,315**	**$1,757,579**
Deferred Developer Fee Balance		$5,828,762	$5,513,297	$5,164,678	$4,782,564	$4,366,619	$1,767,858	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$1,725,060	$6,148,904	$11,535,495	$17,909,853	$25,287,950	$33,674,015

SDC Throckmorton Villas, LP

3030 LBJ Freeway, Suite 1350, Dallas, TX 75234
214-342-1400

November 4, 2022

Ms. Lucy Weber
Asset Manager (Region 3)
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Via Email: lucy.weber@tdhca.state.tx.us

Re: **MF #22609 – 380 Villas**
Application Amendment Request – Addition of 40 Units

Dear Ms. Weber,

We are requesting an amendment to application MF# 22609 for 380 Villas (the "Project"). This amendment will add 40 units to the Project and increase total number of units from 220 units to 260 units. The Project currently comprises of 11 buildings and 12,000 sf of retail space. This amendment will add a 12th Building and replace the retail space with residential units. The intended 40 units will comprise of 4 studio, 15 1bdr and 21 2bdr units. All of which will be affordable units with rent restricted at up to 60% AMI. With this amendment, the revised unit mix for the Project will be 36 Studio, 82 1bdr, 120 2bdr and 22 3bdr units.

The Project site was zoned back in 2017 under a differently constituted City Council as a planned development with a mandatory requirement for 12,000 sf of retail space. However, the City Council provided a resolution of support for the Project with an informal request that the Project be re-designed to replace the retail space with residential units. The process and timelines for that redesign was in direct conflict with the July expiration deadline of the Project's bond allocation. In July, the City approved an amended zoning that permits replacing the retail space with residential units. Permits for the 220 units have been approved and revisions to cover this amendment is in the process of approval.

Citi Bank N. A. and Affordable Housing Partners, Inc. (*the existing lender and equity provider*) will provide financing for the added units through a taxable construction loan and increased tax credit equity proceeds. Details are provided with the updated finance exhibits and supporting documents.

This amendment helps optimize the design of the Project and, improves its long-term viability and sustainability. In addition, this provides much needed additional affordable housing units particularly in the suburban areas of Dallas/Fort Worth area in which housing is increasingly unaffordable. This increase in affordable units is in line with the Department's objective to increase availability of high quality, adequate and affordable housing for residents of low and moderate income.

We look forward to your favorable consideration of our request and thank you for your time on this. Should you need any further information, please contact the undersigned at joseph@sdcus.com or 214-342-1400.

Sincerely,

Joseph Agumadu
Manager

Cc: Rosalio Banuelos
Texas Department of Housing and Community Affairs
rosalio.banuelos@tdhca.state.tx.us

Teresa Morales
Texas Department of Housing and Community Affairs
teresa.morales@tdhca.state.tx.us

John Shackelford
Shackelford, Bowen, McKinley & Norton, LLP
jshack@shackelford.law

File #: 447 **Agenda Date:** 12/7/2023 **Agenda #:** 22.

Presentation, discussion, and possible action regarding authorization to release a Notice of Funding Availability for 2024 Community Services Block Grant Discretionary funds for education and employment initiatives for Native American and migrant seasonal farm worker populations

RECOMMENDED ACTION

WHEREAS, Community Services Block Grant (CSBG) funds are awarded annually to the Texas Department of Housing and Community Affairs (the Department) by the U.S. Department of Health and Human Services (USHHS);

WHEREAS, the Department reserves 90% of the allotment for CSBG eligible entities to provide services/assistance to the low-income population in all 254 counties; up to 5% for state administration expenses; and the remaining amount for state discretionary use;

WHEREAS, at the Board meeting of June 15, 2023, the Department established a set aside of $1,775,000 for 2024 and 2025 CSBG Discretionary (CSBG-D) activities in the 2024-2025 CSBG State Plan, including $300,000 per year for Native American and migrant seasonal farm worker population education and employment initiatives; and

WHEREAS, CSBG-D funds for Native American and migrant seasonal farm worker population education and employment initiatives will be made available to eligible applicants to carry out the purpose of the CSBG pursuant to 42 U.S. Code Chapter 106;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director be granted the authority to release a Notice of Funding Availability (NOFA) for 2024 CSBG-D funds for Native American and migrant seasonal farm worker population education and employment initiatives;

FURTHER RESOLVED, that to the extent that subsequent revisions to the NOFA or iterations for a future NOFA with these funds are required in order to facilitate the use of the funds by the applicants, the Board also authorizes staff to make such revisions in accordance with, and to the extent limited by the CSBG federal and state regulations;

FURTHER RESOLVED, that the budget for USHHS has not yet been passed by Congress and the Department reserves the right to cancel this NOFA at its sole discretion if insufficient 2024 CSBG funding is received; and

FURTHER RESOLVED, that staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such other acts as may be necessary to effectuate the foregoing.

BACKGROUND

Each year the Department sets aside 5% (approximately $1,775,000) of its annual CSBG allocation for state discretionary use. Each year funds from CSBG-D are used for specific identified activities that the Department supports and other ongoing initiatives such as employment and education programs for Native American and migrant seasonal farm workers. For 2024, $300,000 has been targeted for Native American and migrant seasonal farm worker populations for employment and education programs for which the Department is issuing this NOFA. This amount is substantively unchanged from the amounts programmed for this activity last year. The Department will release funds competitively. The budget for USHHS has not yet been passed by Congress, and the Department reserves the right to cancel this NOFA at its sole discretion if insufficient 2024 CSBG funding is received.

In the event that the Department does not have sufficient eligible applications to fund this activity, the Department may, at the discretion of the Executive Director, reprogram the funds from this activity into another eligible discretionary activity specified in the 2024-2025 CSBG State Plan.

The Department's anticipated Contract Term for Program Year 2024 CSBG-D Native American and migrant seasonal farm worker education and employment initiatives is April 1, 2024, through March 31, 2025.

The NOFA and Scoring Attachment B are attached for review and approval as part of this item. The other attachments referenced in the NOFA, Attachments A and Attachments C through H, are submission forms of required information or certifications, and are not included within this Board Action Request.

Notice of Funding Availability (NOFA) for 2024 Community Services Block Grant (CSBG) Discretionary Funds for Education and Employment Services to Native American and Migrant Seasonal Farm Worker (MSFW) Populations

The Texas Department of Housing and Community Affairs (the Department) is pleased to announce a NOFA for 2024 CSBG Discretionary funds for education and employment services to Native American and MSFW populations. The Department is seeking organizations interested in administering projects focused on employment and education in Native American and MSFW populations.

Interested applicants must meet the requirements set forth in the application and must submit a complete application through the established system described in the NOFA on or before **Tuesday, January 9, 2024, 5:00 p.m. Austin local time**.

The Notice of Funding Availability (NOFA) is available on the Department's web site at http://www.tdhca.state.tx.us/nofa.htm and the application forms referenced in this packet and submission instructions are available on the Department's web site at https://www.tdhca.state.tx.us/community-affairs/nofas.htm. The Department looks forward to receiving your completed application. Should you have any related questions, please contact Rita Gonzales-Garza at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

Table of Contents

I. Application Instructions

A. Application Deadline:

All applications must be submitted on or before **Tuesday, January 9, 2024, 5:00 p.m. Austin local time.**

B. Electronic Submission:

All applications must be submitted electronically to be considered eligible applications. Applications must be submitted through the Wufoo system using the following link:

https://tdhca.wufoo.com/forms/native-americansmigrant-seasonal-farm-worker-nofa/

C. Application Questions

Application questions may be submitted via electronic mail to rita.garza@tdhca.state.tx.us. Answers will be provided in the order in which they are received. Please do not submit the same question twice as you await a response.

The deadline to submit questions related to the content of the NOFA and Application is Monday, January 8, 2024, by 5:00 p.m. Austin local time. Questions related to the content of the NOFA submitted after this deadline may not be answered.

II. Proposed Timeline for NOFA and Application

Date	Action
December 7, 2023	The application will be available through the TDHCA Website: http://www.tdhca.state.tx.us/nofa.htm
January 8, 2024 5:00 p.m. (Austin local)	Deadline to submit questions regarding the NOFA and application prior to application submission
January 9, 2024 5:00 p.m. (Austin local/CST)	Deadline for Applicants to submit applications in response to this NOFA
February 8, 2024	Anticipated date for the Department to present funding recommendations to Board of Directors
April 1, 2024	Anticipated Contract Start Date*
March 31 2025	Anticipated Contract End Date*

*Any Appeal may delay the Contract Start and End Date

III. General Information

A. Background

The Department has been designated as the state agency to administer the CSBG Program. On an annual basis, the Department receives CSBG funds from the U.S. Department of Health and Human Services (USHHS) to ameliorate the causes of poverty within communities.

The Department is permitted to reserve up to 5% of CSBG funds for state discretionary use for which the Department's Board has determined specific uses. This NOFA releases the portion of these 2024 CSBG Discretionary (CSBG-D) funds aimed at education and employment services for Native Americans and MSFWs.

Capitalized words in this NOFA, unless otherwise defined herein, have the meaning outlined in Chapter 2306 of the Texas Government Code or in Title 10 Texas Administrative Code (TAC), Chapters 1, 2, or 6, as applicable.

B. CSBG-D Subrecipient Performance Requirements:

This NOFA is for services to Native American and MSFW populations. The NOFA will provide funding to organizations to provide new or existing projects that provide education and/or employment assistance and services focusing on the direct needs of individuals and families within the MSFW population or the Native American population. The successful applicant must ensure that participants receive case management along with employment and/or education assistance and services.

This activity must be completed throughout the 12-month Contract Term. The Contract Term is anticipated to be April 1, 2024, through March 31, 2025.

Subrecipient must complete activities that have the following results:

- For employment projects, an increase in employment skills or increase in persons assisted in obtaining jobs; and/or
- For education projects, an increase in education and or skills that are expected to lead to an increase in income.

Persons eligible for direct assistance must have an annual income at or below 125% of the Federal Poverty Income Guidelines issued annually by HHS.

C. Funds Available and Award Amounts

In this NOFA, the Department makes available $300,000 of 2024 non-formula CSBG funds to be utilized for the following discretionary projects:

Category 1:	Migrant Seasonal Farm Worker Employment Assistance and Services Projects (Two projects at $100,000 each)	$200,000
Category 2:	Native American Education Employment Assistance and Services Projects	$100,000

An applicant must apply for $100,000 per application and an applicant (or Affiliate as defined in 10 TAC §6.2(b)(1)) is limited to receiving an award in only one category (unless no other eligible applications under either Category are recommended). If applying in both categories, the applicant must indicate in the application on Attachment A which award it will accept if the score results in a recommendation for both. If applying for more than one category of award (i.e., applying for both MSFW and NA), the applicant must fill out a separate application for each.

If sufficient eligible applications are received that meet threshold criteria it is anticipated that three awards of $100,000 each will be made by the Department's Board of Directors (Board). The Department intends to fund the two highest scoring applications for assistance to the MSFW population, and the one highest scoring application for assistance to the Native American population. However, if sufficient eligible applications are not received to accomplish that, then the next highest scoring application meeting threshold and scoring criteria in either category will be recommended. If no other applications in either category remain, except from an applicant (or Affiliate) that has already been recommended for an award, the Department may recommend a second award to the next highest scoring application. In the event that the Department does not receive sufficient eligible applications in response to this NOFA to exhaust available funding, the Department reserves the right to reprogram the funds.

The availability of 2024 CSBG-D funds to subrecipient organizations is dependent on the Department's receipt and availability of funds from USHHS. Access to funds may be limited to the amount of 2024 CSBG-D funds available to the Department from USHHS, and is subject to Board decisions regarding its use.

D. Eligible Applicant Organizations

Organizations eligible to apply for CSBG-D NOFA funds are: Private Nonprofit Organizations with 501(c) status, Public Housing Authorities, Local Mental Health Authorities, Units of General Local Government, and Regional Councils of Governments who are proposing an educational and/or employment project targeted to either MSFW populations or Native Americans.

E. Ineligible Applicant Organizations

Organizations ineligible to apply for the competitive 2024 CSBG-D funds are:

- Private Nonprofit Organizations that do not have a Certificate of Formation (or Articles of Incorporation);
- Private Nonprofit Organizations that the Texas Secretary of State's Office website does not state are authorized to do business in Texas;
- Organizations for which persons on the organization's governing body or employees are debarred or suspended by the Department or another governmental agency; and
- Organizations for which persons on the organization's governing body or employees are on the suspended or debarred listed for the System for Award Management in accordance with 2 CFR Part 180 and 2 CFR Part 376.

F. Private Nonprofit Organizations.

The Department is not requiring that an organization submit a Certificate of Formation or proof of eligible status. However, it is the applicant's responsibility to ensure that its information including its Certificate of Formation (formally known as Articles of Incorporation) with the Texas Secretary of State's Office is correct and complete at the time of application. The Department will confirm proof of active status directly with the Texas Secretary of State. No administrative deficiencies will be issued for failure to have the appropriate status and governing documents reflected on the Secretary of State's Office when confirmed by the Department. Failure to have this information will cause the application to be terminated without further review as further described in Section VI.A of the NOFA.

G. Registration Requirements

Prior to contract execution, the successful applicant must provide the Department with the organization's Unique Entity Identifier (UEI) (formerly known as Data Universal Numbering System (DUNS)) and proof of registration with the System for Award Management (SAM). If the organization is not registered, go to *https://www.sam.gov* to renew, update, or create a new registration.

IV. State and Federal Requirements

Subrecipient shall comply with all provisions of the Federal and State laws and regulations listed below and in Attachment G, including but not limited to:

Public Law 105-285, Title II - Community Services Block Grant Program, Subtitle B Community Services Block Grant Program of the Community Services Block Grant Act, Chapter 106 of the Community Services Block Grant Act (42 U.S.C. §9901 *et seq.*), as amended by the "Community Services Block Grant Amendments of 1994" (P.L. 103-252) and the Coats Human Services Reauthorization Act of 1998 (P.L. 105-285).

Subrecipient shall also comply with the Drug-Free Workplace Act of 1988, the Pro-Children Act of 1994, Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794), the Americans with Disabilities Act of 1990 (ADA), as amended (42 U.S.C. 12101 et seq.) and Executive Order 13166 of August 11, 2000 related to Limited English Proficiency.

Subrecipient shall practice non-discrimination and provide equal opportunity in compliance with federal law in keeping with the President's Executive Order 11246 of September 24, 1965, and ensure that a person shall not be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in the administration of or in connection with any program or activity funded in whole or in part with funds made available under this contract, on the grounds of race, color, religion, sex, national origin, age, disability, political affiliation or belief.

Subrecipient shall comply with political activity prohibitions and shall not utilize CSBG funds to influence the outcome of any election, or the passage or defeat of any legislative measure or to directly or indirectly hire employees or in any other way fund or support candidates for the legislative, executive, or judicial branches of government of subrecipients, the State of Texas, or the government of the United States. Subrecipient shall comply with 45 CFR. §87.2 and ensure that CSBG funds are not to be used for sectarian or inherently religious activities such as worship, religious instruction or proselytization, and must be for the benefit of persons regardless of religious affiliation.

Subrecipient shall comply with Chapter 2264 of the Texas Government Code 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.

Subrecipient is not permitted to award any funds provided by this contract to any party that is debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549. The Subrecipient will be required to agree that prior to entering into any agreement with a potential subcontractor that the verification process to comply with this requirement will be accomplished by checking https://www.sam.gov/SAM/pages/public/searchRecords/search.jsf

Chapter 2306 of the Texas Government Code;
Title 10 Texas Administrative Code, Part 1, Chapters 1 and 2;
Title 10 Texas Administrative Code, Part 1, Chapter 6, Subchapters A and B;
2 CFR Part 200, as applicable; and
Texas Grant Management Standards.

V. Application Content

Attachments A-H are Threshold Documents. Each Application must contain the items listed below in the following order:

- Attachment A – Applicant Information Form – Form must be placed on the top of the application.
- Attachment B – Application Questions Parts 1-4 – Complete the NOFA Application Questions document. Any attachments related to questions within Attachment B should identify the question # and be numbered accordingly. Please use the following format to provide any information which is requested in response to questions if the space provided in the Excel worksheet is insufficient:
  - ✓ 11 font
  - ✓ Standard 8½ " x 11" paper with 1" margins
  - ✓ Provide brief descriptions of requested information.

- Attachment C – Audit Information – All applications must include the following documents relating to fiscal accountability, even if this information has been previously submitted to the Department.
  A. An application must include a completed Audit Certification Form, found on the Department's website at http://www.tdhca.state.tx.us/pmcomp/forms.htm.
  B. An organization that is subject to the Federal Single Audit Act requirements must certify that the Single Audit for the latest fiscal year is available at the Federal Audit Clearinghouse. An Organization that is subject only to the State Single Audit Act must submit one copy of the organization's most recent Single Audit report.
  C. An organization not subject to either the Federal or the State Single Audit requirements must submit one copy of a third-party audit of financial statements prepared by a Certified Public Accountant, including any notes to the audit.
  D. A Private Nonprofit Organizations not subject to either the Federal or State Single Audit Act requirements and who have received LIHEAP or CSBG funds in the last fiscal year from the Department are not required to submit a separate audit. For these organizations, the previous participation review will suffice as the measure to determine organizational financial health.
- Attachment D – Uniform Previous Participation Form for Single Family and Community Affairs.
- Attachment E – Certifications Regarding Legal Actions, Debarment & Compliance with Laws.
- Attachment F – Private Nonprofit Organization's Tax-Exempt Status Documentation. Existing Internal Revenue Service (IRS) ruling – All private nonprofit organizations must provide documentation of their status as a tax-exempt entity under Section 501(c) of the Internal Revenue Code. The ruling should be on IRS letterhead which is legible and signed by the IRS District Director. Expired advanced rulings from the IRS are not acceptable. If an organization is a subsidiary of a parent organization, documentation of the parent organization's IRS ruling and a copy of the page listing the affiliate organization in the documents filed with the IRS by the parent organization.
- Attachment G – Applicant Certifications
  The certification must be signed by the organization's Executive Director or equivalent title, with contractual signatory authority. If such cannot be attested, then attach a document explaining why.
- Attachment H – CSBG Budget Worksheets
  A. The proposed budget for CSBG is to be submitted utilizing the Attachment H form. There are several tabs within the spreadsheet to complete. Complete the budget based on the estimated funds available noted in Section III. C (i.e., $100,000).
  B. This NOFA does not have limitations on the amount of funds utilized for the provision of direct services or for the costs of staff assigned to provide the direct services, as long as the costs meet federal and state requirements.

VI. Application Review Process

A. Eligibility Review

The Department will review applications to determine if they meet the following eligibility criteria. If the Department determines that any of these criteria have not been satisfied, the application will not be reviewed and the applicant will be sent a notice of the elimination of their application from consideration, and notified of their opportunity to appeal. The eligibility criteria are:

- Application documents must be submitted electronically to be considered eligible applications. Applications are to be submitted through the Wufoo using the following link: https://tdhca.wufoo.com/forms/native-americansmigrant-seasonal-farm-worker-nofa/
- An Applicant must meet all requirements as set forth in III. General Information, D. Eligible Applicant Organizations; and
- An Applicant must not be an ineligible applicant organization as set forth in III. General Information, E. Ineligible Applicant Organizations.

Any applicant not meeting these threshold criteria will be terminated. A notice of termination will be sent, and an applicant will have an opportunity to appeal the decision in accordance with 10 TAC §1.7, Staff Appeals Process.

B. Deficiency Notices

After the application receipt deadline, the Department will not consider any unsolicited information that an applicant may want to provide. If the Department identifies deficiencies within Attachments A-H it will issue a deficiency notice to request the deficiency be resolved and automatically deduct 10 points from the final score for each deficiency. Applicants will have three (3) business days from the date of issuance of the deficiency notice to provide the requested information. Deficiency notices will be e-mailed to the applicant's chief executive and the person specified as the "person to contact with application questions" in the applicant information form (Attachment A). If the applicant does not provide the requested information within the three business day time period, the applicant will be sent a notice indicating termination of the application.

C. Scoring of Applications

Applications determined eligible for review will be scored by the Department. The Department will utilize a standard scoring instrument to evaluate, score, and rank each application. The scoring instrument will award points based on the applicant's response to the requested information in Attachment B. Questions within Attachment B that go unanswered will not receive any points. The Department reserves the right to reject applications with a score below 50% of the maximum eligible points. If all applicants score below the minimum point threshold, the Department reserves the right to review the top overall scoring entity and if, in the Department's judgment, they can appropriately administer the CSBG-D funds, may recommend an award to its Governing Board.

Upon completion of scoring each application, applicants will be provided a scoring notice with an opportunity to appeal.

The Department will consider and evaluate prior monitoring and/or audit issues during its application scoring. Additionally, other factors to be considered in the scoring of each application will include, but not be limited to:

- Capacity to effectively administer federal funds and to ensure compliance with regulations;

- Ability to demonstrate staff and organizational capacity to deliver the proposed services; and,
- Ability to demonstrate positive past performance with Department or other federally funded programs, including the results of Department monitoring reviews, timeliness of submission of reports, and other information deemed relevant to performance.

D. Awards

Applicants whose applications score competitively will be reviewed by the Department's Previous Participation Review Approval Process and subsequently brought to the Department's Governing Board for consideration of an award.

E. Appeals Process

An appeal of a staff determination must be submitted in writing and in accordance with the Texas Administrative Rule Title 10, Part 1, Chapter 1, Subchapter A, §1.7 which can be found at the Secretary of State's website at:

http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=1&sch=A&rl=Y.

VII. Appendices

Federal and State Resources:

CSBG Act, COATES Human Services Reauthorization Act of 1998, available at https://www.acf.hhs.gov/ocs/resource/community-services-block-grant-statute

Texas Administrative Code - 10 TAC Chapter 1, Administration, available at http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=1

Texas Administrative Code - 10 TAC Chapter 2, Enforcement, available at http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=2

Texas Administrative Code - 10 TAC Chapter 6, Subchapter A, General Provisions, available at http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sch=A&rl=Y

Texas Administrative Code - 10 TAC Chapter 6, Subchapter B, Community Services Block Grant, available at http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sch=B&rl=Y

VIII. List of Attachments

Attachments are posted separately on the TDHCA website as fillable MS Excel documents at https://www.tdhca.state.tx.us/community-affairs/nofas.htm

- Attachment A-G:
    - Attachment A: Applicant Information Form
    - Attachment B: Application Questions Parts 1-4
    - Attachment C: Audit Information
    - Attachment D: Uniform Previous Participation Form
    - Attachment E: Certifications Regarding Legal Actions, Debarment & Compliance with Laws
    - Attachment F: Private Nonprofit Organization's Tax-Exempt Status Documentation
    - Attachment G: Applicant Certifications
- Attachment H: CSBG Budget Worksheets

NOFA for 2024 CSBG Disrectionary Funds for Native American and MSFW Populations
Attachment B: Part 1 - Experience

Applicant Name:	#REF!

Instructions:

When responding to the questions in Attachment B - Part 1 - 4:

1. Attachments: Applicant must complete all areas highlighted in yellow and upload attachments according to the instructions found on the Wufoo submission page.

2. Responses: If the response is provided in a separate document, please ensure that the response is uploaded as the appropriate entry in the Wufoo submission. If the Department is unable to clearly determine which question the response pertains to, the applicant may not receive points for their response.

3. Years of Experience: When responding to years of experience, if the experience is 6 months or greater, round your response up to one year. If it is less than six months, do not. For example: 1 year 5 months would be 1 year and 1 year 6 months would be 2 years.

4. All applicants must complete all parts of the application questions.

Attachment B: Part 1 - Experience

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
1.1	The applicant's experience administering other state or federally funded programs subject to 2 CFR Part 200 or UGMS/TXGMS (currently administered directly by applicant) during the past 10 years. Other grant funds from the Texas Department of Housing and Community Affairs (TDHCA), excluding the CSBG Discretionary grant for MSFW/NA, are to be included. If applicant received the grant for more than one fiscal year, list each year it was received.	State or federally funded grant programs administered: Note: A maximum of 50 points will be awarded. • 5 points for each state or federally funded program administered Note: points will not be given for TDHCA CSBG Discretionary grant for MSFW/NA.	**50**			

Table 1.1 In the table below, list all current state or federally funded grant programs administered directly by the applicant and the number of years administering the grant (indicate each grant source only once), including TDHCA funds. Add additional pages as necessary and identify the question the response pertains to.

Grant Name (for federal funds use the CFDA Code of Federal Regulations name)	Funding Entity Providing Award	Indicate F for Federal funds or S for State Funds

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
1.2	Provide the following information on the experience in delivering **employment skills or employment related assistance** for the population for which applicant is applying (i.e., either Native American or migrant seasonal farm worker). Explain the types of employment skills or employment related assistance and the number of year(s) that your organization provided employment skills or employment related assistance and which of the target populations were served and how many were served during the last 12 month contract period that you provided similar services. For example, if the applicant indicated they are applying for funds to assist Native American populations, they will only receive points for this question only if the experience relates to assisting Native Americans. **No points will be given if you do not specify whether the experience or persons served were MSFW or Native American.**	In assigning points, reviewer will consider the depth to which the nature of the experience in delivering **employment skills or employment related assistance** is described: a. A maximum of 30 points will be awarded, based on whether the population served includes the population for which the applicant is applying (i.e., either Native American or migrant seasonal farm worker), and the depth of relevant employment skills or employment related assistance experience with either Native Americans or migrant seasonal farm workers (as applicable). Number of points awarded will be dependent on the specificity of the description and experience related to direct employment skills or employment related assistance with the targeted population. b. A maximum of 10 points may be awarded, with 4 points for 2 years of experience, 8 points for 3-4 years, 10 points for 5+ years of providing direct employment skills or employment related assistance to the targeted population. c. Provide points for the number of unduplicated persons (MSFW or Native Americans) served with employment skills or employment related assistance for the most recently completed TDHCA CSBG Discretionary contract or any other funds that provided employment skills or employment related assistance to either MSFW and Native American populations. Points: 5-15 persons award 5 points; 16-29 persons award 10 points; 30-45 persons award 20 points 46-55 persons award 30 points 56+ persons award 40 points	80			

a. In the space below, provide a detailed description of relevant prior experience providing services related to employment skills or employment related assistance enabling persons to improve their employability or increase wages for the particular target population (MSFWs or Native Americans) for which the applicant is applying. Must indicate whether the experience was targeted to providing those services to either Native American or MSFW in order to receive points. If general population, explain such.

b. In the space below, in reference to what is described in a. above, provide information on the number of years (and include particular years i.e. 2015-2020) of relevant experience providing direct employment skills or employment related assistance to the population for which the applicant is applying (i.e., either Native Americans or migrant seasonal farm workers).
c. In the space below, provide information on either the number of unduplicated Native Americans or the number of unduplicated migrant seasonal farm workers assisted with employment skills or employment related assistance for the last completed 12 month contract period providing similar services. Report data for a 12 month period and indicate the time period and funding source. Specify: 1) the 12 month time period (if it is CSBG-D funding use a complete contract period that is closed) 2) fund source, and 3) the number of persons served by each targeted population. Note: If the services were not for one of the target populations and were not for employment skills or employment related, do not report it.

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
1.3	Provide the following information on the experience in delivering **education related assistance** for the population for which applicant is applying (i.e., either Native American or migrant seasonal farm worker). Explain the types of education related assistance and the number of year(s) that your organization provided education related assistance and which of the target populations were served and how many were served during the last 12 month contract period that you provided similar services. For example, if the applicant indicated they are applying for funds to assist Native American populations, they will only receive points for this question only if the experience relates to assisting Native Americans. **No points will be given if you do not specify whether the**	In assigning points, reviewer will consider the depth to which the nature of the experience in delivering **education related assistance** is described: a. A maximum of 30 points will be awarded, based on whether the population served includes the population for which the applicant is applying (i.e., either Native American or migrant seasonal farm worker), and the depth of relevant experience in providing direct education related assistance experience with either Native Americans or migrant seasonal farm workers (as applicable). Number of points awarded will be dependent on the specificity of the description and experience related to direct	**80**			

	experience or persons served were MSFW or Native American.	education related assistance with the targeted population. b. A maximum of 10 points may be awarded, with 4 points for 2 years of experience, 8 points for 3-4 years, 10 points for 5+ years of providing direct education related assistance to the targeted population. c. Provide points for the number of unduplicated persons served with education related assistance for the most recently completed TDHCA CSBG Discretionary contract or any other funds that provided education related assistance to either Native American or migrant seasonal farm workers: 5-15 persons award 5 points; 16-29 persons award 10 points; 30-45 persons award 20 points 46-55 persons award 30 points 56+ persons award 40 points				

a. In the space below, provide a detailed description of relevant prior experience providing services related to increasing individuals education aimed at improving their employability or increasing their wages (types of services, etc.) for the particular target population (MSFWs or Native Americans) for which the applicant is applying. Must indicate whether the experience was targeted to providing those services to either Native American or MSFW in order to receive points. If general population, explain such.

b. In the space below, in reference to what is described in a. above, provide information on the number of years (and include particular years i.e. 2015-2020) of relevant experience providing direct education related assistance to the population for which the applicant is applying (i.e., either Native Americans or migrant seasonal farm workers).

c. In the space below, provide information on either the number of unduplicated Native Americans or the number of unduplicated migrant seasonal farm workers assisted with **direct education related assistance** for the last completed 12 month contract period providing similar services. Report data for a 12 month period and indicate the time period and funding source. Specify: 1) the 12 month time period (if it is CSBG-D funding use a complete contract period that is closed) 2) fund source, and 3) the number of persons served by each targeted population. Note: If the services were not for one of the target populations and were not for irect education related assistance, do not report it.

210	0	0	0

NOFA for 2024 CSBG Disrectionary Funds for Native American and MSFW Populations
Attachment B: Part 2 - Prior Performance

Applicant Name:		#REF!

Attachment B: Part 2 - Prior Performance

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
2.1	In the table below, list all funded programs administered and monitored in the past **3** years. Provide copies of the most recent monitoring reports for each of the federal and state funded programs listed in response to question 1.1. If the grant has **not been monitored**, provide information on the name of the agency providing funds, and evidence from such agency noting that the grant has not been monitored in the last three years. Provide follow-up responses from funding agency and your organization to demonstrate resolution of monitoring findings/deficiencies. If follow-up response has not been released, please explain. For ease of review, please number the pages of the documents, even if the numbering is handwritten. Deficiencies are those which identify issues related to fraud, waste, abuse, or financial irregularity, or significant non-compliance with either federal rules, state regulations/rules including, but not limited to 2 CFR Part 200 or Uniform Grant Management Standards/Texas Grant Management Standards.	For monitoring reports of the past 3 years, consider the number of concerns (or other comparable term), monitoring findings (or other comparable term), deficiencies, and disallowed costs identified in monitoring reviews of state and federally funded programs listed in question 1.1. For each monitoring report: (1) for each concern, deduct -2 points (2) for each finding which is not significant, deduct -4 points: (3) for each finding which is significant, deduct -8 points. Significant findings are those such as ones related to questioned costs or potentially ineligible costs related to client financial assistance to ineligible clients or cost allocation issues: (4) For each deficiency, deduct -10 points. (5) For each monitoring report of any State or federal funds which had disallowed costs from $1- $999, deduct -15 points, in addition to point deductions related to (2) and (3) above. (6) For each monitoring report of any State or Federal funds which had disallowed costs $1,000 and above, deduct -25 points, in addition to point deductions above. (7) Applicant shows history of not cooperating with or not submitting TDHCA requested monitoring documentation in the past 3 years: Deduct -20 points per fund source of non-cooperation. Note: If monitoring report is not attached and/or explanatory information as to why a monitoring report is not provided: Deduct -10 points per funded program. Note: maximum point deduction -70 points total	**(points to be deducted based on review)**			

Table 2.1 (Instruction: Please provide copies of the most recent monitoring reports for each funding source. If the grant has not been monitored in the past 36 months, provide a document or email from the funding source to that effect. Scan all monitoring reports into one document and include a cover page labeled as "Documents in response to Question #2.1" and number each page consecutively. The numbering can be hand written at the bottom of each page.)

Funding Source (federal or state agency name) and Name of Grant	Page # where report is found (clearly label attachment with question #2.1)	# of Deficiencies Identified	# of Significant Findings Identified	# of Non-Significant Findings Identified	# of Concerns Identified	Copy of Report attached (Y/N)	Amount of Disallowed Costs

Section	Question and Response			Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
2.2	In the most recently funded and closed CSBG-D contract, determine if applicant failed to submit their monthly performance or monthly expenditure reports or final performance or final expenditure reports to the Department by the due date? **Response**: If yes and some were submitted late, list which type of report (fiscal or performance) below in highlighted area:			If Departmental records show late submissions of performance or expenditure reports during the last funded and closed CSBG-D contract: Deduct -2 points per late submission No late submissions = 0 points	**(points to be deducted based on review)**			
2.3	Has the applicant been placed on a modified cost reimbursement basis of payment for TDHCA Community Affairs funded programs during the past 3 years (a contract sanction whereby reimbursement of costs incurred by a Subrecipient is made only after the Department has reviewed and approved backup documentation provided by the Subrecipient to support such costs)? **Response:** Select Yes or No in the drop down menu of the cell below: Is the applicant currently on a modified cost reimbursement method of payment for TDHCA funded programs? **Response:** Select Yes or No in the drop down menu of the cell below:			Applicant's history of being on a modified cost reimbursement method of payment for TDHCA Community Affairs Division funded programs. • Yes, during the past 3 years: Deduct -20 points • Yes, currently on modified cost reimbursement: Deduct -50 points • No, not during the past 3 years: 0 point deduction	**(points to be deducted based on review)**			
2.4	Provide the following information related to your organization's expenditure of CSBG Discretionary MSFW/NA funds for the most recently completed TDHCA CSBG Discretionary MSFW/NA contract. If no funding was received, leave blank.			Prior Performance - Expenditures: For each percentage point not spent per year, one point will be deducted. (i.e., 81.4% = 19 points deducted, 81.5% = 18 points deducted) Note: The Department will verify expenditures from our records.	**(points to be deducted based on review)**			
Year	**Contract Period**			**CSBG Discretionary Award Amount**	**Final Expenditure Amount**			**% of Funds Expended**
Section	**Question**			**Scoring Mechanism**	**Maximum Points**	**Self-Score**	**Reviewer 1 (TDHCA use only)**	**Reviewer 2 (TDHCA use only)**
2.5	Complete the table below. Provide the requested information for the most recently completed TDHCA CSBG Discretionary MSFW/NA contract.			**Prior Performance Persons Served** • Deduct 3 points for every performance statement target for which 90% of the target that was not met. Deductions will not be taken for exceeding the target. **Note:** The Department will verify performance from our records.	**(points to be deducted based on review)**			

Contract Period Dates	Performance Statement #			Description of activity/service (per TDHCA contract) **Note:** include all performance statements in the contract	Number to Be Served (target)	# of Persons Reported in Final Performance Report	% of Target Achieved

TBD	0	0	0

NOFA for 2024 CSBG Disrectionary Funds for Native American and MSFW Populations
Attachment B: Part 3 - Efficiency

Applicant Name:		**#REF!**				
Attachment B: Part 3 - Efficiency						
Section	**Question**	**Scoring Mechanism**	**Maximum Points**	**Self-Score**	**Reviewer 1 (TDHCA use only)**	**Reviewer 2 (TDHCA use only)**
3.1	**Complete the table below.** Provide information on the costs that are proposed to be charged to the CSBG-D grant. *Administrative costs* include salary and fringe costs related to management staff such as the executive director, accounting staff, human resource staff, and administrative personnel. The Department recommends limiting administrative salary and fringe costs to no more than 20% of the funds requested. *Program Staff/Direct Client Support Staff* salaries and fringe are for staff who provide direct client services and carry out duties such as intake, client interview, casework, case management, referrals, and follow-up. *Direct client assistance* costs relate to costs for direct assistance to clients such as education or employment related assistance (tuition, uniforms, books, etc.).	Provide points for the percentage of CSBG costs budgeted for Program Staff/Direct Client Support Staff salaries and fringe (salaries and fringe,) excluding direct client assistance costs: 80-100%: 40 points 60-79%: 30 points 40-59%: 20 points 20-39%: 10 points Less than 20%: 5 points Plus provide points for the: Percentage of CSBG costs budgeted for Direct Client Assistance costs: 80-100%: 60 points 60-79%: 50 points 40-59%: 40 points 20-39%: 30 points 10-19% 10 points Less than 10%: 5 points **NOTE:** If calculation for a.-e. is found to be incorrect, 5 points will be deducted.	**100**			
Section 3.1 – Table						
Proposed CSBG Budget					**Dollar Amount**	**Percent**

a. Administrative & Mgmnt salaries and fringe benefit costs (for example Exec Dir, CFO, admin staff)		
b. Program Staff/Direct Client Support Staff salaries and fringe benefit costs (for example program directors, case workers, homeless service liaison)		
c. Direct Client Assistance costs (e.g. rent, food, education assistance, tuition) NOTE: From Budget Support Sheet B6.		
d. Costs that are budgeted related to Travel, Supplies, Equipment, Contractual, and Other categories excluding indirect costs in category. Budget Support Sheets B.2 (only Travel and Supplies), B.3, B.4, and B.5.		
e. Indirect costs (for applicants with a federally approved Indirect Cost Rate Plan or for entities claiming the de minimus rate)		
f. Total dollars and total percent (should total to $100,000 and 100% of funds requested)	**$ -**	**0.00%**

100	**0**	**0**	**0**

NOFA for 2024 CSBG Disrectionary Funds for Native American and MSFW Populations
Attachment B: Part 4 - Proposed Employment and Education Services/Activities

Applicant Name:	#REF!

Attachment B: Part 4 - Proposed Employment and Education Services/Activities

Section	Question	Scoring Mechanism	Maximum	Self-Score	Reviewer 1 (TDHCA	Reviewer 2
4.1	In the space below, briefly describe the employment and education initiative (identify staff and work titles, types of services and assistance to be provided, etc.).	In assigning points, reviewer will consider the depth to which items are described: Applicant provided information that demonstrates: a. Clear and detailed description of initiative: 10 point maximum b. Clear and detailed description of services and assistance to be provided: 10 point maximum c. Provided information on staffing (number and position titles) for initiative. 5 point maximum d. Description was not very detailed and plan not very comprehensive: -5 points	25			

Section 4.1 – Response

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
4.2	Provide targets for the total number of *unduplicated persons to be served* through the grant considering both the Education and Employment components. Also provide targets for the number of unduplicated persons to receive *case management* (a process where a case worker meets with client one on one in an on-going basis to identify, develop, and implement a plan to meet short and long-term goals) considering both the Education and Employment components. Only count the individual once, even if they will receive both education and employment service/assistance and received assistance multiple times. (ONLY COUNT THE PRIMARY RECIPIENT, SUCH AS THE HEAD OF HOUSEHOLD, DO NOT COUNT THE ENTIRE HOUSEHOLD). NOTE: The Department will utilize these proposed targets in the contract and applicant will be evaluated in a future application cycle on their performance (i.e., points deducted for not meeting proposed targets from prior application). If applicant doesn't provide the number to be served, a Deficiency Notice will not be issued nor points awarded.	For the unduplicated number of persons to be served for both the Education and Employment components, award point as follows: 0-5 persons: 5 points 6-10 persons: 10 points 11-20 persons: 20 points 21-50 persons: 30 points 51-75 persons: 40 points 76+ persons: 50 points Plus For the unduplicated number of persons that will receive *Case Management* services for both the Education and Employment components, award point as follows: 0-5 persons: 10 points 6-10 persons: 20 points 11-20 persons: 30 points 21-50 persons: 40 points 51-75 persons: 50 points 76+ persons: 55 points NOTE: Do not overestimate your target numbers because in a subsequent application for funds, you will be penalized for not meeting targets proposed in your application in Attachment B	105			

	Response to 4.2:	Target
a.	Unduplicated number of persons that will be served during the year:	
b.	Unduplicated number of persons that will be served who will receive case management:	

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
4.3	**Employment Initiative:** Provide targets for the number of **unduplicated persons** (count	**Award points as follows:**	60			

	individual receiving assistance one time per year) that you anticipate will achieve the stated goal or receive the stated service as a result of assistance provided through the Employment initiative. An individual can be counted as an unduplicated person receiving a service only once in each activity during the contract term (ONLY COUNT THE PRIMARY RECIPIENT, SUCH AS THE HEAD OF HOUSEHOLD, DO NOT COUNT THE ENTIRE HOUSEHOLD). NOTE: The Department will utilize these proposed targets in the contract and applicant will be evaluated in a future application cycle on their performance (i.e., points deducted for not meeting proposed targets from prior application). If applicant doesn't provide the number to be served, a Deficiency Notice will not be issued nor points awarded.	0-5 persons: 1 point 6-10 persons: 5 points 11-20 persons: 10 points 21-50 persons: 20 points 51-100 persons: 40 points 101+: 60 points **NOTE**: Do not overestimate your target numbers because in the subsequent application for funds, you will be penalized for not meeting targets proposed in your application in Attachment B Part 2 Question 2.5.				

	Table 4.4 - Employment Initiative	**Target**
a.	Number of unduplicated persons that were unemployed that will obtain employment to gain skills or income (CSBG Performance Report - Employment Indicators NPI 1 series 1.1 a., 1.1b., 1.1e.)	
b.	Number of persons that will obtain an increase in income and or benefits or increased hours. (CSBG Performance Report - Employment Indicators NPI 1 series 1.1 h. 1, 1.1 h.2, or 1.1 h.3)	
c.	Number of persons that will obtain work skills or experience (not related to job search, but actual work skills) to obtain employment or to obtain an increase in employment (a better job, better wages, etc.) through job/vocational or skills training and apprenticeships. (CSBG Performance Report - Employment Services 1.a.-1.f.) SRV 1.a. vocational training, SRV 1.b. On-the-Job and other Work Experience, SRV 1.c. Youth Summer Work Placements, SRV 1.d. Apprenticeship/Internship, SRV 1.e. Self-Employment Skills Training, SRV 1.f. Job Readiness Training)	
d.	Number of persons to be provided job search and readiness assistance (such as coaching, resume writing, interview skills training, pre-employment physicals, background checks, career counseling & workshops, etc.). (CSBG Performance Report - SRV 1.g.-o.)	

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
4.4	**Education Initiative:**	**Award points as follows:**	**60**			

	Provide targets for the number of unduplicated persons that you anticipate will achieve the stated goal or receive the stated service as a result of assistance provided through the Education initiative. An individual can be counted as an unduplicated person receiving a service only once in each activity during the contract term (ONLY COUNT THE PRIMARY RECIPIENT, SUCH AS THE HEAD OF HOUSEHOLD, DO NOT COUNT THE ENTIRE HOUSEHOLD). NOTE: The Department will utilize these proposed targets in the contract and applicant will be evaluated in a future application cycle on their performance (i.e., points deducted for not meeting proposed targets). If applicant doesn't provide the number to be served, a Deficiency Notice will not be issued nor points awarded.	0-5 persons: 1 point 6-10 persons: 5 points 11-20 persons: 10 points 21-50 persons: 20 points 51-100 persons: 40 points 101+: 60 points **NOTE**: Do not overestimate your target numbers because in the subsequent application for funds, you will be penalized for not meeting targets proposed in your application in Attachment B Part 2 Question 2.5.				

	Table 4.5 - Education Initiative	Target
a.	Number of persons that will enroll and work towards obtaining a recognized credential, certificate, or degree related to the achievement of educational or vocational skills (a trade school or community college). (CSBG Performance Report - National Performance Indicator 1.h.)	
b.	Number of persons that will demonstrate improved basic education or receive adult literacy classes, ESL, basic education, or applied technology classes (excluding high school and GED). (CSBG Performance Report - SRVs 2.g., 2. r., 2.x.)	
c.	Number of persons that will enroll enroll and work towards obtaining a high school diploma or GED.(CSBG Performance Report - National Performance Indicator 1.1 g.)	
d.	Number of persons that will enroll and work towards obtaining an Associate's degree. (CSBG Performance Report - National Performance Indicator 1.1 i.)	
e.	Number of persons that will enroll and work towards obtaining a Bachelor's degree.(CSBG Performance Report - National Performance Indicator 1.1 j.)	

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
4.5	**Unduplicated Persons:** Provide targets for the number of unduplicated persons that you anticipate will receive the following types of assistance through the Education and Employment initiative. An individual can be counted as an unduplicated person receiving a service only once in each activity during the contract term (ONLY COUNT THE PRIMARY RECIPIENT, SUCH AS THE HEAD OF HOUSEHOLD, DO NOT COUNT THE ENTIRE HOUSEHOLD). NOTE: The Department will utilize these proposed targets in the contract and applicant will be evaluated in a future application cycle on their performance (i.e., points deducted for not meeting proposed targets). If applicant doesn't provide the number to be served, a Deficiency Notice will not be issued nor points awarded.	**Award points as follows:** 0-5 persons: 1 point 6-10 persons: 5 points 11-20 persons: 10 points 21-50 persons: 15 points 51-100 persons: 20 points 101+: 25 points **NOTE**: Do not overestimate your target numbers because in the subsequent application for funds, you will be penalized for not meeting targets proposed in your application in Attachment B Part 2 Question 2.5.	25			

Table 4.6 - Unduplicated Persons		Target
a.	Number of persons enrolled in the education or employment program who will receive assistance, either funded with the grant or other funding source, for rent, food, utilities, child care, or transportation. (CSBG Performance Report - SRVs 3.g., 4.c, 4.i., 4.k., 5.hh, 5.ii, 5.jj., 7.d., 7.e., 7.f.)	
b.	Number of persons to receive assistance with tools, uniforms, clothes, equipment, tuition aid, books, and supplies which enable them to obtain or retain a job or complete their education goals. (CSBG Performance Report - SRVs 1.q., 7.n., 2.aa., 2.zz.)	
c.	Number of persons to receive Financial Literacy Education or Counseling in order to achieve or maintain capacity to meet basic needs or reported improved financial well being. (CSBG Performance Report - SRVs 2.f.)	

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
4.6	Provide the following information in the yellow-highlighted area below: Describe the **coordination and outreach efforts** that will be conducted and how your organization will coordinate with other service providers in the service area to meet the varied client needs to enable them to further their education or obtain employment or increased wages.	In assigning points, reviewer will consider the depth to which items are described: Applicant provided information that demonstrates: a. Clear coordination and outreach efforts: 10 point maximum b. Variety of client needs addressed through coordination efforts: 10 point maximum c. Coordination efforts were not sufficiently demonstrated: -5 points	20			
4.6 Response						
			295	0	0	0

NOFA for 2024 CSBG Disrectionary Funds for Native American and MSFW Populations
Attachment B: Scoring Summary

Applicant Name:	#REF!			
Checklist of Application Questions Requesting Attachments				
Question		**Attachment Item Requested**		
	2.1	Most recent monitoring report for each grant listed in 1.1 in the last 3 years		
Application Question Sections				
Scoring Section	**Maximum Points**	**Self-Score**	**Reviewer 1**	**Reviewer 2**
Part 1: Experience	**210**	**0**	**0**	**0**
Part 2: Prior Performance	**Deductions To Be Determined**	**0**	**0**	**0**
Part 3: Efficiency	**100**	**0**	**0**	**0**
Part 4: Proposed Employment and Education Services/Activities	**295**	**0**	**0**	**0**
Maximum Points=605				
Final Score		**0**	**0**	**0**

**** The Self-Score column on Attachment B Parts 1-4 are to be completed by the Applicant; however, the Department does not base its scoring of the application on the Applicant's self-score. ****

*****The Department reserves the right to reject applications with a score below 50% of the maximum eligible points. See Section VI of the NOFA for further details.***

******TDHCA reserves the right to request further information related to the application for clarification purposes during the scoring review period.******

File #: 448 **Agenda Date:** 12/7/2023 **Agenda #:** 23.

Presentation, discussion, and possible action regarding authorization to reissue a Notice of Funding Availability for the 2024 Reentry Activities Pilot Program funded with Community Services Block Grant Discretionary funds

RECOMMENDED ACTION

WHEREAS, Community Services Block Grant (CSBG) funds are awarded annually to the Texas Department of Housing and Community Affairs (the Department) by the U.S. Department of Health and Human Services (USHHS);

WHEREAS, the Department reserves 90% of the allotment for CSBG eligible entities to provide services/assistance to the low-income population in all 254 counties; up to 5% for state administration expenses; and the remaining amount for state discretionary use;

WHEREAS, at the Board meeting of June 15, 2023, the Department established a set aside of $1,775,000 for 2024 and 2025 CSBG Discretionary (CSBG-D) activities in the 2024-2025 CSBG State Plan, including $400,000 per year towards a Reentry Assistance Pilot Program, which will allow nonprofit and local government organizations with established experience in serving the reentry population to assist previously incarcerated individuals obtain rental housing through landlord incentives, payment of security deposits, and other reentry activities related to housing;

WHEREAS, at the Board meeting of July 27, 2023, the Board authorized staff to release a Notice of Funding Availability (NOFA) for 2024 CSBG-D funds seeking organizations with experience in serving the reentry population and are able to administer projects focused on mitigating barriers to securing safe and stable housing for previously incarcerated individuals;

WHEREAS, after release of the NOFA and after scoring of the applications received along with award recommendations, an appeal to the Executive Director and then to the Board was made by an applicant regarding a disagreement with categorization of costs within the NOFA;

WHEREAS, staff notified the appellant that it would be reissuing the NOFA, and the appellant withdrew their appeal from the Board's agenda;

WHEREAS, the Executive Director directed staff to revise the NOFA to clarify the issue; and

WHEREAS, Department staff have made the appropriate revisions to the NOFA and is seeking Board authority to reissue the NOFA;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director be granted the authority to reissue the NOFA for 2024 CSBG-D funds for reentry activities;

FURTHER RESOLVED, that to the extent that subsequent revisions to the NOFA or iterations for a future NOFA with these funds are required in order to facilitate the use of the funds by the applicants, the Board also authorizes staff to make such revisions in accordance with, and to the extent limited by the CSBG federal and state regulations;

FURTHER RESOLVED, that the budget for USHHS has not yet been passed by Congress and the Department reserves the right to cancel or adjust the amount of this NOFA at its sole discretion if insufficient 2024 CSBG funding is received; and

FURTHER RESOLVED, that staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such other acts as may be necessary to effectuate the foregoing.

BACKGROUND

Each year the Department sets aside 5% (approximately $1,775,000) of its annual CSBG allocation for state discretionary use. Each year funds from CSBG-D are used for specific identified initiatives that the Department supports and other ongoing activities such as a Reentry Assistance Pilot Program to assist previously incarcerated individuals in obtaining rental housing through landlord incentives, payment of security deposits, and other reentry activities related to housing. For 2024, $400,000 has been reserved for reentry activities.

On July 27, 2023, the Board authorized staff to release a NOFA seeking organizations with experience in serving the reentry population and who are interested in administering projects focused on mitigating barriers to securing safe and stable housing for previously incarcerated individuals. But after its release, after scoring of the applications, and after the issuance of notices of award recommendations, an appeal to the Executive Director and then to the Board was made by an applicant arguing that the NOFA incorrectly categorized salary costs for Program Staff and Direct Client Support Staff, as part of Administrative costs and that their application would have been eligible using such categorizations. After careful consideration, the appeal was removed from the Board's agenda and staff determined that it would revise the NOFA to clarify the issue, then seek Board authorization to rerelease the NOFA. Accordingly, staff has made revisions to the NOFA by combining Administrative, Management and Program Staff into a single budget category, and adding clear scoring criteria associated with the budget to incentivize applicants to expend money on direct client reentry services. Staff also adjusted language relating to geographic awards being permitted in spite of score to ensure dispersion of awardees. Staff will reissue the revised version of the NOFA once Board authorization is granted.

In the event that the Department does not have sufficient eligible applications to fund this activity, the Department may, at the discretion of the Executive Director, increase the award amounts to other applicants or reprogram the funds from this activity into another eligible discretionary activity specified in the 2024-2025 CSBG State Plan previously approved by the Board.

The Department will return to the Board at a later date with award recommendations. It is anticipated that three to five awards of $80,000 to $150,000 each will be presented to the Board Contracts will be 12 months.

The proposed NOFA and Scoring Tab B are attached for review and approval as part of this item. In the event of a tie in scoring of the applications, a tie breaking procedure will be used and is described within the NOFA. The other attachments and tabs referenced in the NOFA, Attachments A (Tabs A and C through H) and B, are submission forms of required information or certifications, and are not included within this Board Action Request.

Notice of Funding Availability (NOFA) for Community Services Block Grant (CSBG) Discretionary Funds for the Reentry Activities Pilot Program

The Texas Department of Housing and Community Affairs (the Department) is pleased to announce a NOFA for the Reentry Activities Pilot Program, funded with CSBG Discretionary funds. The pilot is centered on populations transitioning back into the community after exiting jail or prison. The Department is seeking organizations with experience in serving the reentry population (individuals who have exited jail or prison within the past year) that are interested in administering projects focused on mitigating barriers to securing safe and stable housing for previously incarcerated individuals.

Interested applicants must meet the requirements set forth in the application and must submit a complete application through the established system described in the NOFA on or before **Monday, January 15, 2024, 5:00 p.m. Austin local time**.

The Notice of Funding Availability (NOFA) is available on the Department's web site at http://www.tdhca.state.tx.us/nofa.htm and the application forms referenced in this packet and submission instructions are available on the Department's web site at https://www.tdhca.state.tx.us/community-affairs/nofas.htm. The Department looks forward to receiving your completed application. Should you have any related questions, please contact Madison Lozano at (512) 936-7798 or madison.lozano@tdhca.state.tx.us.

Table of Contents

I. Application Instructions

A. Application Deadline:

All applications must be submitted on or before **Monday, January 15, 2024, 5:00 p.m. Austin local time.**

B. Electronic Submission:

All applications must be submitted electronically to be considered eligible applications. Applications must be submitted through the Wufoo system using the following link:

https://tdhca.wufoo.com/forms/csbg-reentry-nofa/

C. Application Questions

Application questions may be submitted via electronic mail to madison.lozano@tdhca.state.tx.us. Answers will be provided in the order in which they are received. Please do not submit the same question twice as you await a response.

The deadline to submit questions related to the content of the NOFA and Application is Wednesday, January 10, 2024, by 5:00 p.m. Austin local time. Questions related to the content of the NOFA submitted after this deadline may not be answered.

II. Proposed Timeline for NOFA and Application

Date	Action
December 8, 2023	The application will be available through the TDHCA Website: http://www.tdhca.state.tx.us/nofa.htm
January 10, 2024 5:00 p.m. (Austin local)	Deadline to submit questions regarding the NOFA and application prior to application submission
January 15, 2024 5:00 p.m. (Austin local)	Deadline for Applicants to submit applications in response to this NOFA
March 7, 2024	Anticipated date for the Department to present funding recommendations to Board of Directors; subject to change.
Spring-Summer 2024	Contract will be 12 months, with an estimated start between March 1, 2024 and July 1, 2024

*Any Appeal may delay the Contract Start and End Date

III. General Information

A. Background

The Department has been designated as the state agency to administer the CSBG Program. On an annual basis, the Department receives CSBG funds from the U.S. Department of Health and Human Services (USHHS) to ameliorate the causes of poverty within communities.

The Department is permitted to reserve up to 5% of CSBG funds for state discretionary use for which the Department's Board has determined specific uses. This NOFA releases a portion of these 2024 CSBG Discretionary (CSBG-D) funds to establish a Reentry Assistance Pilot Program aimed to fund organizations that will assist previously incarcerated individuals in obtaining rental housing through landlord incentives, security deposits and other reentry activities related to housing.

Capitalized words in this NOFA, unless otherwise defined herein, have the meaning outlined in Chapter 2306 of the Texas Government Code or in Title 10 Texas Administrative Code (TAC), Chapters 1, 2, or 6, as applicable which can be found at [Texas Administrative Code (state.tx.us)].

B. CSBG-D Subrecipient Performance Requirements:

The NOFA will provide funding to organizations for new or existing projects to assist previously incarcerated individuals in obtaining rental housing through landlord incentives, payment of security deposits and other reentry activities related to housing. The successful applicant should consider a comprehensive approach that may include established partnerships to address case management, employment assistance, and/or other needed services.

This activity must be completed throughout the 12-month Contract Term.

Subrecipient must complete activities that have the following results:

- Increase the number of previously incarcerated individuals with secure and stable housing, defined as a minimum 6-12 month lease on a rental unit

Persons eligible for assistance must have an annual income at or below 125% of the Federal Poverty Income Guidelines (FPIG) issued annually by HHS or the FPIG authorized in the 2024 CSBG funding by Congress.

C. Funds Available and Award Amounts

In this NOFA, the Department makes available $400,000 of 2024 non-formula CSBG funds to be utilized for the awarded applicants. An applicant must apply for $80,000 to $150,000 per application. If sufficient eligible applications are received that meet threshold criteria, it is anticipated that three to five awards of $80,000 to $150,000 each will be made by the Department's Board of Directors (Board).

In the event that the Department does not receive sufficient eligible applications in response to this NOFA to exhaust available funding, the Department reserves the right to make awards in excess of $150,000 or reprogram the funds.

The availability of 2024 CSBG-D funds to subrecipient organizations is dependent on the Department's receipt and availability of funds from USHHS. Access to funds may be limited to the amount of 2024 CSBG-D funds available to the Department from USHHS, and is subject to Board decisions regarding its use.

D. Eligible Applicant Organizations

Organizations eligible to apply for CSBG-D NOFA funds are: Private Nonprofit Organizations with 501(c) status, Public Housing Authorities, Local Mental Health Authorities, Units of General Local Government, and Regional Councils of Governments who are proposing a project targeted to removing housing barriers for populations reentering the community following incarceration. Eligible applicants must already have experience in assisting the reentry population.

E. Ineligible Applicant Organizations

Organizations ineligible to apply for the competitive 2024 CSBG-D Reentry funds are:

- Private Nonprofit Organizations that do not have a Certificate of Formation (or Articles of Incorporation);
- Private Nonprofit Organizations that the Texas Secretary of State's Office website does not state are authorized to do business in Texas;
- Organizations for which persons on the organization's governing body or employees are debarred or suspended by the Department or another governmental agency; and

- Organizations for which persons on the organization's governing body or employees are on the suspended or debarred listed for the System for Award Management in accordance with 2 CFR Part 180 and 2 CFR Part 376.

F. Private Nonprofit Organizations.

The Department is requiring that an organization submit a Certificate of Formation or proof of eligible status. It is the applicant's responsibility to ensure that its information including its Certificate of Formation (formally known as Articles of Incorporation) with the Texas Secretary of State's Office is correct and complete at the time of application. The Department will confirm proof of active status directly with the Texas Secretary of State. No administrative deficiencies will be issued for failure to have the appropriate status and governing documents reflected on the Secretary of State's Office when confirmed by the Department. Failure to have this information, or failure to correct the deficiency within a reasonable time, will cause the application to be terminated without further review as further described in Section VI, A of the NOFA.

G. Registration Requirements

Prior to contract execution, the successful applicant must provide the Department with the organization's Unique Entity ID and proof of registration with the System for Award Management (SAM). If the organization is not registered, go to https://www.sam.gov to renew, update, or create a new registration.

IV. State and Federal Requirements

Subrecipient shall comply with all provisions of the Federal and State laws and regulations listed below and in Attachment G, including but not limited to:

A. Public Law 105-285, Title II - Community Services Block Grant Program, Subtitle B Community Services Block Grant Program of the Community Services Block Grant Act, Chapter 106 of the Community Services Block Grant Act (42 U.S.C. §9901 *et seq.*), as amended by the "Community Services Block Grant Amendments of 1994" (P.L. 103-252) and the Coats Human Services Reauthorization Act of 1998 (P.L. 105-285);

B. Chapter 2306 of the Texas Government Code;
Title 10 Texas Administrative Code, Part 1, Chapters 1 and 2;
Title 10 Texas Administrative Code, Part 1, Chapter 6, Subchapters A and B;
2 CFR Part 200; and
Texas Grant Management Standards, as applicable.

C. Subrecipient shall also comply with the Drug-Free Workplace Act of 1988, the Pro-Children Act of 1994, Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794), the Americans with Disabilities Act of 1990 (ADA), as amended (42 U.S.C. 12101 et seq.) and Executive Order 13166 of August 11, 2000 related to Limited English Proficiency.

D. Subrecipient shall practice non-discrimination and provide equal opportunity in compliance with federal law in keeping with the President's Executive Order 11246 of September 24, 1965, and ensure that a person shall not be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in the administration of or in connection with any program or activity funded in whole or in part with funds made available under this contract, on the grounds of race, color, religion, sex, national origin, age, disability, political affiliation or belief.

E. Subrecipient shall comply with political activity prohibitions and shall not utilize CSBG funds to influence the outcome of any election, or the passage or defeat of any legislative measure or to directly or indirectly hire employees or in any other way fund or support candidates for the legislative, executive, or judicial branches of government of subrecipients, the State of Texas, or the government of the United States. Subrecipient shall comply with 45 CFR §87.2 and ensure that CSBG funds are not to be used for sectarian or inherently religious activities such as worship, religious instruction or proselytization, and must be for the benefit of persons regardless of religious affiliation.

F. Subrecipient shall comply with Chapter 2264 of the Texas Government Code 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.

G. Subrecipient is not permitted to award any funds provided by this contract to any party that is debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549. The Subrecipient will be required to agree that prior to entering into any agreement with a potential subcontractor that the verification process to comply with this requirement will be accomplished by checking https://www.sam.gov/SAM/pages/public/searchRecords/search.jsf

V. Application Content

The NOFA and Attachments (Excel spreadsheets) are posted on the TDHCA website at http://www.tdhca.state.tx.us/community-affairs/nofas.htm. Ensure all application documents are submitted.

All documents should clearly identify which application question to which the document pertains. If the response to an application question has an attachment, ensure that the separate document clearly identifies the question number. If the Department is unable to clearly determine which question the response belongs to, the applicant may not receive the correct number of points.

Attachments A-B are Threshold Documents. Failure to submit them may disqualify application and will result in point deductions if the application is reviewed. Each Application must contain the items listed below:

- Attachment A – Application Excel Workbook, with all tabs completed. Applications that do not include a completed document with responses to NOFA questions will be deemed ineligible. Please use the following format to provide any information which is requested in response to questions if the space provided in the Excel worksheet is insufficient:
  - 11 font
  - Standard 8½ " x 11" paper with 1" margins
  - Provide brief descriptions of requested information.

- Attachment B – CSBG Budget Worksheet with all tabs completed. The proposed budget for CSBG is to be submitted utilizing the Attachment B form. Complete the budget based on the estimated funds available noted in Section III.C (EX: $80,000 - $150,000).

<u>Additional Required Documents:</u>

Detailed instructions for each document are outlined in Attachment A.

- Monitoring Reports for all state and federal programs listed in Attachment A – Tab B-Part 1, if applicable. If the grant has not been monitored, provide information on the name of agency providing funds, contact name, email and phone number and an explanation as to why it hasn't been monitored.
- Audit Information – All applications must include the following documents relating to fiscal accountability, even if this information has been previously submitted to the Department.
  A. An application must include a completed Audit Certification Form, found on the Department's website at http://www.tdhca.state.tx.us/pmcomp/forms.htm.
  B. An organization that is subject to the Federal Single Audit Act requirements must submit a copy of the Single Audit for the latest fiscal year (the audit for the most recent closed fiscal year) and also must have uploaded that Single Audit to the Federal Audit Clearinghouse. An Organization that is subject only to the State Single Audit Act must submit one copy of the organization's most recent Single Audit report.
  C. An organization not subject to either the Federal or the State Single Audit requirements must submit one copy of a third-party audit of financial statements prepared by a Certified Public Accountant, including any notes to the audit.
  D. Private Nonprofit Organizations not subject to either the Federal or State Single Audit Act requirements <u>and</u> who have received LIHEAP or CSBG funds in the last fiscal year from the Department are not required to submit a separate audit. For these organizations, the previous participation review will suffice as the measure to determine organizational financial health.
- Uniform Previous Participation Form for Single Family and Community Affairs.
- Certifications Regarding Legal Actions, Debarment & Compliance with Laws.
- Private Nonprofit Organization's Tax-Exempt Status Documentation. Existing Internal Revenue Service (IRS) ruling – All private nonprofit organizations must provide documentation of their status as a tax-exempt entity under Section 501(c) of the Internal Revenue Code. The ruling should be on IRS letterhead which is legible and signed by the IRS District Director. Expired advanced rulings from the IRS are not acceptable. If an organization is a subsidiary of a parent organization, documentation of the parent organization's IRS ruling and a copy of the page listing the affiliate organization in the documents filed with the IRS by the parent organization.
- Certificate of Formation, if applicable
- Applicant Certifications. The certification must be signed by the organization's Executive Director or equivalent title, with contractual signatory authority. If such cannot be attested, then attach a document explaining why.
- Fidelity Bond Coverage

NOTE: *The Department reserves the right to reject all applications and re-issue the NOFA if the Department does not receive an application which the Department determines is viable to provide Reentry Assistance Pilot Program services.*

VI. Application Review Process

A. Eligibility Prescreening Review

The Department will review applications to determine if they meet the following eligibility prescreening criteria. If the Department determines that any of these criteria have not been satisfied, the application will not be reviewed and the applicant will be sent a notice of the elimination of their application from consideration, and notified of their opportunity to appeal. The prescreening criteria are:

- All application threshold documents A through I must be submitted by the application deadline.
- Application documents must be submitted electronically to be considered eligible applications. Applications are to be submitted through Wufoo using the following link: https://tdhca.wufoo.com/forms/csbg-reentry-nofa/
- An Applicant must meet all requirements as set forth in III. General Information, D. Eligible Applicant Organizations; and
- An Applicant must not be an ineligible applicant organization as set forth in III. General Information, E. Ineligible Applicant Organizations.

Any applicant not meeting these threshold criteria will be terminated. A notice of termination will be sent, and an applicant will have an opportunity to appeal the decision in accordance with 10 TAC §1.7, Staff Appeals Process.

B. Deficiency Notices

After the application receipt deadline, the Department will not consider any unsolicited information that an applicant may want to provide. If the Department identifies deficiencies within the Attachments it will issue a deficiency notice to request the deficiency be resolved. *Applicants will have three (3) business days from the date of issuance of the deficiency notice to provide the requested information.* Deficiency notices will be e-mailed to the applicant's chief executive and the person specified as the "person to contact with application questions" in the applicant information form (Attachment A). If the applicant does not provide the requested information within the 3 business day time period, the applicant will be sent a notice indicating termination of the application.

C. Scoring of Applications

Applications received from eligible organizations that have resolved all threshold deficiencies will be reviewed and scored by the Department. The Department will utilize a standard scoring instrument to evaluate, score, and rank each application. The scoring instrument will award points based on the applicant's response to the requested information in Attachment B. The Department reserves the right to reject applications with a score below 50% of the maximum eligible points. If all applicants score below the minimum point threshold, the Department reserves the right to review the top overall scoring entity(ies) and if, in the Department's judgment, they can appropriately administer the funds, may recommend an award to its Governing Board.

Upon completion of scoring each application, applicants will be provided a scoring notice with an opportunity to appeal.

The Department will consider and evaluate prior monitoring and/or audit issues during its application scoring. Additionally, other factors to be considered in the scoring of each application will include, but not be limited to:

- Experience assisting the reentry population with services;

- Capacity to effectively administer federal funds and to ensure compliance with regulations;
- Ability to demonstrate staff and organizational capacity to deliver the proposed services; and,
- Ability to demonstrate positive past performance with Department or other federally funded programs, including the results of Department monitoring reviews, timeliness of submission of reports, and other information deemed relevant to performance.

In the event of a tie, the following sections will be used to break the tie – Part 4 (highest score), followed by Section 1.2 (highest score), followed by Section 3.1 (highest score), followed by Attachment B, Part 2 (highest score).

D. Awards

Applicants whose applications score competitively will be reviewed by the Department's Previous Participation Review Approval Process team and subsequently brought to the Department's Governing Board for consideration of an award.

The Department's desire for this pilot program is to select the highest scoring applications in different geographic locations. Unless there are no remaining applications, the Department will not recommend more than one award per city, county, or metropolitan/micropolitan statistical area as defined by the July 2023 Office of Management and Budget Bulletin No. 23-01 (Pages 174-175) as listed at: https://www.whitehouse.gov/wp-content/uploads/2023/07/OMB-Bulletin-23-01.pdf.

E. Appeals Process

An appeal of a staff determination must be submitted in writing and in accordance with the Texas Administrative Rule Title 10, Part 1, Chapter 1, Subchapter A, §1.7 which can be found at the Secretary of State's website at:

http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=1&sch=A&rl=Y.

VII. Appendices

Federal and State Resources:

CSBG Act, COATES Human Services Reauthorization Act of 1998, available at https://www.acf.hhs.gov/ocs/resource/community-services-block-grant-statute

Texas Administrative Code - 10 TAC Chapter 1, Administration, available at http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=1

Texas Administrative Code - 10 TAC Chapter 2, Enforcement, available at http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=2

Texas Administrative Code - 10 TAC Chapter 6, Subchapter A, General Provisions, available at http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sch=A&rl=Y

Texas Administrative Code - 10 TAC Chapter 6, Subchapter B, Community Services Block Grant, available at http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sch=B&rl=Y

Texas Grant Management Standards (TxGMS) available at Texas Grant Management Standards (TxGMS) (txregionalcouncil.org)

VIII. List of Required Documents

Attachments are posted separately on the TDHCA website as fillable MS Excel documents at https://www.tdhca.state.tx.us/community-affairs/nofas.htm. Instructions for all requirements are in the Attachment A Excel workbook.

- Required Documents:
  - Attachment A: Application Excel Workbook, tabs A-H
  - Attachment B: Budget Excel Workbook, multiple tabs
  - Monitoring Reports for all monitored programs administered within the past 36 months, if applicable
  - Audit Certification Form and Single Audit for most recent fiscal year, if applicable
  - Uniform Previous Participation Form
  - Certifications Regarding Legal Actions, Debarment & Compliance with Laws
  - Private Nonprofit Organization’s Tax-Exempt Status Documentation, if applicable
  - Certificate of Formation, if applicable
  - Applicant Certifications
  - Fidelity Bond Coverage, if applicable

Instructions:

When responding to the questions in Tab B - Part 1 - 4:

1. Attachments: Applicant must complete all areas highlighted in **yellow** and upload attachments according to the instructions found on the Wufoo submission page.

2. Responses: If the response is provided in a separate document, please ensure that the response is uploaded as the appropriate entry in the Wufoo submission. If the Department is unable to clearly determine which question the response pertains to, the applicant may not receive points for their response.

3. Years of Experience: When responding to years of experience, if the experience is 6 months or greater, round your response up to one year. If it is less than six months, do not. For example: 1 year 5 months would be 1 year and 1 year 6 months would be 2 years.

4. All applicants must complete all parts of the application questions.

Tab B: Part 1 - Experience

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
1.1	The applicant's experience administering other state or federally funded programs subject to 2 CFR Part 200 or UGMS/TXGMS (currently administered directly by applicant) during the past 10 years. Other grant funds from the Texas Department of Housing and Community Affairs (TDHCA), excluding the CSBG Discretionary grant, are to be included. If applicant received the grant for more than one fiscal year, include number of years it was received.	State or federally funded grant programs administered: Note: A maximum of 10 points will be awarded. • 1 point for each state or federally funded program administered Note: Points will not be given for TDHCA CSBG Discretionary grant.	10			

Table 1.1 In the table below, list all current state or federally funded grant programs administered directly by the applicant and the number of years administering the grant (indicate each grant source only once), including TDHCA funds. Add additional pages as necessary.

Grant Name	Funding Entity Providing Award	Purpose of Award	# Years of Award	Federal or State Funds (Y/N)

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)

1.2	Provide the following information on the experience in serving the target population. Target population is defined as individuals who have exited jail or prison within the past year.	In assigning points, reviewer will consider: **a**. A maximum of 40 total points may be awarded: (b) + (c) + (d) + (e). Narrative responses should be provided in rows 27-36 below. **b**. A maximum of 10 points may be awarded, with 4 points for 2 years of experience, 8 points for 3-4 years, 10 points for 5+ years of providing direct supportive services to the targeted population. **c**. Provide points for the number of unduplicated persons served with supportive services from December 1, 2022 - November 30, 2023: 1-15 persons award 2 points; 16-29 persons award 4 points; 30-45 persons award 6 points 46-55 persons award 8 points 56+ persons award 10 points **d**. 2 points will be awarded for each service provided, with a maximum of 10 points possible. **e**. 2 points will be awarded for each additional service currently being provided, with a maximum of 10 points possible.	**40**			
a. In the space below, provide a detailed description of relevant prior experience providing services related to aiding individuals in the target population. Must indicate whether the experience was targeted to providing services to formerly incarcerated populations. If services were provided only to the general population, explain such. Include information on staff qualifications and capacity to meet the needs of the target population. Include any experience working with landlords, property managers, and other housing providers.						
b. In the space below, provide the number of years (and include particular years i.e. 2015-2020) of relevant experience providing <u>supportive services</u> to the target population. Examples: GED assistance, employment training, transportation help, housing assistance, personal documentation collection (driver's license, ID), etc.						
c. In the space below, provide the number of unduplicated individuals in the target population that were served with some form of supportive services by the applicant between December 1, 2022 - November 30, 2023.						

d. In the space below, indicate how many of the direct housing services, listed below, you currently offer to the target population.

- [ ] Rental assistance
- [ ] Payment of security deposits, application fees
- [ ] Payment of moving costs
- [ ] Utility payments
- [ ] Payment of landlord incentives

e. If you currently offer other supportive services, describe all your services below. Examples: GED assistance, employment training, transportation help, housing assistance, personal documentation collection (driver's license, ID, etc.), etc.

50	0	0	0

Tab B: Part 2 - Prior Performance

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
2.1	In the table below, list all funded programs administered and monitored in the past **3** years. Provide copies of the most recent monitoring reports for each of the programs listed in response to question 1.1. If the grant has **not been monitored**, provide information on the name of agency providing funds, contact name, email and phone number and an explanation as to why it hasn't been monitored. Provide follow-up responses from funding agency and your organization to demonstrate resolution of monitoring findings/deficiencies. If follow-up response has not been released, explain. Deficiencies are those which identify issues related to fraud, waste, abuse, or financial irregularity, or <u>significant</u> non-compliance with either federal rules, state regulations/rules including, but not limited to 2 CFR Part 200 or Uniform Grant Management Standards/Texas Grant Management Standards.	Number of monitoring concerns, findings/deficiencies (or other comparable terms), and disallowed costs identified in monitoring reviews of federal and state funded programs. (1) for each concern, deduct -2 points. (2) for each finding which is not significant, deduct -4 points. (3) for each finding which is significant, deduct -8 points. Significant findings are those such as ones related to questioned costs or potentially ineligible costs related to client financial assistance due to ineligible clients or cost allocation issues. (4) For each monitoring report of any State or federal funds which had disallowed costs under $1000, deduct -1 points, in addition to point deductions related to (2) and (3) above. (5) For each monitoring report of any State or Federal funds which had disallowed costs $1,000 and above, deduct -2 points, in addition to point deductions above. (6) Applicant shows history of not cooperating with or not submitting TDHCA requested monitoring documentation in the past 3 years: Deduct -4 points per fund source of non-cooperation. Note: If monitoring report and follow-up responses are not attached and/or explanatory information as to why a monitoring report is not provided: Deduct -10 points per funded program. If a monitoring report is not attached and/or explanatory information is not provided: Deduct -5 points per grant. Maximum point deduction -30 points total.	**(points to be deducted based on review)**			

Table 2.1 (Instruction: Please provide copies of the most recent monitoring reports for each funding source. If the grant has not been monitored in the past 36 months, provide a document from the funding source to that effect. Scan all monitoring reports into one document and include a cover page labeled as “Documents in response to Question #2.1.”)

Funding Source	Name of Most Recent Monitoring Report	# of Concerns # of Findings/Deficiencies	Copy of Report attached (Y/N) Date of Last Monitoring (MM/DD/YY)	Amount of Disallowed Costs

Section	Question and Response	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
2.2	Has the applicant been placed on a modified cost reimbursement basis of payment for TDHCA Community Affairs funded programs during the past 3 years (a contract sanction whereby reimbursement of costs incurred by a Subrecipient is made only after the Department has reviewed and approved backup documentation provided by the Subrecipient to support such costs)? **Response:** Select Yes or No in the drop down menu of the cell below: Is the applicant currently on a modified cost reimbursement method of payment for TDHCA funded programs? **Response:** Select Yes or No in the drop down menu of the cell below:	Applicant's history of being on a modified cost reimbursement method of payment for TDHCA Community Affairs Division funded programs. • Yes, during the past 3 years: Deduct -5 points • Yes, currently on modified cost reimbursement: Deduct -10 points • No, not during the past 3 years: 0 point deduction	**(points to be deducted based on review)**			

Section	Question and Response	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
2.3	Audit: Submit the most recently completed Single Audit or third-party audit. Also include management letters and responses to management letters as applicable. Submit/upload with Attachment C. If the audit indicates that the findings/questioned costs, disallowed costs, or internal control deficiencies/ concerns, are the same as those raised in the monitoring reports already addressed in Section 2.1, the application will not lose points in both areas for those items. Section 2.1 will be scored first, and any additional point deductions will be applied here. An organization *not* subject to either the Federal or the State Single Audit requirements must submit one copy of a third-party audit of financial statements prepared by a Certified Public Accountant, including any notes to the audit. Submit/upload with Attachment C. Private Nonprofit Organizations that have expended less than $750,000 in Federal or State funds <u>and</u> who have received LIHEAP or CSBG funds from the Department in the last fiscal year are not required by federal or state law to have an audit and therefore are not required to submit a separate audit with this RFA. For these organizations, Section 2.1 will suffice as the scoring tool to be used for prior performance.	Three Scoring Areas: 1. Audit Findings for most recent audit period • Audit with no findings: -0 points • Audit with some findings (not significant): -5 points • Audit with significant findings (Note that significant findings/deficiencies may deem an application ineligible: -10 points 2. Disallowed Costs for current audit period • No disallowed costs: 0 points • Questioned costs: -3 points • Disallowed costs (significance based on other than minor administrative error): -10 points if disallowed costs are 10% or more of the related grant award. If below 10% of the related grant award, deduct -5 points. 3. Internal Control Deficiencies or Material Weakness for current audit period • No internal control deficiencies or material weakness or concerns: 0 points • Material weakness(es) identified: - 5 points • Significant Internal Control Deficiency(ies) identified: -10 points • Internal Control Deficiencies identified: -5 points 4. Single Audit has not been completed and is overdue (do not deduct points if an extension is allowed due to COVID-19): -20 5. If applicant does not meet threshold for completing a Single Audit and has not had a third-party audit of financial statements prepared by a Certified Public Accountant, deduct -20 points.	**(points to be deducted based on review)**			

	0	**0**	**0**

Tab B: Part 3 - Proposed Reentry Services/Activities

Section	Question	Scoring Mechanism	Maximum Points	Self-Score	Reviewer 1 (TDHCA use only)	Reviewer 2 (TDHCA use only)
3.1	**In the table below,** briefly describe the initiatives and how your organization will implement the proposed initiatives and evaluate progress on accomplishing what is proposed.	**Evaluation of Initiative:** Review plan to evaluate proposed initiative and award points as follows: Evaluation plan should include, but not be limited to, identification of the tasks, steps to accomplish tasks, planned outreach methods, method of evaluating success, and frequency of evaluation. • Award up to 20 points if applicant has a well laid out plan for the program, with robust methods for outreach and internal evaluation. Applicants must also, be currently providing, or proposing, at least 4 of the 5 possible services. • Award up to 15 points if applicant has a sufficient plan for the program, with appropriate methods for outreach and internal evaluation. Applicants must also, be currently providing, or proposing, at least 3 of the 5 possible services. • Award up to 10 points if applicant has a plan for the program, with some methods for outreach and internal evaluation. Applicants must also, be currently providing, or proposing, at least 1 of the 5 possible services.	**20**			

Section 3.1 – Table

Evaluation Process - In second column, identify and describe which activities/services you intend to provide; 3) In third column, identify the steps to accomplish the activity/service; 4) In fourth column, describe planned outreach methods to reach target population with proposed services, 5) In fifth column, describe methods for evaluating success, and 6) In sixth column, describe frequency of evaluation of the success of each activity/service.

Possible Services	Description of how you will provide these services. For any services you will not provide, write N/A	Steps to allow you to begin providing these services, if you are not already doing so. If you are, describe your current process.	Outreach methods you will use to reach target population with proposed services	Methods for evaluating success	Frequency of evaluating succes

Landlord Incentives Up to $1000 for a 6-month lease, up to $1500 for 12-month lease					
Housing Application Fees Payment of standard housing application fees					
Housing Security Deposits Payment of standard security depost prior to lease commencing					
Damage Coverage Payment of up to $3,000 in applicable property damages for eligible tenant					
Unexpected Vacancy Coverage					

Payment of up to 1 months' rent in the event of an unepected vacancy during the lease term						
Other Any other proposed services to aid in meeting the goal for the target population						
Section	**Question**	**Scoring Mechanism**	**Maximum Points**	**Self-Score**	**Reviewer 1 (TDHCA use only)**	**Reviewer 2 (TDHCA use only)**
3.2	In yellow box below, provide target for the total number of unduplicated persons to be served through the grant (only counting the individual once, even if they will receive multiple services).	Award points as follows: 1-15 persons: 5 points 16-29 persons: 8 points 30+ persons: 10 points	**10**			
	3.2 Response:					
Section	**Question**	**Scoring Mechanism**	**Maximum Points**	**Self-Score**	**Reviewer 1 (TDHCA use only)**	**Reviewer 2 (TDHCA use only)**

3.3	In yellow box below, provide the following information: Describe how your organization will **coordinate and partner** with other service providers in the service area to meet the varied needs of clients enabling them to maintain safe and stable housing. Include current and planned efforts, and identify them as such. List partners on the next tab, Tab B-Part 3.3.	In assigning points, reviewer will consider the depth to which the information provided demonstrates: a. A clear coordination of efforts: 8 point maximum b. A variety of client needs addressed through coordinated efforts: 8 point maximum c. Additional planned efforts: 4 point maximum	**20**			
3.3 Response						

50	**0**	**0**	**0**

3.3 - Table

Below, list all partners and identify the services they offer. Indicate whether they are referral partners, working partners, or if you have an MOU/contract in place. Add lines as necessary.

Organization Name	Employment	Job Skills/Training	Education	Income	Housing	Healthcare	Food	Utilities	Child Care	Clothing	Transportation	Describe any other related services offered	Use drop down to identify if partnership is referral only, a working partnership, or MOU/contract partnership

NOFA for CSBG Discretionary Funds for Reentry Activities
Tab B: Part 4 - Budget

Instructions: *This budget spreadsheet should match, penny for penny, the budget spreadsheet submitted in Attachment B.*

Amount of CSBG Funds Applicant is Requesting:	**$ -**	
BUDGET CATEGORIES		**AMOUNT**
B.1 Personnel/Fringe/Equipment/Supplies		$ -
B.2 Direct Client Services		$ -
B.3 Indirect Costs		$ -
	TOTAL BUDGET*	**$ -**
	% of Budget Spent on Direct Client Service Expenses	**#DIV/0!**
Scoring Mechanism	**Maximum Points**	**Score**
Points awarded based on % of budget spent on direct client services: 80+%: 30 points 70-79.99%: 15 points 0-69.99%: 0 points	**30**	**#DIV/0!**

Note: This submitted budget will be the budget in your contract, if awarded. Contract amendments will be allowed to move funds from B.1 or B.3 to B.2, but B.2 funds will not be allowed to move to B.1 or B.3. The funds of this contract are intended to be direct client service expenses.

NOFA for CSBG Discretionary Funds for Reentry Activities
Tab B: Scoring Summary

Application Question Sections				
Scoring Section	**Maximum Points**	**Self Score Points Received**	**Reviewer 1**	**Reviewer 2**
Part 1: Experience	**50**	**0**	**0**	**0**
Part 2: Prior Performance	**Deductions To Be Determined**	**0**	**0**	**0**
Part 3: Proposed Services/Activities, Outreach & Partnerships	**50**	**0**	**0**	**0**
Part 4: Budget	**30**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**
Maximum Points = 130				
Final Score	**130**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**

***** The Self-Score column on Tab B Parts 1-3 are to be completed by the Applicant; however, the Department does not base its scoring of the application on the Applicant's self-score.***

*****The Department reserves the right to reject applications with a score below 50% of the maximum eligible points. See Section VI of the NOFA for further details.***

******TDHCA reserves the right to request further information related to the application for clarification purposes during the scoring review period.***

*******In the event of a tie, the following sections will be used to break the tie: Section 1.2 (highest score), followed by Section 3.1 (highest score), followed by Tab B Part 2 (highest score)***

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 449 **Agenda Date:** 12/7/2023 **Agenda #:** 24.

Presentation, discussion, and possible action on a timely filed appeal to the Board under the Texas Department of Housing and Community Affairs' Request for Applications to administer the Bipartisan Infrastructure Law Department of Energy Weatherization Assistance Program

<u>RECOMMENDED ACTION</u>

WHEREAS, Adults and Youth United Development Association, Inc. (AYUDA) submitted an application in response to a Request for Applications (RFA) released by the Texas Department of Housing and Community Affairs (the Department) to administer the Bipartisan Infrastructure Law (BIL) Department of Energy (DOE) Weatherization Assistance Program (WAP);

WHEREAS, staff evaluated the application and determined that the application is not eligible because it did not meet the requirement as stated in the RFA that the successful applicant(s) must have experience with federal and state requirements governing DOE WAP, and have staff that possess the required DOE weatherization certifications;

WHEREAS, AYUDA timely filed an appeal to the Executive Director arguing that they did possess the requisite experience and staff to deliver the proposed DOE BIL WAP services;

WHEREAS, the Executive Director denied the appeal and concurred with staff's determination that they did not satisfy the requirements of the RFA;

WHEREAS, in response to the Executive Director, AYUDA timely filed an appeal to the Board stating that they understand that specific experience in DOE weatherization is crucial, and that they are committed to fulfilling the requirements to the best of their ability; and

WHEREAS, staff recommends the denial of AYUDA's appeal on grounds that they did not meet the minimum requirements of the RFA because they did not demonstrate in their application that they have experience with federal and state requirements governing DOE WAP and have staff that possess the required DOE weatherization certifications, and such experiences existing within the organization is critical to an applicant's successful ability to promptly and compliantly operate such a program;

NOW, therefore, it is hereby

RESOLVED, that the Board concurs with the Executive Director's decision to deny the appeal and uphold the determination that AYUDA is not qualified, according to the RFA, to administer DOE BIL WAP based on lack of the required DOE WAP experience, thereby making AYUDA's application ineligible.

BACKGROUND

The Department released an RFA on August 16, 2023, seeking eligible applicant organizations to apply for an award to provide DOE BIL WAP weatherization services, either regionally or statewide, to multifamily rental households and shelters. Per the RFA, eligible applicant organizations "must meet the requirements set forth in the RFA" and "be familiar and have experience with federal and state requirements governing the DOE WAP and have staff that possess the required DOE weatherization certifications." Additionally, the RFA stated that the Department's goal was to select applicants who demonstrate, through their responses to the Application Questions in the RFA, the following:

1) a capacity to effectively administer BILWAP funds and to ensure compliance with regulations;
2) an ability to demonstrate staff and organizational capacity to deliver the proposed services; and
3) an ability to demonstrate positive past performance with DOE WAP.

The reason for these specific requirements is that the DOE WAP program is very complex and rigorous and has standards and certifications well in excess of a typical non-DOE weatherization activity. An organization having some weatherization experience while not having existing expertise in the DOE regulations and having existing staff with the requisite certifications, will be unable to perform under a contract to satisfy the Department's needs.

On October 26, 2023, AYUDA sent a letter of appeal (attached) to the Executive Director of the Department appealing staff's decision to not recommend AYUDA for a BIL WAP award because of their application's failure to demonstrate staff and organizational capacity to deliver the proposed DOE weatherization services and their application's failure to demonstrate positive past performance with DOE WAP. In its appeal, AYUDA did not deny their lack of DOE WAP experience, but emphasized their experience with weatherization requirements for other housing programs and that various staff have attended training events regarding weatherization.

After careful consideration, the Executive Director of the Department denied their appeal and concurred with staff's decision to not recommend AYUDA for an award based on the requirement, clearly stated in the RFA, that DOE specific weatherization experience is a threshold requirement to provide BIL DOE WAP services. In his letter denying AYUDA's appeal, the Executive Director also provided examples of certifications (e.g., Energy Auditor, Quality Control Inspector) required by DOE to ensure that all DOE applicable program rules and standards are met and that these certifications and the requisite amount of experience and training can take months or even years to become proficient according to DOE standards. Furthermore, the Executive Director explained that without the proper DOE certifications, units weatherized cannot be reported as complete with DOE funds, regardless of other weatherization experience.

On November 6, 2023, AYUDA filed a timely appeal to the Board acknowledging the importance of meeting the stringent requirements and standards set by DOE and that AYUDA is committed to fulfilling these requirements prospectively to the best of their ability. AYUDA also stated they believe they can provide a valuable service to the community (i.e., El Paso, Hudspeth and Presidio counties - the counties for which they applied) through this program and are committed to meeting all necessary requirements.

Without the mandatory DOE experience and requisite DOE certifications, granting this appeal would put the Department and AYUDA at risk of bearing significant disallowed costs. For this reason and because the DOE specific experience requirement is clearly represented within the RFA, it is staff's recommendation to deny AYUDA's appeal to the Board and to sustain staff's termination of the application to administer the BIL DOE WAP in El Paso, Hudspeth and Presidio counties. It should also be noted that the subsequent Board item (Item #450) recommends an award to an applicant, which satisfied all RFA requirements and which applied for the same region (i.e., El Paso and Hudspeth counties).

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

October 19, 2023

Writer's direct dial: 512-936-7828
Email: gavin.reid@tdhca.state.tx.us

Mr. Miguel Chacon
Executive Director
Adults and Youth United Development Association, Inc. (AYUDA)
1325 Beverly Ann Drive
San Elizario, TX 79849
Email: mchacon@ayudaelpaso.org

RE: Request for Applications to administer the Bipartisan Infrastructure Law Department of Energy Weatherization Assistance Program

Dear Mr. Chacon:

This letter serves to notify AYUDA that the Texas Department of Housing and Community Affairs (the Department) has reviewed the application submitted by AYUDA to administer the Bipartisan Infrastructure Law (BIL) Department of Energy (DOE) Weatherization Assistance Program (WAP).

AYUDA's application will not be recommended for an award due to the application's failure to demonstrate the following as stated under "Scoring of Applications" in the Request for Applications:

1) An ability to demonstrate staff and organizational capacity to deliver the proposed services; and
2) An ability to demonstrate positive past performance with DOE WAP.

Although the application satisfied all prescreening criteria with all questions thoroughly answered, the application did not show past experience performing, specifically, DOE weatherization nor did it indicate that fully trained and certified staff (e.g., QCI, ASHRAE) are currently employed and ready to begin conducting weatherization work to, specifically, DOE standards. These two criteria are critical to the successful administration of BIL DOE WAP.

The Department provides an avenue for applicants who would like to appeal this decision to the Executive Director. The rules governing the Department's Appeals Process are located in 10 TAC §1.7 Appeals Process and can be found on the Secretary of State's website at https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=7.

If you choose to exercise your appeal rights, you must file your appeal with the Department no later than 5:00 p.m., **seven (7) days** from the date of this notice. The Executive Director will then have up to fourteen (14) days to review, consider and respond to your appeal. If the Executive Director denies your appeal, you may then appeal directly to the Department's Board at its next available meeting.

We thank you for your interest in administering BIL DOE WAP. If you have questions related to the appeals process, feel free to contact me at 512-936-7828 or gavin.reid@tdhca.state.tx.us.

Sincerely,

Gavin Reid

Gavin Reid
Manager of Planning
Community Affairs Division

A.Y.U.D.A. INC

P.O. Box 2017 San Elizario, TX 79849 (915) 851-0272 mchacon@ayudalepaso.org

October 20, 2023

Mr. Gavin Reid
Manager of Planning - Community Affairs Division
T.D.H.C.A.
221 East 11th Street
Austin, Texas 78711-3941

Re: Appeal on Letter of Non-Recommendation for Request for Applications to administer the Bipartisan Infrastructure Law Department of Energy Weatherization Assistance Program

Dear Mr. Reid:

As per your letter dated October 19, 2023, regarding the Department's notification that our application to administer the above-referenced program, on behalf of AYUDA, I am submitting this letter as formal notification that I wish to exercise my rights to appeal. Specifically, I am challenging staff decision, per 10 TAC Part 1, Chapter 1, Subchapter A, Rule §1.7, "Disagreement with the determination of staff regarding the sufficiency or appropriateness of documents submitted to satisfy evidence of a given threshold or scoring criteria, including the calculation of any scoring-based items."

Your letter states: "AYUDA's application will not be recommended for an award due to the application's failure to demonstrate the following as stated under "Scoring of Applications" in the Request for Applications:
1) An ability to demonstrate staff and organizational capacity to deliver the proposed services; and;
2) An ability to demonstrate positive past performance with DOE WAP."

<u>We identify the following as our grounds for the Appeal of our Application:</u>

1) AYUDA is not denying staff experience specifically with the Weatherization Assistance Program. However, AYUDA staff is thoroughly familiar with weatherization requirements and interventions due to its experience with our other housing programs, i.e., TDHCA's HOME Program and Amy Young Barrier Removal Program, HUD's Older Adult Housing Assistance Program and the Texas Veteran's Commission's Housing for Texas Heroes Program. Also, staff has attended various trainings regarding weatherization and incorporates these features into its housing rehabilitation programs.

A.Y.U.D.A. INC

2) Additionally, our application included a resume of an experienced and qualified individual ready and willing to join our staff to administer the program that would provide additional organizational capacity to deliver the proposed services.

It is our understanding that the purpose of the Bilateral Infrastructure Law Weatherization Assistance Program is to increase the energy efficiency number of multi-family units, shelters and depending on funding occupied units of low-income households that are not being served by TDHCA's current providers due to funding and/or capacity issues. In our Region, the current provider, Project BRAVO, chose not to seek BILWAP funds. Recognizing the urgent and critical need for additional WAP services, the tremendous inroads AYUDA has made in interacting with residents and stakeholders, and our past positive experiences with TDHCA programs, we submitted this application to assure that the areas we designated would not lose out on this opportunity. For these reasons, we are appealing your decision in the hopes that you will reconsider your decision.

Sincerely,

Miguel Chacon
Executive Director

October 31, 2023

Writer's direct dial: 512-475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Mr. Miguel Chacon
Executive Director
Adults and Youth United Development Association, Inc. (AYUDA)
1325 Beverly Ann Drive
San Elizario, TX 79849
Email: mchacon@ayudaelpaso.org

RE: APPEAL TO EXECUTIVE DIRECTOR ON LETTER OF NON-RECOMMENDATION OF AWARD TO ADMINISTER THE BIPARTISAN INFRASTRUCTURE LAW DEPARTMENT OF ENERGY WEATHERIZATION ASSISTANCE PROGRAM

Dear Mr. Chacon:

On October 26, 2023, the Texas Department of Housing and Community Affairs (the Department) received AYUDA's appeal to the Executive Director regarding Department staff's decision to not recommend AYUDA for a Bipartisan Infrastructure Law (BIL) Department of Energy (DOE) Weatherization Assistance Program (WAP) award in response to a Request for Applications (RFA). The decision to not recommend was based on the application's failure to demonstrate the following:

1) An ability to demonstrate staff and organizational capacity to deliver the proposed services; and
2) An ability to demonstrate positive past performance with DOE WAP.

While the information you provided in your appeal does show that AYUDA and its staff possess certifications and experience in a variety of weatherization programs, nowhere does it show that AYUDA or its staff possess experience with DOE weatherization specifically. As an example, the information provided does not show that an actively certified Energy Auditor (EA) or Quality Control Inspector (QCI) is presently on staff, which is required by DOE to ensure completion of DOE weatherization work meets all applicable program rules and standards. EA/QCI certifications and a sufficient amount of experience and/or training can take months or even years to become proficient according to DOE standards. In fact, without a QCI to conduct a final inspection to ensure program compliance, units cannot be reported complete with DOE funds, regardless of other weatherization experience. The RFA requested DOE specific experience rather than broad weatherization experience because DOE program requirements are quite specific, in particular relating to the qualifications of subgrantee staff members performing weatherization assessments, work, and inspections; these rigorous requirements compound the difficulty in administering BIL DOE WAP versus other weatherization programs.

Additionally, you noted in your appeal letter that another provider in your area, El Paso Community Action Program (Project Bravo), had not pursued DOE BIL funds. I would like to clarify that Project Bravo has in fact already accepted BIL DOE WAP funding as an existing subgrantee with the necessary DOE experience, but chose not to apply for any additional funds through this RFA.

Therefore, after careful consideration of your appeal, I am upholding staff's decision to not recommend AYUDA for a BIL DOE WAP award. The Department provides an avenue for applicants who would like to appeal my decision to the Department's Governing Board. The rules governing the Department's Appeals Process are located in 10 TAC §1.7 Appeals Process and can be found on the Secretary of State's website at:https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=7. If you choose to appeal to the Board, you must file your appeal with the Department no later than 5:00 p.m., **seven (7) days** from the date of this notice.

Thank you for your interest in administering the BIL DOE WAP in El Paso, Hudspeth and Presidio counties. If you have any questions, please feel free to contact Gavin Reid at 512-936-7828 or gavin.reid@tdhca.state.tx.us.

Sincerely,

RDWil II

Bobby Wilkinson
Executive Director

A.Y.U.D.A. INC

3627 Durazno, El Paso TX, 79905 915-584-2875 mchacon@ayudaelpaso.org

Mr. Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
P.O. Box 13941
Austin, Texas 78711-3941

November 6, 2023

Dear Mr. Wilkinson,

I hope this letter finds you well. I am writing in response to your recent letter dated October 31, 2023, in which you upheld the decision of your staff to not recommend AYUDA (Adults and Youth United Development Association, Inc.) for the Bipartisan Infrastructure Law Department of Energy Weatherization Assistance Program (BIL DOE WAP) award. I appreciate your prompt attention to our appeal.

Firstly, I want to acknowledge the importance of ensuring that organizations selected to administer the BIL DOE WAP are fully capable of meeting the stringent requirements and standards set by the Department of Energy. We understand that specific experience in DOE weatherization is crucial, and we are committed to fulfilling these requirements to the best of our abilities.

In light of the above, we respect your decision but will be appealing to the Department's Governing Board as outlined in your letter. We believe that AYUDA can provide a valuable service to the community by participating in this program, and we are committed to meeting all necessary requirements.

Please consider this correspondence as our official appeal to the Department within the specified timeframe and hope for the opportunity to present our case to the Governing Board.

Thank you for considering our response and for your continued support of community development initiatives.

Sincerely,

Miguel Chacon
Executive Director
Adults & Youth United Development Association, Inc.

A.Y.U.D.A. INC

File #: 450 **Agenda Date:** 12/7/2023 **Agenda #:** 25.

Presentation, discussion, and possible action on the selection of International Center for Appropriate and Sustainable Technology to administer the Bipartisan Infrastructure Law Department of Energy Weatherization Assistance Program in El Paso and Hudspeth counties and authorization to re-release a Request for Applications

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) administers the Weatherization Assistance Program (WAP) in Texas through a network of 21 subgrantees using Department of Energy (DOE) WAP funds;

WHEREAS, on November 15, 2021, the President of the United States signed the Infrastructure Investment and Jobs Act (i.e., Bipartisan Infrastructure Law (BIL)) into law which provided the Department with an additional $173 million in DOE weatherization funding;

WHEREAS, on December 9, 2021, the Board authorized staff to procure a statewide/regional multifamily BIL DOE WAP provider to assist the current WAP subgrantee network in providing weatherization assistance throughout Texas to assist in effectively expending and utilizing the funding allocated to Texas in the BIL;

WHEREAS, on August 16, 2023, Department staff released a Request for Applications (RFA) seeking qualified organizations to submit an application to administer BIL DOE WAP in the state of Texas and received three responses;

WHEREAS, because the RFA required applicants to demonstrate that they possessed the staff and organizational capacity to deliver the proposed services as well as demonstrate positive past performance with DOE WAP, International Center for Appropriate and Sustainable Technology (ICAST) is the only applicant of the three applicants that is qualified to administer the BIL DOE WAP;

WHEREAS, ICAST has satisfied the threshold requirements and the Previous Participation Review Approval Process and is being recommended for an initial award of approximately $4.1 million to administer BIL DOE WAP in El Paso and Hudspeth counties; and

WHEREAS, the Department did not receive a sufficient number of applications from qualified organizations to administer BIL DOE WAP in other regions of Texas and the RFA originally released has closed, staff also seeks Board approval to issue another RFA, with some modifications and to keep the new RFA open on an ongoing basis or until a sufficient quantity of viable applications have been received;

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 designate ICAST as a BIL DOE WAP service provider for El Paso and Hudspeth counties and to be issued a contract for a BILWAP award according to the formula in 10 TAC §6.404 as described in the RFA and to remain the BILWAP service provider in El Paso and Hudspeth counties thereafter as long as there is not good cause to terminate or until there is insufficient funding to justify their need; and

FURTHER RESOLVED, that Department staff be granted the authority to release another RFA, with modifications, seeking qualified organizations to administer BIL DOE WAP in other regions of Texas and to keep the RFA open until a sufficient quantity of viable applications have been received.

BACKGROUND

The Department administers DOE WAP in Texas which is operated by a network of 21 private nonprofits and local government entities (i.e., subgrantees). Weatherization funding makes homes more energy efficient, safer and healthier for low income Texans. Each year the Department receives an annual allocation of WAP funds from DOE in the amount of approximately $8 million. In addition to the annual allocation, the BIL was signed into law on November 15, 2021, injecting an additional $173 million into Texas' WAP, a 2000% increase in funding.

Because subgrantees have had difficulty in the past expending their yearly allocation of DOE WAP funding, in part due to DOE WAP requirements being quite stringent, the Department recognized that additional help was needed and sought Board approval to issue an RFA seeking qualified organizations to assist in the administration of the new BIL DOE WAP funding. On December 9, 2021, the Board granted staff the authority to release such an RFA hoping to receive either a viable statewide application to administer BILWAP or a sufficient number of viable regional applications to administer BILWAP in the major metropolitan regions of Texas (i.e., Houston, Dallas-Fort Worth, San Antonio, Austin, El Paso). There was significant delay between the Board's initial approval, and the actual issuance of the RFA because staff was awaiting further guidance from DOE on basic guidance and requirements of the BILWAP. The RFA stated that the Department is seeking one or more subgrantees to provide DOE weatherization services, either regionally or statewide, to multifamily rental households and shelters and that they must have experience with federal and state requirements governing DOE WAP and have staff that possess the required DOE weatherization certifications.

Staff received three applications to provide regional weatherization services. Staff evaluated each application and found only one, ICAST, that satisfied the RFA requirement that the applicant have experience with federal requirements governing DOE WAP and have staff that possess the required DOE weatherization certifications. Notices of denial and appeal rights were sent to the two applicants not recommended for award and one applicant (i.e., Adults and Youth United Development Association), filed a timely appeal to both the Executive Director and the Board which is addressed in the preceding Board Action Request (item #449) of this Board Book. Please refer to the table below for a list of applicants, counties for which they applied and initial approximate award amount for the recommended awardee. The estimated award funds are to be utilized to cover costs related to administration, direct program staff costs, and for the provision of direct client services and assistance.

Applicant	**Counties**	**Approximate Initial BILWAP Award Amount**
Adults and Youth United Development Association, Inc. (AYUDA)	El Paso, Hudspeth, Presidio	NA
International Center for Appropriate and Sustainable Technology (ICAST)	El Paso, Hudspeth	$4,100,000
Texas Neighborhood Services	Jack, Wise, Shackelford, Stephens, Palo Pinto, Parker, Callahan, Eastland, Erath, Hood, Johnson, Ellis, Brown, Comanche, Somervell, Hamilton, Bosque, Hill, Coleman	NA

The Previous Participation Review Approval Process includes a review of DOE awards prior to contract execution. This award is subject to this review and the review has been performed. ICAST has been recommended for award with no conditions.

Staff recommends that ICAST be designated as a BILWAP service provider and awarded a BILWAP contract for El Paso and Hudspeth counties. They will remain a BILWAP service provider for El Paso and Hudspeth counties as long as they remain in good standing or until there is insufficient funding to justify their need.

ICAST is a highly qualified organization and capable of successfully administering BILWAP as demonstrated in their application. ICAST has managed the multifamily WAP for the state of New Mexico since 2013 and also manages Tennessee's multifamily WAP. If the Board approves, actions will be taken by Department staff in collaboration with ICAST to provide multifamily weatherization services to eligible households in El Paso and Hudspeth counties.

Staff also recommends that in order to hopefully identify additional qualified providers, that the Department issue another RFA with the same general requirements, but with some modifications to make the geographic areas more flexible, and therefore more attractive to applicants. The RFA when reissued would have an initial application period, but staff would have the ability to keep the NOFA open in regions where there are no qualified applicants, to allow experienced providers to respond at any time.

File #: 470 **Agenda Date:** 12/7/2023 **Agenda #:** 26.

Presentation, discussion, and possible action on the draft 2024 State of Texas Low Income Housing Plan and Annual Report; proposed repeal of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report; proposed new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report; and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, Tex. Gov't Code §2306.0721 requires that the Department produce a state low income housing plan, and Tex. Gov't Code §2306.0722 requires that the Department produce an annual low income housing report;

WHEREAS, Tex. Gov't Code §2306.0723 requires that the Department consider the annual low income housing plan and report to be a rule;

WHEREAS, the draft 2024 State of Texas Low Income Housing Plan and Annual Report (SLIHP) has been developed as a proposed rule, by reference, and must be published for public comment;

WHEREAS, 10 TAC §1.23, which adopts the SLIHP by reference, is required to be repealed and replaced to reflect the updated SLIHP; and

WHEREAS, upon authorization of this item, the proposed rule action will be published in the *Texas Register* for public comment from December 22, 2023, through January 22, 2024;

NOW, therefore, it is hereby

RESOLVED, that staff is hereby directed to cause the draft 2024 State of Texas Low Income Housing Plan and Annual Report, in the form presented to this meeting, together with such grammatical and non-substantive technical corrections as they may deem necessary or advisable, to be published online for public comment, a notice of which will be published in the *Texas Register*, and in connection therewith, to make such non-substantive grammatical and technical changes as they deem necessary or advisable; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed repeal and proposed new 10 TAC §1.23, State of Texas Low Income Housing Plan and Annual Report, in the form presented to this meeting to be published in the *Texas Register* for review and public comment, and in connection therewith, to make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any changes required to the preambles.

BACKGROUND

The Texas Department of Housing and Community Affairs (TDHCA or the Department) is required to prepare and submit to the Board not later than March 18 of each year an annual report of the Department's housing activities for the preceding year. This State of Texas Low Income Housing Plan and Annual Report (SLIHP) must be submitted annually to the Governor, Lieutenant Governor, Speaker of the House, and legislative oversight committee members not later than 30 days after the Board receives and approves the final SLIHP. The document offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. It reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on performance during the preceding state fiscal year (September 1, 2022, through August 31, 2023). It should be noted that for many of the programs represented in the SLIHP, federal funding entities require program-specific planning documents; in those cases, the planning document for the program as submitted to the federal oversight agency is the governing plan.

Proposed Rule and Public Comment

Tex. Gov't Code §2306.0723 requires that the Department consider the SLIHP to be a rule and in developing the SLIHP, the Department is required to follow rulemaking procedures required by Texas Government Code, Chapter 2001. Attachments A and B provided under this item propose the repeal and new replacement of 10 TAC §1.23, State of Texas Low Income Housing Plan and Annual Report, which adopts the SLIHP by reference, and directs their publication for public comment in the *Texas Register.* The proposed repeal and proposed new rule will be made available for 32 days of public comment from Friday, December 22, 2023, through Monday, January 22, 2024.

Draft 2024 SLIHP and Public Comment

The draft 2024 SLIHP will be made available for 32 days of public comment from Friday, December 22, 2023, through Monday, January 22, 2024, at 5:00 pm Central time. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Housing Resource Center, SLIHP Comments, P.O. Box 13941, Austin, Texas 78711-3941 or by email to the following address: info@tdhca.state.tx.us. A public hearing for the draft 2024 SLIHP will be held at the following time and location:

Tuesday, January 9, 2024
2:00 p.m. Central time
Barbara Jordan State Office Building, Room 2.042

1601 Congress Ave

Austin TX, 78711

The full text of the draft 2024 SLIHP may be viewed at the Department's website at either of the following two locations: TDHCA Public Comment Center: <http://www.tdhca.state.tx.us/public-comment.htm> or TDHCA Board Meeting Information Center: <https://www.tdhca.state.tx.us/board/meetings.htm>. The public may also receive a copy of the draft 2024 SLIHP by contacting the Department's Housing Resource Center at (512) 475-3976.

It is expected that the 2024 SLIHP and the final rule action will be presented to the Board for approval at the board meeting on Tuesday, February 6, 2024. The approved 2024 SLIHP will then be distributed to the Governor, Lieutenant Governor, Speaker of the House, and legislative oversight committee members.

Attachment A: Preamble, including required analysis, for proposed repeal of 10 TAC §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23, State of Texas Low Income Housing Plan and Annual Report (SLIHP). The purpose of the proposed repeal is to eliminate an outdated rule while adopting a new updated rule under separate action, in order to adopt by reference the 2024 SLIHP.

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 proposed repeal would be in effect:

1. The proposed repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous adoption by reference the 2024 SLIHP, as required by Tex. Gov't Code 2306.0723.

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor is the proposed repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal does not result in an increase in fees paid to the Department or 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 action will repeal an existing regulation, but is associated with a simultaneous readoption in order to adopt by reference the 2024 SLIHP.

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 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 proposed repeal and determined that the proposed 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 repealed section would be an updated more germane rule that will adopt by reference the 2024 SLIHP. 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. The 32 day public comment period for the rule will be held Friday, December 22, 2023, to Monday, January 22, 2024, to receive input on the proposed repealed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Housing Resource Center, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or email info@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, MONDAY, JANUARY 22, 2024.

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 repealed section affects no other code, article, or statute.

10 TAC §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)
Attachment B: Preamble for proposed new 10 TAC §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP). The purpose of the proposed new section is to provide compliance with Tex. Gov't Code §2306.0723 and to adopt by reference the 2024 SLIHP, which offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. The 2024 SLIHP reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on performance during the preceding state fiscal year (September 1, 2022, through August 31, 2023).

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it is exempt under item (c)(9) because it is necessary to implement legislation. Tex. Gov't Code §2306.0721 requires that the Department produce a state low income housing plan, and Tex. Gov't Code §2306.0722 requires that the Department produce an annual low income housing report. Tex. Gov't Code §2306.0723 requires that the Department consider the annual low income housing report to be a rule. This rule provides for adherence to that statutory requirement. Further 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 proposed new rule would be in effect:

1. The proposed new rule does not create or eliminate a government program, but relates to the adoption, by reference, of the 2024 SLIHP, as required by Tex. Gov't Code 2306.0723.

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 work load to a degree that eliminates any existing employee positions.

3. The proposed new rule changes do not require additional future legislative appropriations.

4. The proposed new rule changes 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, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The proposed new rule will not expand, limit, or repeal an 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, in drafting this proposed rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code §2306.0723.

1. The Department has evaluated this rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. There are no small or micro-businesses subject to the proposed rule for which the economic impact of the rule is projected to be null. There are no rural communities subject to the proposed rule for which the economic impact of the rule is projected to be null.

3. The Department has determined that because the proposed rule will adopt by reference the 2024 SLIHP, there will be no economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed 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 rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the proposed rule has no economic effect on local employment because the proposed rule will adopt by reference the 2024 SLIHP; therefore, no local employment impact statement is required to be prepared for the rule.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that the proposed rule will adopt by reference the 2024 SLIHP there are no "probable" effects of the new rule on particular geographic regions.

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 will be an updated and more germane rule that will adopt by reference the 2024 SLIHP, as required by Tex. Gov't Code §2306.0723. There will not be any economic cost to any individuals required to comply with the new section because the adoption by reference of prior year SLIHP documents has already been in place through the rule found at this section being repealed.

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 new section does not have any foreseeable implications related to costs or revenues of the state or local governments because the new rule will adopt by reference the 2024 SLIHP.

REQUEST FOR PUBLIC COMMENT. The 32 day public comment period for the rule will be held Friday December, 22, 2023, to Monday, January 22, 2024, to receive input on the new proposed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Housing Resource Center, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email info@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, MONDAY, JANUARY 22, 2024.

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 proposed new section affects no other code, article, or statute.

§1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)

The Texas Department of Housing and Community Affairs (TDHCA or the Department) adopts by reference the 202~~3~~4 State of Texas Low Income Housing Plan and Annual Report (SLIHP). The full text of the 202~~3~~4 SLIHP may be viewed at the Department's website: www.tdhca.state.tx.us. The public may also receive a copy of the 202~~3~~4 SLIHP by contacting the Department's Housing Resource Center at (512) 475-3976.

DRAFT 2024 State of Texas Low Income Housing Plan and Annual Report

Draft as submitted to the TDHCA Board on December 7, 2023

Prepared by:

Texas Department of Housing and Community Affairs
Housing Resource Center
PO Box 13941
Austin, TX 78711-3941
Phone: (512) 475-3800
www.tdhca.state.tx.us

Table of Contents

SECTION 1: INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA or the Department) is the State of Texas' lead agency responsible for affordable housing, community and energy assistance programs, colonia activities, homelessness activities and regulation of the state's manufactured housing industry. TDHCA offers a range of housing assistance programs for lower income Texans with services ranging from homelessness prevention to homeownership.

This section is organized as follows:

- Institutional Structure
- Agency Mission and Charge
- Administrative Structure
- 2024 State of Texas Low Income Housing Plan and Annual Report (SLIHP) Overview

INSTITUTIONAL STRUCTURE

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department's enabling statute, Tex. Gov't Code Chapter 2306, combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant (CDBG) Program from the Texas Department of Commerce.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). LIHEAP remains at the Department, but ENTERP was discontinued in 2006. Effective September 1, 1995, in accordance with House Bill 785 from the 74th Texas Legislature, the regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7 from the 77th Texas Legislature, effective September 1, 2002, the CDBG and Local Government Services programs were transferred to the newly-created Office of Rural Community Affairs, now the Trade and Business Development Division, within the Texas Department of Agriculture (TDA). TDHCA, through an interagency agreement with TDA, administers 2.5% of the CDBG funds to be used for colonia Self-Help Centers (SHCs) along the Texas-Mexico border. Effective September 1, 2002, in accordance with Senate Bill 322 from the 77th Texas Legislature, the Manufactured Housing Division became an independent entity that is administratively attached to TDHCA. Effective July 1, 2011, the CDBG Disaster Recovery Programs were transferred from TDHCA to the Texas General Land Office. In 2020, the Department was designated by Governor Greg Abbott to serve as the recipient agency for CDBG funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In 2021, TDHCA received significant COVID pandemic response funding through existing programs, as well as several new programs, which are outlined in Section 5.

AGENCY MISSION AND CHARGE

The mission of TDHCA is to administer its assigned programs efficiently, transparently, and lawfully, to invest its resources strategically, and to develop high quality affordable housing, which allows Texas' communities to thrive.

TDHCA accomplishes this mission by administering a variety of housing and community affairs programs primarily for households whose incomes are low to moderate as determined by either Area Median Family Income (AMFI), Area Median Income (AMI), or the federal poverty level. A major function of TDHCA is to act as a conduit for federal resources and grant funds for housing and community services, including serving as a Public Housing Authority (PHA). Since several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a Housing Finance Agency (HFA). With a few limited exceptions, TDHCA does not assist individuals or households directly with its permanent programs (several of TDHCA's larger pandemic programs have assisted households directly). Rather, TDHCA awards funds and other assistance to local organizations, who utilize this assistance to meet local housing needs in accordance with applicable state and federal laws, rules, and regulations and contractual terms.

More specific policy directives are provided in Tex. Gov't Code §2306.002:

(a) The legislature finds that:

(1) every resident of this state should have a decent, safe and affordable living environment;

(2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe, and affordable living environment; and

(3) the development and diversification of the economy, the elimination of unemployment or underemployment, and the development or expansion of commerce in this state should be encouraged.

(b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.

Agencies that provide the Department funds to meet legislative goals include: the U.S. Department of Housing and Urban Development (HUD), U.S. Department of the Treasury (Treasury), U.S. Department of Health and Human Services (USHHS), U.S. Department of Energy (DOE), and State of Texas General Revenue funds. TDHCA administers two federal Low Income Housing Tax Credit (LIHTC) programs, a competitive 9% Housing Tax Credit (HTC) Program and a non-competitive 4% HTC Program paired with Private Activity Bonds (PAB). TDHCA utilizes private sector financing mechanisms to assist in the acquisition, construction and rehabilitation of multifamily development across the state. With these resources, TDHCA strives to promote sound housing policies by leveraging state and local resources to ensure the stability and continuity of services through a fair, nondiscriminatory, and open process. TDHCA ensures that any programs it administers that are subject to the requirement to affirmatively further fair housing remain in compliance with applicable regulations. Due to the great amount of need in proportion to the federal and state funding available, the Department strives to provide the most benefit to the people of Texas by effectively managing limited resources.

TDHCA is one organization in a network of housing and community services providers located throughout Texas. This document focuses on programs within TDHCA's oversight, which are intended to work either in cooperation with or as complements to the funding and services provided by other organizations.

ADMINISTRATIVE STRUCTURE

Department programs are grouped into the following divisions:

- The Community Affairs Division administers the Community Services Block Grant (CSBG) Program, the Comprehensive Energy Assistance Program (CEAP), the Weatherization Assistance Program (WAP), and the Low Income Household Water Assistance Program (LIHWAP).
- The Community Development Block Grant Division (CDBG) was established in 2020 in response to the CDBG CARES Act (CDBG-CV) funds being directed to TDHCA for administration. CDBG has administered and successfully implemented the Texas Emergency Rental Assistance Program (TERAP), the Texas Emergency Mortgage Assistance Program (TEMAP), Food Bank Reimbursement Assistance (FBRA), Relief to Providers of Assistance for Persons with Disabilities, and the Legal Services for Persons with Disabilities. The only program activity still being administered is the Community Resiliency Program (CRP).
- The HOME American Rescue Plan (HOME-ARP) Division was established in 2021 to administer HOME-ARP funds to assist individuals or households who are homeless, at-risk of homelessness, and other vulnerable populations.
- The Housing Stability Services Division (HSS) was established in 2021 in response to the COVID-19 pandemic and administers the Housing Stabilization Services (HSS) Program. The program is funded by the U.S. Department of Treasury through the Emergency Rental Assistance (ERA1 and ERA2) which allows a portion of the funds to be utilized for housing stability services.
- The Manufactured Housing Division administers the Texas Manufactured Housing Standards Act. The Manufactured Housing Division is administratively attached to TDHCA, although it operates independently with its own executive director and governing board.
- The Multifamily Finance Division administers two federal Low Income Housing Tax Credit (LIHTC) programs, the competitive 9% Housing Tax Credit (HTC) Program and the 4% HTC program in conjunction with the Bond Finance Division. In addition, the division operates the Multifamily Direct Loan (MF Direct Loan) programs.
- The Multifamily Bond Division administers the 4% HTC Program and the Multifamily Bond Program.
- The Section 811 Project Rental Assistance (Section 811 PRA) Program administers the Section 811 PRA Program which provides project-based rental assistance to multifamily properties for them to serve low-income persons with disabilities. .
- The Single Family and Homeless Programs Division (SFHP) administers Single Family HOME Investment Partnerships (HOME) Program activities, including Contract for Deed (CFD), Single Family Development (SFD), Tenant-Based Rental Assistance (TBRA), Homeowner Reconstruction Assistance (HRA), and Homebuyer Assistance with New Construction (HANC).

The SFHP Division also administers the Texas Housing Trust Fund (Texas HTF) programs, the Office of Colonia Initiatives (OCI) Colonia Self-Help Centers (CSHC) program, and the Neighborhood Stabilization Program (NSP). Texas HTF programs include the Amy Young Barrier Removal (AYBR) Program and the Texas Bootstrap Loan (Bootstrap) Program. The Division, through the OCI, includes a Border Field Officer (BFO) and the Administrator of the OCI, who act as liaisons between the Department and the nonprofit organizations and units of local government that administer the CSHC Program and other Department programs along the Texas-Mexico border, and may work in field offices. The OCI provides technical assistance to nonprofits, for-profits, units of local government, community organizations, and colonia residents along the 150-mile Texas-Mexico border region. Homelessness programs administered by this division include the Emergency Solutions Grants (ESG) Program, the Homeless Housing and Services Program (HHSP), and the Ending Homelessness Fund (EH Fund). Pandemic related supplemental funding administered by the Division includes funding authorized under the CARES Act for ESG (ESG CARES). The SFHP Division oversees TDHCA's public housing authority, which receives funding for the Housing Choice Voucher (HCV) Program from HUD for counties included in TDHCA's Public Housing Authority (PHA) Plan. The HCV Program provides rental assistance payments on behalf of low-income individuals and families, including older Texans and persons with disabilities. TDHCA's allocation of Emergency Housing Vouchers (EHV) are also overseen in this area.

- <u>The Homeowner Assistance Fund Program (HAF) Division</u> was established in 2021 to administer the HAF funds for preventing mortgage delinquencies, defaults, foreclosures, loss of utilities and displacement.
- <u>The Homeowner Assistance Fund (HAF) Subrecipient Activities Division</u> was established in 2022 in response to the COVID-19 pandemic, and administers a portion of the HAF funds that are provided to local organizations for intake centers, housing counseling, and legal services.
- <u>The Texas Homeownership Division</u> offers the My First Texas Home (MFTH) Program, My Choice Texas Home (MCTH) Program, Texas Mortgage Credit Certificate (TX MCC) Program, Texas Statewide Homebuyer Education Program (TSHEP), and Texas Homebuyer U (TXHBU).
- <u>The Texas Rent Relief Program (TRR)</u> was established in 2021 in response to the COVID-19 pandemic and administers the majority of Treasury Emergency Rental Assistance (ERA) funds for the State of Texas. TRR provided rental and utility assistance to qualifying applicants to prevent housing instability, potential eviction, and financial hardships for tenants and landlords as a result of the COVID-19 pandemic.

TDHCA administers most of its programs and services through a network of local governments, organization administrators, property owners, and developers across Texas and, until the COVID-19 pandemic, generally had not provided assistance directly to individuals. Exceptions included the HCV and Section 811 PRA programs. Since the receipt of significant pandemic funds, the HAF and Texas Rent Relief Programs, also serve households directly. Detailed descriptions of these programs including eligibility information are available in Section 4, Action Plan and Section 5, Pandemic Response.

Additionally, several Divisions within TDHCA are involved in supporting program requirements and in the administration of the Department as a whole, but do not administer specific programs:

- The Asset Management Division is responsible for monitoring and processing all post-award activities for multifamily developments funded by the Department. The Asset Management Division also works with owners and with other divisions within the Department to resolve regulatory and financial issues on those properties.
- The Bond Finance Division finances the activities of the Texas Homeownership Division through the issuance of single family mortgage revenue bonds, and the forward sale of mortgage-backed securities.
- The Compliance Division monitors properties and subrecipients to ensure compliance with federal and state regulations by using various oversight measures including onsite monitoring visits and desk reviews. Key compliance monitoring requirements for housing activities include ensuring that units are leased to income qualified households, that rents are properly restricted and that developments funded through the Department are accessible to persons with disabilities and in compliance with property condition standards. Compliance on non-housing activities (such as CEAP) include ensuring household eligibility, adherence to program regulations, and appropriate expenditure of funds.
- The Division of Policy and Public Affairs disseminates Department information to the public and serves as the Department's liaison with industry stakeholders, advocacy groups, and the executive and legislative branches of local, state, and federal government.
- The Housing Resource Center is established by the Department's governing statute. The division assists the general public in locating appropriate service providers in their community. The division is also responsible for plans and reports that TDHCA is required to submit to receive funding from both the state and federal government. These policy documents are integral components of the strategic planning process that determines the direction of housing policy for the State of Texas. Fair Housing activities are coordinated and administered under the Housing Resource Center as well as the coordination of activities of the Texas Interagency Council for the Homeless and Housing and Health Services Coordination Council.
- The Loan Servicing Division performs loan servicing functions and provides support functions to other areas related to the Department's single family and multifamily loan portfolios. The Loan Servicing Division also performs loss mitigation functions related to the single-family loan portfolio, excluding those loans originated through the Texas Homeownership Division.
- The Program Services Section is responsible for the adherence, processing and completion of cross-cutting federal and departmental requirements for programs administered by the Department, including environmental clearances, single-family loan closing, multifamily loan closing, and the commitment and disbursement of state and federal funds.
- The Real Estate Analysis Division provides the TDHCA Board and staff with comprehensive analytical reports necessary to make well-informed financial decisions for funding of affordable multifamily housing developments.

- Other divisions that are involved in TDHCA's internal management include Financial Administration, Human Resources, Information Systems, Internal Audit, and Legal. Additionally, the Department is responsible for the licensing of Migrant Labor Housing Facilities and performs this work in collaboration with the Texas Workforce Commission.

2024 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT OVERVIEW

The 2024 State of Texas Low Income Housing Plan and Annual Report (SLIHP) is prepared annually in accordance with Tex. Gov't Code §§2306.072-2306.0724, which require that TDHCA provide a comprehensive statement of activities in the preceding year, an overview of statewide housing needs, and a resource allocation plan to meet Texas' housing needs. The SLIHP is adopted by reference annually in 10 Texas Administrative Code (TAC) §1.23. The SLIHP offers policy makers, affordable housing providers, and local communities a comprehensive reference on statewide housing needs and housing resources. The format is intended to help these entities measure housing needs, understand general housing issues, formulate policies and identify available resources. As such, the SLIHP is a working document and its annual changes reflect changes in programs or funding amounts, policy changes, statutory guidance and input received throughout the year.

The SLIHP is organized into eight sections and appendices:

- Section 1: Introduction - An overview of TDHCA and the SLIHP;
- Section 2: Housing Analysis - An analysis of statewide and regional demographic information, housing characteristics, and housing needs;
- Section 3: Annual Housing Report - A comprehensive statement of activities for State Fiscal Year (SFY) 2023, including actual numbers served and a discussion of TDHCA's goals;
- Section 4: Action Plan - A description of TDHCA's program descriptions and plans, resource allocations, policy initiatives, special needs, and goals;
- Section 5: Pandemic Response and Other Initiatives - An overview of the federal funds allocated and corresponding TDHCA programs developed in order to prepare for and respond to the COVID-19 pandemic;
- Section 6: Public Participation - Information on the SLIHP preparation and a summary of public comment;
- Section 7: Colonia Action Plan - A biennial plan for 2022-2023 which discusses housing and community development needs in the colonias, describes TDHCA's policy goals, summarizes the strategies and programs designed to meet these goals, and describes projected outcomes to support the improvement of living conditions of residents of colonias;
- Section 8: Texas State Affordable Housing Corporation (TSAHC) Plan - This section outlines TSAHC's plans and programs for 2023 and is included in accordance with Tex. Gov't Code §2306.0721(g);
- Appendix A: TDHCA's enabling statute and Tex. Gov't Code Chapter 2306;

- Appendix B: Housing Analysis Regional Tables;
- Appendix C: Subrecipient Tables for Community Affairs Programs and Homelessness Programs;
- Appendix D: Bibliography; and
- Appendix E: Acronyms.

Tex. Gov't Code §§2306.072(c)(6), 2306.072(c)(8), and 2306.0 is fulfilled through TDHCA's annually produced Housing Sponsor Report that provides property and occupant profiles of developments that have received assistance from

Tex. Gov't Code §2306.072(c)(1) is fulfilled through Basic Financial Statements and Operating Budget produced by TDHCA's Financial Administration Division.

Tex. Gov't Code §§2306.0721(c)(4) and 2306.0721(c)(10) is fulfilled via Help for Texans online database which offers a description of TDHCA's housing programs and other state and federal housing and housing-related programs.

SECTION 2: HOUSING ANALYSIS

This section of the SLIHP contains an overview of the affordable housing needs in the State and an estimate and analysis of the housing need in each of the state's thirteen service regions.

This section of the SLIHP includes the following information per Tex. Gov't Code §2306.0721:

- An estimate and analysis of the size and the different housing needs of special populations in each uniform service region as required by Tex. Gov't Code §2306.0721(c)(1)(A-G).
- An estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region as required by Tex. Gov't Code §2306.0721(c)(3).
- An estimate and analysis of the housing supply in each uniform state service region as required by Tex. Gov't Code §2306.0721(c)(9).
- Information regarding foreclosures of residential property in this state, including the number and geographic location of those foreclosures as required by Tex. Gov't Code §2306.0721(c)(13-a).

This section is organized as follows:

Data Sources and Limitations

State of Texas Demographic Overview

Special Needs Populations

Housing Assessment

Local Assessment of Need

DATA SOURCES AND LIMITATIONS

Major data sources for the SLIHP include the U.S. Census Bureau's decennial Census and American Community Survey (ACS) as well as the U.S. Department of Housing and Urban Development's (HUD) Comprehensive Housing Affordability Strategy (CHAS) data. The SLIHP also cites reliable, publicly accessible plans and reports to capture specific housing needs across the state's 13 uniform service regions. The following subsection discusses the advantages and limitations of using these data sources.

The decennial census, which is mandated by the U.S. Constitution, conducts a direct count of everyone in the United States every 10 years. Unlike the decennial census, the ACS derives demographic, social, housing, and economic estimates from a sample population, which represents only a fraction of the total US population. ACS 5-Year Estimates aggregate survey data from US households over a 5 year period. This increases the survey's sample size, which reduces the margin of error (the difference between an estimate and its upper or lower confidence bounds) for ACS estimates. By sampling the US population over five continuous years, the ACS 5-Year Estimates reflect recent, although not immediate, changes in the characteristics of various geographic areas.

The Census Bureau also conducts ACS 1-Year Estimates for each calendar year. Although ACS 1-Year Estimates more accurately predict year-to-year demographic changes, they also have larger margins of error due to smaller sample sizes. In order to eliminate large margins of error, the Census Bureau only publishes 1-Year estimates for geographic areas with a population of 65,000 or more. According to the 2017-2021 ACS 5-Year Estimates, 200 of Texas' 254 counties have a population less than 65,000 people, making them ineligible for ACS 1-Year Estimates. Since the SLIHP requires reliable, statewide housing data, ACS 5-Year Estimates provide the best method for approximating comparable demographic changes in the state of Texas.

The latest ACS 5-Year estimates cover the years from 2017-2021, while the latest 1-Year estimates cover the year 2022. For this reason, neither 5-Year nor 1-Year estimates reflect recent demographic and economic changes in relation to the COVID-19 pandemic. To address the possible effects of the COVID-19 pandemic on TDHCA's special populations, the SLIHP will cite additional reports from reputable public sources where appropriate.

Every year, HUD utilizes ACS 5-Year and ACS 1-Year Estimates to produce CHAS data. This data classifies ACS survey households into five relative income categories based on HUD Area Median Family Income (HAMFI). HUD develops HAMFI by estimating Median Family Income (MFI) for metropolitan areas and non-metropolitan counties (as defined by HUD). HUD then adjusts HAMFI figures to account for factors such as family size, rental rates, and high median incomes for each income classification. This new, adjusted measure is referred to simply as Area Median Family Income (AMFI). The five income classifications based on this measure are:

- Extremely Low Income (ELI): At or below 30% AMFI;
- Very Low Income (VLI): 31-50% AMFI;
- Low Income (LI): 51-80% AMFI;
- Moderate Income (MI): 81-100% AMFI; and
- Above 100% AMFI.

HUD uses these income levels to develop income limits which determine eligibility for HUD assisted housing programs, including the Section 8 Housing Choice Voucher (HCV) Program and Section 811 Project Rental Assistance (Section 811 PRA) Program. Some non-HUD housing assistance programs, such as the Internal Revenue Service's Low Income Housing Tax Credit (LIHTC or HTC) Program, also utilize HUD income limits to determine eligibility. Note that each program incorporates its own guidelines and adjustments to HUD income limits. Exact income limits may vary amongst different programs even when operated in the same geographic area.

HUD income limits not only provide a national reference for housing eligibility, they also establish a reliable, uniform method for estimating local and regional housing affordability. Generally, affordability is measured by comparing local housing cost to AMFI. HUD defines affordable housing as housing for which a household does not pay more than 30% of its income for gross housing costs including utilities. It is also important to compare the housing costs of families at each income level to determine where the state's housing resources should be utilized. Since CHAS contains micro-data, at the household level, on incomes and housing cost, it facilitates geographic comparisons of various housing trends.

Due to rounding required by the Census Bureau, some totals presented in tables using CHAS data may not match the sum of all rows or columns. HUD suggests using the largest geographies and summary levels where possible to ensure accuracy, so total lines may come from a higher level summary. For example, in a table reporting the breakdown of Texas households by CHAS AMFI income categories, the total number of households may be a pre-summed and pre-rounded figure supplied by HUD, whereas the figures for each AMFI category may be summed individually. The pre-summed and pre-rounded figures supplied by HUD may not match the sum of the income category figures.

The information provided in this section should be considered within the context of its limitations. For example, the most reliable data available on persons experiencing homelessness, particularly those who are unsheltered, is the annual Point in Time (PIT) count. The PIT count is conducted by Continuum of Care (CoC) Program organizations funded by HUD. Each CoC organization counts the number of persons experiencing homelessness (sheltered and unsheltered) within its assigned locality on a single night in January. CoC organizations that provide beds and housing units for persons experiencing homelessness gather data on the sheltered homeless population; however, to gather data on the unsheltered population, the PIT count relies on volunteers locating and interviewing or observing persons experiencing homelessness. This methodology may exclude individuals who do not wish to speak with volunteers or those who find informal shelter, such as staying on a friend's couch. In addition, PIT count data are not available at the county level. This is a common issue in regards to special needs populations. County level data are similarly not available for persons experiencing substance use disorders, and residents of colonias. For these populations, analysis is only available at the state or local level.

Many facets of housing need, especially those tied to localized conditions, are not captured when data are aggregated into statewide, regional, or even county totals. The Department recognizes that the most accurate assessment of housing need can best be found at the local level based on the direct experience of local households and those who work to assist low- and moderate-income households. Alternative methods, such as detailed on-location assessments by professionals skilled at reviewing such matters, might be used, but the Department lacks the resources to obtain such data through third parties or to compile it directly.

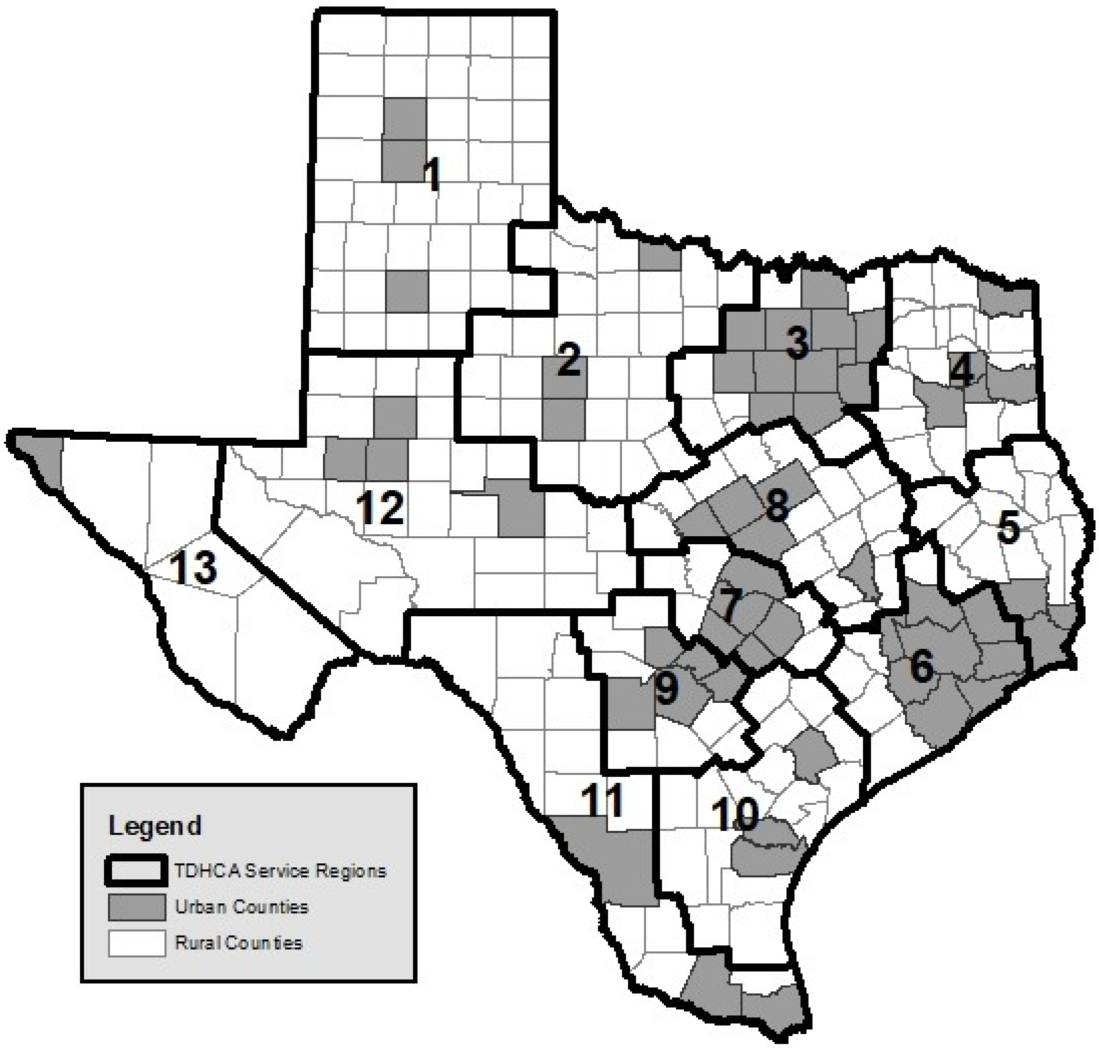
Rural areas also present challenges regarding data accuracy and reliability. In counties with a small population, the margin of error in ACS datasets can be very high. For example, according to the 2017-2021 ACS 5-Year Estimates, Loving County has a population of 83, but a margin of error of 48. This means that there is a 90% certainty that the population of Loving County is between 7 and 159. None of the counties with a population over 7,500 (181 counties) have a margin of error in the 2017-2021 ACS 5-Year Estimates total population figures, meaning those estimates are more precise.

Margins of error are less of a concern when analyzing data for larger geographies, such as county-level as opposed to census tract or place-level data. However, this can also distort the housing needs of rural communities. If a small, rural community has a particularly high rate of substandard housing (e.g. housing lacking plumbing or kitchen facilities), but a larger urban community in the same county has a particularly low rate of substandard housing, the need of the smaller, rural community could be masked when looking at the county level.

TDHCA SERVICE REGIONS AND URBAN/RURAL DESIGNATIONS

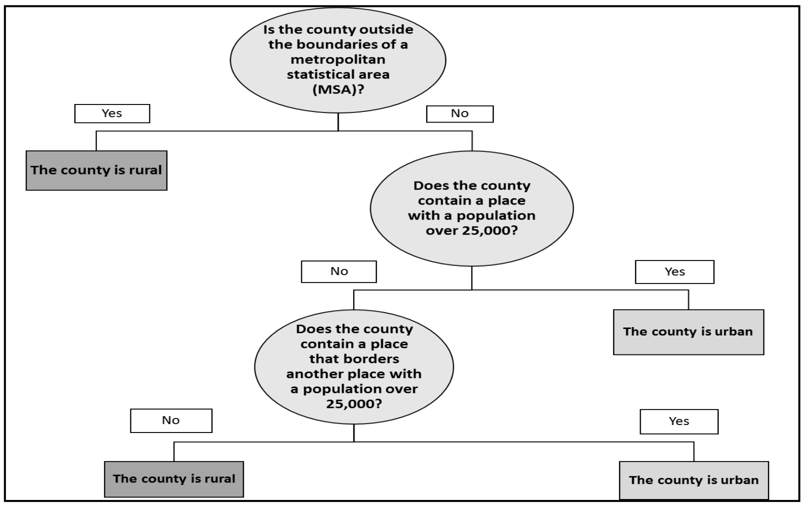
For the purposes of analysis in the SLIHP, urban and rural designations will be determined at the county level. County level data allow the affordable housing need data in the Housing Analysis chapter to be compared accurately to the Department's program reporting in the Annual Housing Report chapter. The Annual Housing Report chapter is based on county level data due to the reporting requirements of the Department's programs. In addition, county-level analysis aligns with TDHCA's 13 State Service Regions (regions). Each region is split into its rural and urban counties to create 26 urban and rural subregions.

TDHCA Service Regions with 2023 Urban and Rural Counties



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

Urban counties are defined as counties within Metropolitan Statistical Areas (MSAs) determined by the U.S. Office of Management and Budget (OMB) that also contain urban places. Rural counties are defined as counties that are non-MSA counties or MSA counties that contain only rural places per Tex. Gov't Code §2306.004(28-a). The Census Bureau defines a place as a concentration of population which has a name, is locally recognized, and is not part of any other place. This includes both incorporated places, which are legally defined, and Census Designated Places, which have recognizable names but no legal definition. For further detail regarding urban and rural definitions, please see the Regional Allocation Formula Methodology posted to the TDHCA public Web site's Annual or Biennial Plans and Reports page, available here: https://www.tdhca.state.tx.us/housing-center/pubs-plans.htm.



*The flowchart above depicts the process in which a county is designated as being either rural or urban

STATE OF TEXAS DEMOGRAPHIC CHARACTERISTICS

Urban and Rural Poverty

By using the Census Bureau's 2017-2021 ACS 5-Year Estimates, it is possible to compare statewide and national population trends. This can help determine how housing need across the state may differ or correspond with housing need across the country. Currently, Texas has approximately 28,862,581 people, which is about 8.8% of the US population. Texas' population primarily resides in urban counties (25,286,987 people), with the remaining people residing in rural counties. For additional context, the 2020 Decennial Census lists Texas' population as 29,145,505.

Population Residing in Rural and Urban Counties, Texas

State	Rural	Urban	Total
Total	3,575,594	25,286,987	28,862,581
Percent	12.39%	87.61%	100%

Source: Population from 2017-2021 American Community Survey, Table DP05. 2023 RAF Urban-Rural Counties.

Population differences between the state's urban and rural counties also affect the relative location of economic need. Currently, it is estimated that there are 3,965,117 Texans living under the federal poverty line of $26,500 for a family of four. After accounting for ACS ineligible populations, the state's poverty rate (persons in poverty/total population) equals 14.0%. Meanwhile, the poverty rate in the United States currently is 12.63% (40,661,636 people in poverty). In the state's rural counties, there are 546,552 people under the poverty line for a rural poverty rate of 16.0%; there are 3,418,565 people living under the poverty line in the state's urban counties for an urban poverty rate of 13.8%. Taken together, this indicates that, while a vast majority (86.2%) of Texans living under the poverty line reside in urban counties, rural Texans are still more likely to live under the poverty line than urban Texans.

Population under the Poverty Line in Urban and Rural Counties, Texas

State	Rural		Urban		Total	
Total	546,552	13.78%	3,418,565	86.22%	3,965,117	100%
Poverty Rate	16.0%		13.8%		14.0%	

Source: 2017-2021 American Community Survey, Table DP05. 2023 RAF Urban-Rural Counties.

* Poverty Rate calculated using ACS population for which poverty status is determined. The above poverty rate should not be compared to raw or total population estimates.

Race, Ethnicity, and Poverty Status

Texas mirrors the US closely in terms of racial demographics, but differs according to ethnicity. The Census Bureau defines race as self-identification with one or more of 5 groups (white, Black or African American, American Indian and Alaskan Native, Asian, and Native Hawaiian and Other Pacific Islander), while ethnicity is self-identification as Hispanic or Latino. The following table shows the racial breakdown of the Texas population compared with the US population.

Texas and US Population by Race

Race	Texas Population	% of Texas Population	US Population	% of US Population
White alone	18,566,027	64.3%	224,789,109	68.2%
Black or African American alone	3,499,862	12.1%	41,393,012	12.6%
American Indian and Alaskan Native alone	147,892	0.5%	2,722,661	0.8%
Asian alone	1,452,713	5.0%	18,782,924	5.7%
Native Hawaiian and Other Pacific Islander alone	24,608	0.1%	615,557	0.2%
Some Other Race alone	2,019,394	7.0%	18,382,796	5.6%
Two or More Races	3,152,085	10.9%	23,039,422	7.0%
Total	28,862,581	100.0%	329,725,481	100.0%

Source: 2017-2021 American Community Survey, Table DP05.

Texas and US Population by Ethnicity

Ethnicity	Texas Population	% of Texas Population	US Population	% of US Population
Hispanic or Latino	11,479,932	39.8%	60,806,969	18.4%
Not Hispanic or Latino	17,382,649	60.2%	268,918,512	81.6%
Total	28,862,581	100.0%	329,725,481	100.0%

Source: 2017-2021 American Community Survey, Table DP05.

Texas diverges from national trends in terms of ethnicity. While 18.4% of Americans identify as ethnically Hispanic, that percentage reaches to 39.8% of Texans, a 21.4% difference. In fact, Texans account for 18.9% of the Hispanic population in the United States. This is mirrored in the percentage of Non-Hispanic, White only persons in the U.S. and Texas; where 59.4% of Americans identify as Non-Hispanic and White, 40.7% of Texans identify as Non-Hispanic White, 18.8% fewer. Persons identifying as White only and Non-Hispanic are not the majority in Texas, which is the case in only Maryland (49.4% Non-Hispanic White); Texas (40.7%); New Mexico (36.0%); Nevada (47.2%); California (35.8%); and Hawaii (21.3%).

According to 2017-2021 ACS Estimates, poverty status varies significantly between ethnic and racial groups. In Texas, 57.0%% of persons below the poverty line are white, while 55.6% of Americans below the poverty line are white. However, since White individuals make up a significant majority of the population in both Texas and the United States, this percentage is lower than would be expected if poverty rates were equal amongst all races. Similarly, Black or African American individuals comprise 21.2% of persons below the poverty line in the United States and 15.8% of persons below the poverty line in Texas, but since Black or African American individuals make up 12.3% of the US population and 11.9% of the Texas population these poverty numbers are disproportionally high.This shows that Black or African American individuals are more likely than White individuals to live below the poverty line in both Texas and the United States. Except for White and Asian Texans, this trend also occurs across all other racial groups in Texas, as the poverty percentage for each racial group outpaces the group's proportion to the general population.

For this reason, the poverty rate within each racial and ethnic group more clearly demonstrates inequalities in income. This rate (total individuals in poverty of group/total individuals in group) shows how some racial and ethnic groups are more likely to experience poverty than others. The poverty rates for each racial and ethnic group in Texas can be found in the tables below. In Texas, Non-white Hispanic individuals and individuals who identified as Some Other Race were most likely to live below the poverty line, while Asian individuals and White, Non-Hispanic individuals were the least likely to live below the poverty line.

Percentage of Each Racial Demographic in Poverty (Poverty Rate)

Race	Texas Population	US Population	Difference
White (alone)	12.4%	10.3%	2.1%
Black or African American (alone)	18.6%	21.7%	-3.1%
American Indian and Alaska Native (alone)	14.8%	23.4%	-8.6%
Asian (alone)	9.7%	10.3%	-0.6%
Native Hawaiian and Other Pacific Islander (alone)	17.9%	6.9%	10.9%
Some Other Race (alone)	20.0%	19.1%	1.0%
Two or More Races	16.6%	14.9%	1.7%

2017-2021 American Community Survey, Table DP05.

Percentage of Each Ethnic Demographic in Poverty (Poverty Rate)

Ethnicity	Texas Population	US Population	Difference
Hispanic or Latino	19.6%	17.7%	1.9%
Not Hispanic or Latino	10.4%	11.5%	-1.1%
Not Hispanic or Latino - White Alone	8.2%	9.2%	-1.0%

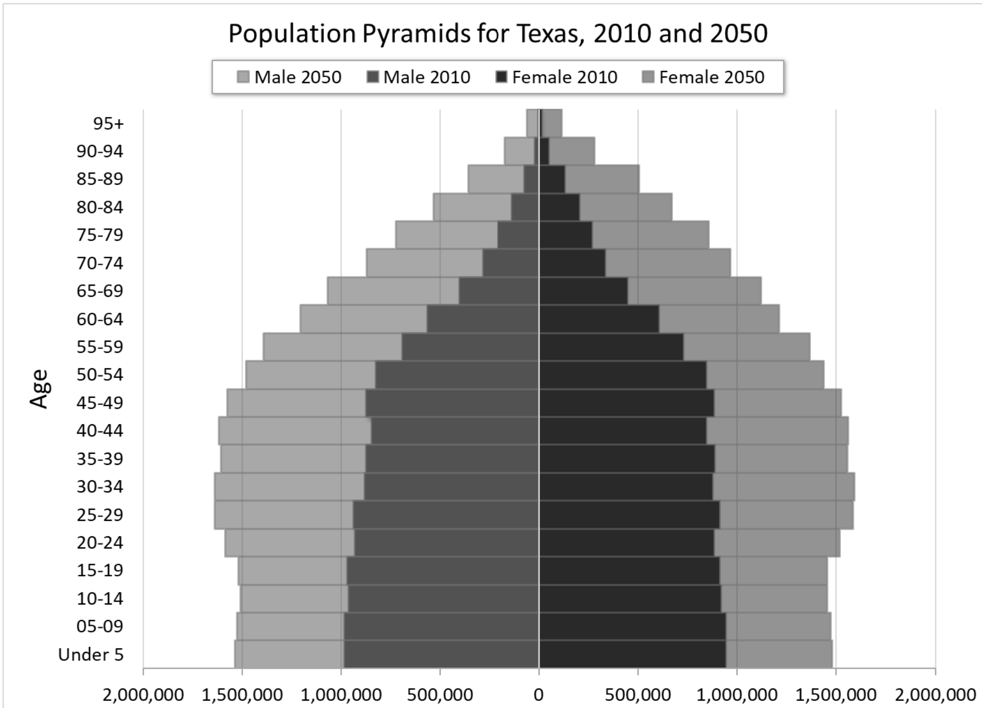
2017-2021 American Community Survey, Table DP05.

Within group poverty rates are important to note because housing challenges are both a cause and an effect of poverty (Public and Affordable Housing Research Corporation 2019). Lack of adequate housing can exacerbate existing economic inequalities between racial/ethnic groups. Research from the Department of Housing and Urban Development suggests that access to safe, affordable homes can lead to numerous positive outcomes for families, including improved health, education, incomes, and inter-generational wealth (HUD 2016). This means that access to adequate housing may help lessen the high rates of poverty experienced by certain racial and ethnic groups.

Age and Housing Need

Age is an important factor in the planning and construction of low-income housing. New families increase the demand for housing space, so an influx of young to midcareer adults could create housing shortages. Conversely, an aging population could both increase demand for senior living facilities and increase the supply of housing as older individuals move out of conventional housing units. Therefore, it is important to note that Texas has a larger percentage of children under 18 and a smaller percentage of persons over age 65 than the US as a whole. 25.8% of Texans are under 18 years old, compared with 22.5% for all Americans. While 16.0% of Americans are over age 65, only 12.5% of Texans fall into this age group. These demographic factors contribute to a median age of 35.0 years in Texas, while the median age of the national population is 38.4 years, a difference of 3.4 years.

As the baby boomer generation moves into retirement and the large millennial generation comes of age, Texas will serve as a prime example of wider demographic trends. With greater demand for housing and urban housing prices increasing, the Harvard Joint Center for Housing Studies predicts that households will struggle to find affordable housing in the nation’s largest metro areas (Harvard Joint Center for Housing Studies 2019). Since Texas contains three of the United States’ ten most populous cities, the Texas Tribune reports that Texas will face a similar housing affordability crisis in the coming years (Formby, Cameron, and Essig 2018). The following population pyramid of Texas shows that midcareer adults will outpace all other population groups by 2050, putting a strain on existing housing stocks.



Source: 2019 Texas Population Projections, Texas Demographic Center

SPECIAL NEEDS POPULATIONS

Tex. Gov't Code §2306.0721(c)(1) requires the Department to include in the SLIHP an estimate and analysis of the size and the different housing needs of the following populations in each uniform state service region:

Individuals and families of moderate, low, very low, and extremely low income;

Individuals with special needs;

Homeless individuals;

Veterans;

Farmworkers;

Youth who are aging out of foster care;

Homeless youth, as defined by Section 2306.1101, and other individuals older than 18 years of age and younger than 25 years of age who are homeless; and

Elderly individuals.

"Individual with special needs" is defined by §2306.511 as an individual who:

1. Is considered to be an individual having a disability under a state or federal law;
2. Is elderly;
3. Is designated by the board as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise; or
4. Is legally responsible for caring for an individual described by Subdivision (1), (2), or (3) and meets the income guidelines established by the board.

Following these guidelines, this section will provide the required population estimate and analysis of housing needs of Department-identified special needs populations as follows:

elderly persons;

farmworkers;

Individuals and families of moderate, low, very low, and extremely low income;

persons experiencing homelessness;

youth experiencing homelessness (<25 years of age);

persons living with HIV/AIDS and their families;

persons with disabilities (mental, physical, and developmental);

persons with substance use disorders;

persons with Violence Against Women Act (VAWA) protections;

residents of colonias;

residents of public housing;

veterans and wounded warriors; and

youth aging out of foster care.

As discussed in the Data Sources and Limitations subsection, some data for persons with special needs are only available at the state level, while others can only be assembled from local organizations. Like any data source, scale of analysis will affect what conclusions can be drawn from these sources. For information regarding TDHCA activities and programs addressing special needs populations, see the Action Plan section (Section 4).

Elderly Persons

For HUD programs, HUD defines an "elderly person," according to 24 CFR §5.100, as an individual who is at least 62 years of age. Additionally, HUD's Section 202 program defines "frail elderly" in 24 CFR §891.205 as a person who is 62 years of age or more and unable to perform at least three "activities of daily living, comprising of eating, bathing, grooming, dressing or home management activities."

The Harvard Joint Center for Housing Studies predicts that the percentage of US households age 65 and over will grow from 26% percent in 2018 to 34% in 2038. This growth will also increase the number of households age 75-79 from 8.9 million to 10.7 million (Harvard Joint Center for Housing Studies 2019). This growth could have wide-ranging effects on the U.S. housing market, as aging homeowners increasingly choose to reside in their homes, rather than move to a multi-family unit or assisted living facility. In 2018, this phenomenon, referred to as 'aging-in-place,' kept about 1.6 million houses off the market, accounting for more than 60% of the United States' current long-term shortfall of 2.5 million housing units (Freddie Mac, 2019). With the cost of new homes increasing and the supply of existing homes dwindling, many young adults have chosen to forego home ownership due to the high outstanding costs, creating a demographic inversion (meaning more housing stock is owned by older populations rather than younger) in rates of homeownership amongst different age groups (Freddie Mac, 2018).

Elderly populations have a range of unique housing needs. First, elderly populations have higher housing cost-burdens (expenditures including housing and utilities that exceed 30% of income) than the general population. Households experiencing cost burden are often forced to cut back sharply on other necessities. On average, severely cost burdened households aged 65 and over in the bottom expenditure quartile spent 47% less on food and 50% less on healthcare than non-cost burdened households (Harvard Joint Center for Housing Studies, 2019). Recent studies by the Harvard Joint Center for Housing Studies estimate that nearly a third (9.7 million) of all households age 65 or older faced cost-burdens (Harvard Joint Center for Housing Studies, 2018). Meanwhile, half of that number (4.9 million) live with severe cost-burdens, paying half of their income to rents and utilities. Although the percentage of people age 50-65 with cost-burdens has decreased to 19.9%, this percentage still accounts for over 10.9 million households.

Since many elderly individuals live on fixed incomes, it is common for cost-burdens to increase with age; however, 'worst-case' housing needs arise when elderly household incomes fall far below AMFI, especially in high-growth metropolitan areas. The US Census Bureau defines worst case needs as VLI renter households who do not receive government housing assistance and who pay more than one-half of their income for rent, live in severely inadequate conditions, or both. While other demographic groups have experienced declining worst case needs in recent years, HUD notes that the number of elderly households with worst case needs has continued to grow over the past decade. For this reason, HUD predicts that elderly households will be “a key demographic facing housing problems in the years to come” (HUD 2019)

Not only do excessive cost-burdens affect quality of life, but they also prevent elderly populations from accessing adequate housing. A recent report by the University of Pennsylvania’s Actionable Intelligence for Social Policy initiative discovered that the population experiencing homelessness above the age of 65 is expected to increase significantly by 2030, as younger baby boomers continue to face difficulties finding housing (Culhane et al. 2019). The authors note that if the housing needs of this population are not sufficiently met, then greater financial strain will be placed on existing shelters, hospitals, and nursing homes.

This need is reflected in the 2017-2021 ACS Estimates for the state of Texas. While 9.5% of Texans 18 to 64 years old have a disability, 35.7% of Texans 65 and older have a disability. In addition, the ACS estimates that older households tend to live in older homes: 26.9% of Texan householders aged 65 years and older lived in housing stock built before 1970 compared to 18.5% among householders younger than 65 years old.

Although HUD’s definition for ‘Elderly Person Household’ involves persons at least 62 years of age, definitions may vary across data sources and assistance programs available to elderly persons. Due to census data availability, the following analysis will be conducted looking at persons 65 years of age or older.

According to the table below, approximately 81.5% of Texans aged 65 and older live in urban areas. Texans aged 65 and older who live in rural areas may face difficulty accessing health and other services because they live at greater distances from health facilities, community centers, and other amenities. Additionally, the programs that serve them may not benefit from a concentration of an aging population and the efficiencies that can be realized from serving older adults in a centralized location (Viveiros, 2014).

Elderly Persons (aged 65 years old and over), Texas

State	Rural Elderly Persons	Urban Elderly Persons	Total Elderly Persons	Total Population	Percent Elderly of Statewide Population
Total	648,630	2,972,168	3,620,798	28,862,581	12.5%

Source: 2017-2021 American Community Survey, Table DP05.

Regional Analysis

While the percentage population of individuals who are 65 years or older is higher in rural counties than in urban counties for all regions, the total number of individuals aged 65 years or older is higher in urban counties for most regions. The regions with the highest percentage population of individuals 65 years or older also happen to be the only regions where the majority of individuals aged 65 years or older reside in rural counties. In northeast Texas, Region 4’s population is 18.0% persons over the age of 65, the highest among all regions, and 54.4% of those individuals 65 years or older reside in rural counties. Regions 2 and 5 have the second and third highest percentage population of individuals 65 years or older (17.2% and 16.8% respectively) and the second and fourth highest percentage of individuals 65 years or older residing in rural counties (55.1% and 54.1% respectively). Region 8 has the highest percentage (58.8%) of individuals 65 years or older living in rural counties.

The subregion with the largest percentage of individuals 65 years or older is the rural subregion of Region 7 in central Texas, where 25.3% of rural residents are 65 years or older. As noted previously, rural elderly residents may face increased difficulty accessing services due to decreased development density and travel challenges.

Regions 3 and 6 together account for 48.2% of the states' elderly residents, or 1,745,949 individuals. The urban counties of Regions 3 and 6, a total of 20 counties encompassing the majority of the Houston-The Woodlands-Sugar Land and Dallas-Fort Worth-Arlington MSAs, account for 45.9% of the states' elderly population. However, the urban counties of Region 3 and Region 6 account for 52.3% of the population of the State of Texas. This means that proportionally the elderly population of these subregions is actually lower than expected. 11.4% of Region 6's residents are at least 65 years old, the lowest proportion of all regions followed by regions 3 (11.6%) and 7 (11.7%).

Farmworkers

As one of the top five states in agricultural production, Texas leads the nation in the number of farms and ranches, with 247,000 farms and ranches covering over 127 million acres (USDA, 2018). According to the Texas Workforce Commission, the number of agriculture and forestry workers in 2022 declined by 4.2% since 2017 to 56,902 workers who were employed in the Ag, Forestry, Fishing & Hunting industries (Texas Workforce Commission, 2022). In Texas and across the nation, the agricultural industry has been using fewer and fewer workers in recent decades as farming methods have become more efficient. For this reason, Texas employs relatively few agricultural workers relative to the scale of its agricultural production; however, due to the food demands of a growing population, it is expected that demand for agricultural workers will continue to increase faster than many other professions. From 2020 to 2030, it is estimated that agricultural jobs in Texas will increase by 10.3% to 65,406 jobs total (Texas Workforce Commission, 2023).

Given that most farmworkers live in rural areas and many migrate between different farms over the course of several seasons, it is difficult to collect and aggregate farmworker data according to specific geographies. This means that most statewide and county data must be estimated from existing data sources, which may take organizations years to compile and analyze. For this reason, the following analysis at the state, regional, and county level may not reflect current trends.

The 2017 USDA Census, which is conducted every five years and surveys all US agricultural producers with annual sales over $1,000, reports that 5,394 migrant farmworkers worked on Texas' farms in 2017. The USDA Census defines a migrant worker as "a farm worker whose employment required travel that prevented the migrant worker from returning to his/her permanent place of residence on the same day." Since the USDA does not report all of its county level farmworker data in order to preserve the identity of participating farm operations, it is not currently possible to provide a regional breakdown of farmworker populations.

Individuals and Families of Moderate, Low, Very Low, and Extremely Low Income

For some federal programs that the Department administers, the indicator of 125% of the poverty line is used to indicate need. The U.S. Census Bureau sets the poverty threshold by calculating the income needed for a family to buy necessary goods. The 2023 poverty income guideline for a family of four is $30,000. In 2022, that amount was $27,750 (USHHS, 2023).

According to the 2017-2021 American Community Survey, 5,341,356 individuals in Texas live below 125% of the poverty line. Urban counties tend to have higher numbers of people below 125% of poverty, but also tend to have lower poverty rates than rural counties.

Individuals Below 125% of Poverty, Texas

Individuals	Rural	Urban	Texas
Individuals below 125% of poverty	737,239`	4,548,570	5,285,809
Total Population for whom Poverty Status is Determined	3,406,888	24,853,376	28,260,264
125% of poverty rate	21.6%	18.3%	18.7%

Source: 2017-2021 American Community Survey, Table S1701.

While federal poverty thresholds remain constant across the United States, HUD adjusts for local cost of living by calculating income groups based on AMFI. Since these income groups more accurately reflect local needs, HUD utilizes them to determine eligibility for numerous federal programs. This subsection will reference these income groups to evaluate income trends across the state. More information about HUD income levels can be found in the Data Sources and Limitations subsection.

Households by Income Group, Texas

Area	ELI Households	VLI Households	LI Households	MI Households	Households with Incomes >100% AMFI	Total Households
Rural	162,640	158,768	215,736	124,845	564,023	1,225,960
Urban	1,125,610	1,037,505	1,497,100	888,040	4,131,905	8,680,105
Total	1,288,250	1,196,273	1,712,836	1,012,885	4,695,928	9,906,065

Source: 2016-2020 CHAS, Table 8.

HUD's definition for low income (LI) is less than or equal to 80% AMFI. According to the above table, 42.4% of all Texas households are in or below the LI category. Meeting the needs of this large portion of the State's households is TDHCA's primary focus.

Regional Analysis

In general, rural residents are more likely to have lower incomes than urban residents; whereas 43.8% of rural Texas households have incomes less than or equal to 80% AMFI, 42.2% of urban households and 42.4% of total Texas households have incomes less than or equal to 80% AMFI. While rural/urban location does correlate with income level, an even stronger relationship can be found between income level and type of tenure. Renter households are far more likely to have lower incomes than owner households; whereas 60.1% of renter households in Texas have incomes less than or equal to 80%

AMFI, that percent drops by almost half to 31.6% for owner households. In every single region, the majority of renter households (>50% of total population) have incomes less than or equal to 80% AMFI.

Region 11 is the region with the largest proportion of total households in the ELI and VLI income groups at 19.7% and 15.6% respectively. Region 13 follows Region 11 with 15.4% of the region's households in the ELI category while Region 5 has the second largest proportion of VLI households with 13.6%. By comparison, 13.0% of the state's households are ELI and 12.1% are in the VLI category. Region 11 is the only region where the majority of its households have incomes less than or equal to 80% AMFI (52.7%). Region 13 has the next highest percentage at 46.3%. These percentages drastically increase when looking at renter households—68.9% of Region 11 renter households and 66.5% of Region 5 renter households have incomes less than or equal to 80% AMFI. Region 11 has the highest percentage of ELI and VLI renter households with 51.2%. Regions 11 and 13 contain the majority of Texas' border counties.

Regions 1, 2, 3, 7, 8, 9, and 12 have a higher rate of households with incomes less than or equal to 80% AMFI in their urban counties. While all other regions have higher low-income rates in their rural rather than urban counties, Region 13 has the greatest difference between these two rates (46.0% of urban residents and 55.6% of rural residents). This indicates that rural households in Region 13 tend to be significantly lower income than the region's urban households. However, only 3.4% of Region 13's households reside in rural counties, meaning that the absolute number of rural low income households in Region 13 is relatively low.

Region 3 has the smallest proportion of ELI households to regional population at 11.4%. Only 11.4% of Region 3's urban households are ELI, which marks the lowest urban ELI rate amongst all regions. For rural households, Region 7 has the lowest ELI rate at 9.8% of rural households.

Region 6 has the largest number of ELI households of any region at 319,660 (24.8% of the states' total ELI population), followed by Region 3 (313,820, 24.4% of the states' total ELI population). The urban counties of Regions 3 and 6 alone account for 49.2% of the states' total ELI households.

The percentage of households in each region below 125% of poverty follows a similar pattern to that of ELI households. Region 11 has by far the highest rate of households below 125% of poverty at 34.6%. The next highest regional rate is in Region 13, 25.8%. Region 7 has the lowest rate at 13.2%, followed by Region 3 at 15.0%.

Persons Experiencing Homelessness****most recent data expected end of Dec 2023*

Homelessness is defined in a variety of ways. While the definitions of homelessness are intricate and varied, the federal HEARTH Act of 2009 expanded the definition of homelessness from persons lacking a nighttime residence to include persons who will imminently lose their housing and have no subsequent residence identified. HUD's definition of "homeless" is persons sleeping in emergency shelters, in transitional housing, on the streets, in campsites, under bridges, in abandoned lots and in other places not intended for human habitation.

According to the 2022 HUD Annual Homeless Assessment Report to Congress (AHAR), homelessness increased by .3% nationally between 2020 and 2022 (HUD, December 2022). HUD's point-in-time count estimates that 582,462 persons experienced homelessness over the course of one night in

January 2022. Of these individuals, 418,588 (77.4%) were in households without children, 161,070 (27.7%) in households with at least one adult and one child, and 2,804 (<1%) in households with only children. The 2022 assessment was carried out in January of 2022.

Although Texas reported more persons experiencing homelessness than all but two states (California and New York) at 24,432 persons, it continues to have a rate of homelessness that falls well below the national average of 18 per 10,000 people. The rate of homelessness in Texas is almost half the national average at 8 per 10,000 people. Between 2020 and 2022, the number of persons experiencing homelessness in Texas decreased by 10.3% between 2007 and 2022, Texas saw the second largest decrease in the number of persons experiencing homelessness (15,356 individuals or 38.6%) out of all states. In the same time period, Texas also had the second largest decrease in the number of persons experiencing homelessness as individuals (7,727 individuals or 29.4%) and the second largest percentage decrease in families with children experiencing homelessness (7,629 or 56.6%) (HUD, December 2022).

The table below is a count compiled by HUD of sheltered and unsheltered persons experiencing homelessness by subpopulation in Texas. Unlike previous year's HUD's 2021 AHAR did not include data on mental illness, HIV/AIDS, substance abuse or domestic abuse.

Homeless Populations, Texas

Homeless Subpopulations	Sheltered	Unsheltered	Total
Chronically Homeless	1,897	3,463	5,360
Veterans	1,078	633	1,711

Source: HUD, 2022.

Youth Experiencing Homelessness

In 2019, the 86 (R) Texas Legislative Session passed House Bill (HB) 2564, which amended Tex. Gov't Code §2306.0721 (c) to include homeless youth as a population with special housing needs within the State's Low Income Housing Plan. HB2564 defines homeless youth as any individual younger than 25 years of age who is homeless. HUD's PIT Count data shows that that there were 138,421 youth experiencing homelessness nationwide on a single night in January 2022.

According to HUD's 2022 Annual Homeless Assessment Report to Congress, unaccompanied homeless youth "are persons in households without children who are not part of a family with children or accompanied by their parent or guardian during their episode of homelessness, and who are" under the age of 25 (HUD, December 2022). Under this definition, the PIT Count reported that there were 30,090 unaccompanied youth experiencing homelessness in the United States on a single night in January 2022.

Since PIT Counts cover only a single night in January, they represent a time-limited snapshot of homelessness in the United States. For this reason, it is useful to integrate a variety of sources into any report on youth homelessness. Each year, the National Center for Homeless Education, in conjunction with the Department of Education, aggregates Federal data on public school students who experienced homelessness during the school year. The most recent report estimates that 1,096,669 (2.7%) out of 49,668,082 public school students experienced homelessness in the United States during the 2020-2021 school year (NCHE, nda). Of these students, 94,363 (8.6%) were unaccompanied, 15,124 (1.4%) were migratory, and 220,599 (20.1%) were students with disabilities. This report does not include students who experience homelessness over school breaks, or youth who are not enrolled in public schools, which means that the report does not account for the entirety of this special population.

Of the 24,432 persons experiencing homelessness in Texas on a given night in January, 5,174 (21.2%) were reported to be youth (<25 years of age). 3,986 of these youth were sheltered in temporary or transitory housing, while 1,188 were unsheltered. The 2022 PIT Count also estimated that 1,226 (23.7%) of youth experiencing homelessness in Texas were unaccompanied, while 358 (6.9%) of youth experiencing homelessness were parenting other youth. The NCHE estimates that there were 93,096 students experiencing homelessness in Texas during the 2020-2021 school year. This represents a substantial decrease over the 111,411 students reported during 2019-2020 school year. Of the 93,096 students experiencing homelessness in Texas during 2020-2021, 13,802 (17.0%) were unaccompanied, 809 (0.9%) were migratory, and 14,905 (16.0%) were students with disabilities.

Homeless Youth Subpopulations, Texas

Homeless Youth Subpopulations	Sheltered	Unsheltered	Total
Unaccompanied Youth	793	433	1,226
Under 18 years old	88	29	117
18-24 years old	705	404	1,109
Parenting Youth	192	62	254
Children of Parenting Youth	285	73	358

Source: HUD, 2022.

Persons Living with HIV/AIDS and their Families

Human Immunodeficiency Virus (HIV) is the virus that causes Acquired Immunodeficiency Syndrome (AIDS). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. Due to increased medical costs and/or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

Effective treatment has extended the lifespans of persons with HIV so that, despite increasing numbers of persons with HIV, fewer are dying from HIV-related causes (DSHS, 2020). As of the 2019 DSHS HIV Surveillance Report the rate of new HIV diagnoses in Texas has decreased from 15.7 in 100,000 people to 14.5 in 100,000 people in 2019 (DSHS 2021). There were approximately 5,231 new diagnoses of HIV in Texas from December 31, 2019 to December 31, 2021 (DSHS, 2022).

Persons with HIV/AIDS, Texas

State	Persons with HIV/AIDS – 2019, Rural	Persons with HIV/AIDS – 2019, Urban	Total Persons with HIV/AIDS*, 2019	2017-2021 Total Population	Percent of Persons with HIV/AIDS to Statewide Population
Total	5,017	93,837	98,854	28,862,581	0.345%

Source: DSHS, 2022; 2017-2021 American Community Survey, Table DP05.

*Does not include 3,946 people (4.0% of all persons living with HIV/AIDS in the State of Texas) counted in Texas Department of Criminal Justice (TDCJ) facilities, Federal Prison facilities, and Federal Immigration and Customs Enforcement (ICE) facilities that are not attributed to a geographic area.

Note: Figures do not include those unaware of their HIV infection or those who tested HIV positive solely through an anonymous HIV test. Cases are geographically associated with the individual's residence at HIV or AIDS diagnosis.

Regional Analysis

The 2021 HIV Surveillance Report (released in 2022) indicates that over two thirds (69.3%) of all persons in Texas with HIV diagnoses live in the urban counties of Region 3 and Region 6, which contain the Dallas-Ft.Worth and Houston-Sugarland-Galveston MSAs. Not including those with HIV diagnoses in TDCJ facilities, Federal Prison facilities, and ICE facilities, 0.45% of people in Region 3 and 0.48% of people in Region 6 have HIV/AIDS compared to Texas' 0.34%. Only Regions 3 and 6 surpass the state percentage of population with HIV/AIDS. The remaining regions' percentages of persons living with HIV/AIDS range from 0.05% in Region 13 to 0.32% in Region 7. Region 3 has the largest population of persons living with HIV/AIDS among all regions at 35,005 individuals, which is 35.4% of all persons living with HIV/AIDS in the State of Texas.

The vast majority (95.0%) of persons with HIV diagnoses who are attributed to a geographic region in Texas live in urban counties, where services including healthcare are more readily available. Of the total Texas population residing in urban counties, 0.38% have an HIV diagnosis, not including those with HIV diagnoses in TDCJ facilities, Federal Prison facilities, and ICE facilities. Only the urban subregions of Region 3 and Region 6 surpass this subregional rate with 0.44% and 0.48% of their urban population respectively. Over a quarter (26.5%) of all persons with HIV diagnoses that live in a rural region live in Region 4, followed by Region 5 with 15.1%. 0.24% of all residents of rural Region 4 counties are living with HIV/AIDS, the highest rate among all rural subregions followed by Region 5 (0.20%) and Region 6 (0.16%).

Persons with Disabilities (Mental, Physical, and Developmental)

According to the Americans with Disabilities Act of 1990, 28 CFR §35.108, a disability means "a physical or mental impairment that substantially limits one or more of the major life activities of such individual." The act describes many different major life activities, but they include activities like caring for oneself, performing manual tasks, interacting with others, working, or operating major bodily functions.

Persons with disabilities are more likely to live in urban areas due to an agglomeration of people, services, and economic activity in urban areas (Cruz, 2010). Despite this, the following table indicates that a higher percentage of rural Texans live with disabilities than urban Texans.

Persons with Disabilities, Texas

State Population	Rural	Urban	Total
Persons with Disabilities	550,352	2,696,662	3,247,014
Total Civilian Non-institutionalized	3,438,925	24,971,938	28,410,863
Percent	16.0%	10.8%	11.4%

Source: 2017-2021 American Community Survey, Table S1810.

Persons with Disabilities as a percentage of Total Population, Texas

Age	Population with a Disability	Total Civilian Non-Institutionalized Population	Persons with a Disability as a Percentage of Total Civilian Non-Institutionalized Population
Under 5 years	13,890	1,959,098	0.7%
5 to 17 years	312,599	5,477,764	5.7%
18 to 34 years	425,792	6,787,130	6.3%
35 to 64 years	1,225,928	10,637,350	11.5%
65 to 74 years	595,579	2,210,207	26.9%
>75 years	673,226	1,339,314	50.3%
Total	3,247,014	28,410,863	11.4%

Source: 2017-2021 American Community Survey, Table S1810.

Regional Analysis

Rural subregions have higher rates of disability than urban subregions in every TDHCA service region. Urban counties generally have more persons with disability overall. For example, 18.2% of civilian non-institutionalized individuals in the rural counties of Region 13 have a disability, the highest rate among any subregion, but that accounts for 4,061 individuals, the lowest number of persons with disabilities among any subregion (and less than 0.13% of the total state population of persons with disabilities).

Regions 2, 4, 5, and 8 are the only regions that have a greater number of persons with disabilities in their rural counties than in their urban counties. Just over 17.7% of the population of Region 5 has a disability, the largest percentage in the State followed by Region 2 at 16.9%.

The urban counties of Regions 3 and 6 combined account for 43.1% of all persons with disabilities in the State. However, Regions 3 and 6 account for 53.0% of the state's civilian population, so this is a relatively low rate. In fact, Region 6 has the lowest percentage population of persons with disability at 9.6%, followed closely by Region 7 at 9.7% and Region 3 at 9.8%. Regions 3, 6, and 7 contain the cities of Dallas-Fort Worth, Houston, and Austin respectively. Despite representing the greater number of persons with disabilities in Texas, these cities proportionally contain fewer of the State's persons with disabilities.

Persons with Substance Use Disorders

According to U.S. Substance Abuse and Mental Health Services Administration's 2019 National Survey on Drug Use and Health (NSDUH), 3.0% of Americans over the age of 18 meet the criteria for illicit drug dependence or abuse. This is compared with 2.2% of Texans over the age of 18. Due to increasing rates of opioid misuse in the United States, the U.S. Department of Health and Human Services determined that opioid misuse constituted a public health emergency in 2017. The NSDUH reports that 0.57% of American adults and 0.36% of Texan adults abuse or are dependent upon painkillers, which are commonly associated with the opioid crisis.

Persons with Violence Against Women Act (VAWA) Protections

Persons with VAWA protections include survivors of domestic violence, dating violence, sexual assault, or stalking. Many survivors of domestic violence who are living in poverty are often forced to choose between staying in abusive relationships and becoming homeless. For many survivors, concerns over their ability to provide housing for themselves and their children are a significant reason for staying in or returning to an abusive relationship. Access to resources that increase economic stability are essential in rebuilding a life after abuse. Housing is a constant need for survivors of domestic violence.

On September 7th 2022, the National Network to End Domestic Violence conducted its National Census of Domestic Violence Services, which collects information on the services provided by domestic violence programs across the United States each year. During the census, 1,955 domestic violence programs served a reported 79,335 people with 44,882 (56.6%) of those served receiving some form of housing assistance. 70% of programs provided some form of emergency shelter during the day and 40% of programs provided transitional and other housing assistance. Programs also reported 12,692 unmet requests for assistance, of which 53% were for housing (National Network to End Domestic Violence, 2023).

The Bureau of Justice Statistics (BJS) estimates that there were 951,930 cases of intimate partner violence committed nationally in 2022 for a rate of 3.4 per every 1,000 people over the age of 12 (Bureau of Justice Statistics, 2023). The BJS further estimates that only 51.5% of these crimes were reported and only 29.4% of intimate partner violence victims received assistance from a victim-service agency in 2022. Additionally, the BJS estimates that 531,810 cases of rape/sexual assault occurred in 2022. Sexual violence was the least reported criminal victimization in 2022, with the BJS estimating that only 21.4% of cases went reported.

According to the Texas Council on Family Violence's (TCFV) 2019 State Plan, Texas' 79 Health and Human Services funded programs served 71,500 survivors of domestic and family violence in 2018 (Texas Council on Family Violence, November 2019). In interviews with 150 survivors in seven different regions, TCFV found that 71.4% of survivors needed help looking for housing and 32.7% of survivors needed help keeping their current housing. Despite this, TCFV notes that 47% of persons calling for family violence shelter will hear that there is insufficient space to house them. HUD's 2019 PIT Count estimates that 9.7% of persons experiencing homelessness in Texas during one night in January were victims of domestic violence (2,513 people). TCFV interviews showed that 90.7% of survivors had experienced homelessness due to domestic violence at least once in their lives, over 45% had been homeless twice or more, and 34% had been homeless once or twice due to reasons unrelated to family violence.

The Texas Department of Public Safety reports that the total number of Texas family violence incidents in 2023 was 240,363. This represented a 10.32% increase when compared to 2022. The table below shows total incidents of domestic violence in Texas in calendar year 2023. One incident can involve multiple victims, and one victim can experience multiple incidents.

Incidences of Family Violence and Sexual Assaults, Texas

Area	Family Violence Incidents*	Incidence Rate (per 1,000 people)
Rural	19,691	5.51
Urban	220,672	8.73
Texas**	240,363	8.33

Source: Texas Department of Public Safety, 2023
**Detail data does not necessarily add up to DPS totals for the year

Residents of Colonias

Colonias are substandard housing developments mainly found along the Texas-Mexico border. These developments lack basic services such as drinking water and sewage treatment. Several state agencies, including TDHCA, work to address barriers in colonia communities.

The definition of colonia differs among the agencies working to address colonia issues. According to Tex. Gov't Code §2306.581, TDHCA's enabling statute, 'colonia' means a geographic area located in a county some part of which is within 150 miles of the international border of this state, consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and:

has a majority population composed of individuals and families with low income and very low income, based on the federal OMB poverty index and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or has the physical and economic characteristics of a colonia, as determined by the department."

Since 1995, Tex. Local Gov't Code Chapter 232, Subchapter B has required that new subdivisions provide infrastructure, such as utilities, roads, and drainage to residents. Subchapter B currently applies to the 28 counties of which any part is located within 50 miles of the Mexican border and Nueces County. Subchapter B requires that counties to which it applies adopt and enforce the Model Subdivision Rules of the Texas Water Development Board (TWDB), and restrict the sale and advertising of lots that lack (or lack the guarantee of) water and sewer infrastructure, unless the seller resides on the lot.

Differing definitions make it difficult to estimate the population of the state's colonias. Oftentimes, reports utilize population figures for Economically Distressed Areas (EDAs) as estimates for colonia populations. This is because the TWDB also requires that counties adopt the model subdivision rules in order to qualify for their Economically Distressed Areas Program (EDAP), a program designed to assist local government in providing water and sewer facilities to needy residential areas such as colonias. EDAP eligible cities and counties must contain an EDA, as established by Tex. Water Code §17.921. The TWDB defines a colonia as a type of EDA with 11 or more dwellings that is located in a county any part of which is within 50 miles of an international border; or located in a county any part of which is within 100 miles of an international border; and that contains the majority of the area of a municipality with a population of more than 250,000 as per Tex. Gov't Code §775.001(2). The TWDB also utilizes a separate definition for 'nonborder colonias,' which applies to subdivisions located greater than 150 miles from the international border of the state. Therefore, since the Tex. Water Code's definition for a colonia (and EDAs more generally) do not set requirements for distance from the Texas-Mexico border, TWDB population estimates for EDAs or colonias do not necessarily align with the TDHCA definition of colonia, which is limited to counties that are 150 miles from the Texas-Mexico border.

As such, reporting agencies can arrive at different estimates for the number of people living in colonias depending on which definitions they utilize. For instance, a 2003 TWDB EDAP assessment reported that 2,333 EDAs were identified in 42 EDAP eligible counties with a population of approximately 484,900. Not all counties included were within 50 or even 150 miles of the border, including Crosby, Grimes, Liberty, Marion, Newton, Red River, San Augustine, Tyler, and Yoakum counties. An Appendix to that 2003 TWDB assessment, Appendix B: Office of the Attorney General Border Colonia Geographic Database Population Estimates, gave a colonia population range of 207,952 to 483,507, with a midpoint estimate of 345,730 and a best estimate of 334,194 (TWDB, 2003). A 2014 assessment by the Texas Office of the Secretary of State's Colonia Initiatives Program, which utilizes a similar definition to TDHCA, found that the six Texas counties (El Paso, Maverick, Webb, Starr, Hidalgo, and Cameron) with the largest colonia populations contain 1,854 colonias with a population of 369,482. Population numbers in this assessment were validated in several ways: by 2010 census data, by city and county figures, and (in some cases) by colonia ombudsperson site visits.

Colonia Resident Population Estimates, Texas

Region	County	Number of Colonias	Estimated Colonia Population
11	Cameron	196	56,005
11	Hidalgo	937	150,235
11	Maverick	74	23,295
11	Starr	256	34,143
11	Webb	62	15,222
13	El Paso	329	90,582
	Total	1,854	369,482

Source: Texas Office of the Secretary of State, 2014.

Conversely, a 2015 Federal Reserve Bank of Dallas report estimates that 500,000 people live in 2,294 colonias in Texas (Federal Reserve Bank of Dallas, April 2015). This is likely based on the previously mentioned 2003 TWDB assessment.

Residents of Public Housing

Public housing authorities administer a variety of programs for low-income families, aging Texans, and persons with disabilities. These programs range from housing choice voucher administration to public housing construction and rehabilitation. While housing choice vouchers provide rental subsidies for households living in private rental units, public housing units offer affordable low-income housing that is managed directly by the public housing authority. According to HUD, the median income for a public housing resident in Texas is $13,258 with 72% of all households being classified as extremely low income (HUD, 2018).

HUD estimated in 2010 that the existing capital need to repair and improve the nation's public housing stock rests at $25.6 billion, which includes funds for lead paint abatement and accessibility accommodations (HUD, 2010). The Fiscal Year 2019 HUD budget awarded $2.78 billion to the public housing capital fund and $4.65 billion to the public housing operating fund, representing modest increases from the previous year. Despite these increases, The Harvard Joint Center for Housing Studies estimates that the public housing capital fund's backlog rests at $56.5 billion (Harvard Joint Center for Housing, 2019).

To begin to address this significant need for rehabilitation of its public housing stock, HUD created the Rental Assistance Demonstration (RAD). RAD allows PHAs to leverage public and private debt and equity to rehabilitate their properties while the units continue to remain affordable to low income households. According to HUD, Texas PHAs have converted 132 projects covering 18,078 housing units under the RAD program, with approximately 34,250 people served. To date, Texas ranks 16th in the country for the percentage of former public housing units that have been preserved, and an additional 19 projects covering 1,147 units are currently in the Texas RAD pipeline. It is not uncommon for RAD conversion properties to access TDHCA resources including the Housing Tax Credit Program. The PHAs in Texas that have converted the most units through the RAD process are the Housing Authority of the City of El Paso (5,573 units), the Housing Authority of the City of Fort Worth (4,016), and the Housing Authority of the City of Austin (2,050 units.)

Public Housing Authority Units, Texas

State	Rural	Urban	Total Units
Total	14,223	25,439	39,669 *

Source: HUD, 2022.

*Seven PHA units did not have County designations and were therefore left out of the Rural and Urban analysis

Regional Analysis

The majority of the State's PHA units are in urban counties, 64.1%. Region 9 has 17.5% of the State's PHA units, the highest percentage of any region, followed by Region 3 at 13.7%. Region 13 has the smallest share of the State's PHA units at 1.5%, followed by Region 12 at 2.6%. Additional regional analysis of subsidized multifamily units, including PHA units, is available in the Housing Assessment portion of this section, under the Statewide Assisted Housing Inventory.

Veterans

According to the Texas Veterans Commission, the two key factors which continue to increase the demand for veterans' services in Texas are force reductions, which produce a surge of service members departing the military, and a large aging population of veterans, specifically from the WWII, Korea, and Vietnam eras. The current median age for veterans in the United States is 64 compared with 44 for all non-veterans (U.S. Department of Veteran's Affairs, 2018). Age also contributes to the higher rate of veterans living with disabilities (30.1%) than the non-veteran population (14.8%). As these generations of veterans age, need for veterans services continues to grow (Texas Veterans Commission, 2014).

Veterans face a host of challenges when transitioning back to civilian life. Nationwide, about 1.5 million veterans live in poverty, and the veteran poverty rate is rising (US Department of Veteran Affairs, 2015). On a single night in January 2020, there were 37,252 veterans experiencing homelessness in the United States, and nearly all (98%) were homeless in households without children. Between 2019 and 2020, homelessness among veterans increased by less than 1% (or 167 individuals) nationwide.

The 2017-2021 ACS estimates that there are 1,435,527 veterans in Texas, representing 6.8% of the Texas civilian population over age 18. HUD's 2020 PIT Count reported that there were 1,948 veterans experiencing homelessness in Texas over a single night in January 2020 (HUD, January 2020). Veterans accounted for 7.2% of the homeless population in Texas. This is a slight increase from 2019, when 7.0% of the adult population experiencing homelessness counted on a single night in January consisted of veterans (HUD, December 2018). Between 2019 and 2020, Texas had an increase in veterans experiencing homelessness of 142, a 7.9% increase.

Veterans, Texas

State	Rural Veterans	Urban Veterans	Total Veterans	2017-2021 Civilian Population over 18 years	Percent Veterans of Population Over 18 Years
Total	215,678	1,210,963	1,426,641	21,313,838	6.7%

Source: 2017-2021 American Community Survey, Table S2101.

Regional Analysis

11.3% of Region 8's civilian population over 18 years old are veterans, the highest percentage among all regions followed closely by Region 9 at 10.3%. Region 8 contains Fort Hood in Killeen and Region 9 contains Joint Base San Antonio, which includes Fort Sam Houston, Lackland Air Force Base, and Randolph Air Force Base. Region 9 has the third largest veteran population of all regions at 202,310.

While a greater number of veterans live in urban counties (84.9% of the State total), rural counties have a higher percentage of their population that are veterans (7.9% vs. 6.5%).

Region 3 has the largest veteran population of all regions, 359,593 or 25.2% of all Texas veterans. Region 6 has 271,794, or 19.1% of all Texas veterans. Considering that Regions 3 and 6 account for 27.8% and 25.2% of the state's total civilian non-institutionalized population respectively, this is approximately the number of veterans you would expect to be present in these two regions.

Region 12 has the smallest share of the State's veteran population at 2.2% while Region 11 has the lowest percentage of its regional population who are veterans at 3.6%.

Youth Aging Out of Foster Care

In Texas, youth in the foster care system age out at 18 years old (although under a variety of programs, youth may be able to receive ongoing assistance until age 24). In 2022, 1,227 Texas youth were emancipated from foster care, with some youth receiving assistance and services to help them transition to adulthood and some youth ceasing continued contact with the child welfare system once they left foster care (Texas DFPS, 2020). A recent study of youth who had been in foster care found that when asked where they went when they aged out, 26% went to a family home, 15% to a foster family home, 5% to a relative's home, 15% to the home of a friend or boyfriend/girlfriend, 4% to a shelter, 5% to transitional living or my own place, 11% to a shelter, and 8% went to the streets (Narendorf et al., 2015). According to Mathematica Policy Research, "11 to 36 percent of youth who age out of foster care become homeless, and 25 to 50 percent experience unstable housing arrangements" (Mathematica, 2015). A study of homeless youth by the USHHS Family and Youth Services Bureau (FYSB) additionally reports that 50.6% of respondents had reported staying in foster care or a group home (USHHS FYSB, 2014).

Studies have found that youth aging out of foster care are less likely than their peers who have not been in foster care to graduate high school or a post-secondary school or be employed at a job that can support their basic necessities. Youth aging out of foster care are more likely to experience violence, homelessness, mental illness, incarceration, substance use issues and early parenthood out of wedlock (Casey Family Programs, 2016).

These factors combine to make homelessness a real possibility for many youth that age out of foster care. Foster care alumni may benefit most from housing tied with other services, such as education, financial literacy, and services to facilitate connections for emotional support. The Texas Department of Family and Protective Services (DFPS) has a program that may allow youth to stay in foster care until age 21 while they pursue an education or a job. DFPS provides various services to help these youth learn to live successfully on their own. Further, Texas provides healthcare to children in foster care and to youth who age out of care up to the month of their 26th birthday.

Youth Aging Out of Foster Care, Texas SFY 2022

State	Rural	Urban	Total
Total	191	896	1,087

Source: Texas Department of Family and Protective Services, 2023

Regional Analysis

Because the number of youth aging out of foster care is small compared with the population of the State, the percentage of each region's population that are youth aging out of foster care vary by only thousandths of a percentage. 0.0095% of the population of Region 2 are youth aging out of foster care, the highest percentage among all regions. Region 13 has the lowest percentage—only 0.0018% of the region's population are youth aging out of foster care.

Region 3 contains 19.9% of all youth aging out of foster care in Texas, the largest share of all regions. The urban counties of Regions 3 and 6 account for 38.9% of all youth aging out of foster care in the State of Texas. Region 13 has the smallest portion of State youth aging out of foster care at 1.5%.

Despite only 9.5% of all Texas residents of urban counties being in Region 9, 17.7% of all youth aging out of foster care living in urban counties reside in Region 9

HOUSING ASSESSMENT

The SLIHP's annual housing assessment aggregates data on the adequacy, affordability, and availability of the state's current housing supply. It does this by utilizing HUD's most recent CHAS data to show various housing conditions by income category. While this section covers the entire state, a separate housing assessment for each of the state's 13 uniform service regions can be found in the appendices.

Housing Needs

When analyzing local housing markets and developing strategies for meeting housing problems, HUD suggests that government agencies take several different factors into account. These factors include the physical condition of a housing unit, how much a household spends on housing costs (measured by Housing Cost Burden), and whether or not the unit is overcrowded. The following table reveals the number and percentage of households with at least one housing problem by income category and household type.

Households with One or More Housing Problems, Texas

Income Categories	Renter At least one problem	Renter Total Households	Renter % with at least one problem	Owner At least one problem	Owner Total Households	Owner % with at least one problem	Total Households
ELI	634,250	802,021	79.1%	346,027	486,229	71.2%	1,288,250
VLI	535,991	639,189	83.9%	286,803	557,084	51.5%	1,196,273
LI	414,136	803,979	51.5%	324,684	908,857	35.7%	1,712,836
MI	96,196	405,442	23.7%	139,480	607,443	23.0%	1,012,885
>100% AMFI	97,314	1,086,733	9.0%	261,823	3,609,195	7.3%	4,695,928
Total	1,777,887	3,737,270	47.6%	1,358,819	6,168,855	22.0%	9,906,065

Source: 2016-2020 CHAS, Table 1 and Table 8.

Of renter households, those in the VLI category are the most likely to have at least one housing problem. Of owner households, those in the ELI category are the most likely to have at least one housing problem. Overall, renters are more likely than owners to have at least one housing problem.

Physical Inadequacy (Lack of Kitchen and Plumbing Facilities)

HUD's CHAS data tracks the physical inadequacy of units by reporting on the number of units in each county that lack complete kitchen and/or plumbing facilities. Although there may be other ways to measure physical inadequacy, the lack of plumbing and/or kitchen facilities mark severely inadequate housing (HUD 2020). TDHCA's Minimum Construction standards, which serve as the starting point for the rehabilitation of single-family homes, defines homes without kitchen or plumbing facilities as 'substandard condition' (TDHCA 2015). Specifically, substandard conditions, such as lack of plumbing and/or kitchen facilities "threaten the health and/or safety of the occupant."

The following table shows the breakdown of households living in housing units that lack complete kitchen or plumbing facilities.

Number of Occupied Units Lacking Kitchen and/or Plumbing Facilities by Income Category, Texas

Income Categories	Renter Households lacking kitchen or plumbing	Total Renter Households	% of renters lacking kitchen/plumbing in income category	Owner Households Lacking Kitchen or Plumbing	Total Owner Households	% of owner lacking kitchen/plumbing in income category
ELI	20,698	802,021	2.6%	10,252	486,229	2.1%
VLI	13,101	639,189	2.0%	5,679	557,084	1.0%
LI	10,705	803,979	1.3%	6,898	908,857	0.8%
MI	3,922	405,442	1.0%	3,095	607,443	0.5%
>100% AMFI	10,749	1,086,733	1.0%	12,952	3,609,195	0.4%
Total	59,229	3,737,270	1.6%	38,918	6,168,855	0.6%

Source: 2016-2020 CHAS, Table 3 and Table 8.

Out of the total count of physically inadequate occupied housing units, 21.1% are occupied by ELI renter households and 10.4% are occupied by ELI owner households. A greater number of renters with incomes less than or equal to 100% AMFI lack kitchen or plumbing compared to owners, while a greater number of owners with incomes greater than 100% AMFI lack kitchen or plumbing compared to renters. However, the rate of households in each income category that lack plumbing or kitchen facilities decreases as income increases. While the percentage of ELI owner and renter households who lack complete kitchen or plumbing facilities are similar, for all other income categories rates of physical inadequacy are higher among renter households.

Regional Analysis

Region 10 has the highest rates of physical inadequacy among all regions with 1.7% of its households lacking kitchen or plumbing facilities. The region with the next highest rate of physical inadequacy is Region 11 at 1.5%. ELI renter households in Regions 10 have the highest rate of households lacking complete plumbing or kitchen facilities at 4.1%. Regions 3 and 10 have the highest rates of physical inadequacy for rental households, at 2.6%.

Regions 3, has the lowest rate of physical inadequacy at 0.8% while regions 6, 7, and 13 have the second lowest rate at 0.9%. All of these regions have low overall rates due to low levels of physical inadequacy in their urban areas. Overall, the rate of physical inadequacy is higher in rural counties than in urban counties (1.4% and 0.9% of total rural and urban households, respectively). Region 10 is the only region where the rate of households with physical inadequacy is equal in urban households and rural households at 1.5%. Region 13 has the largest difference between urban and rural rates of physical inadequacy; while 0.9% of urban households in Region 13 lack complete kitchen or plumbing facilities, 1.7% of rural households have the same issues.

Housing Cost Burden

A household is defined as experiencing housing cost burden when a household pays more than 30% of its gross income for housing costs including utilities. When so much income is spent on housing, other basic household needs may suffer. The following table shows the breakdown of households experiencing housing cost burden and does not include data for households for which housing cost burden could not be calculated.

Number of Households with Housing Cost Burden by Income Category, Texas

Income Categories	Renters with Cost Burden	Total Renter Households	% of Renter Households with Cost Burden	Owners with Cost Burden	Total Owner Households	% of Owners with cost burden
ELI	616,898	802,021	76.9%	332,978	486,229	68.5%
VLI	503,300	639,189	78.7%	264,943	557,084	47.6%
LI	358,894	803,979	44.6%	281,305	908,857	31.0%
MI	69,379	405,442	17.1%	113,384	607,443	18.7%
>100% AMFI	39,426	1,086,733	3.6%	180,649	3,609,195	5.0%
Total	1,587,897	3,737,270	42.5%	1,173,259	6,168,855	19.0%

Source: 2016-2020 CHAS, Table 8.

VLI renter households have the highest rate of households experiencing cost burden at 78.7% of all VLI renter households. ELI renter households have the largest absolute number of households experiencing cost burden with 616,898 households. This is a larger population than renter and owner households with incomes greater than 100% AMFI experiencing cost burden combined, 220,075 households. While the absolute number of total cost burdened households increased from the previous 2015-2019 CHAS data, the number of cost burdened ELI and VLI households decreased. The percentage of housing cost burdened households decreased in all income brackets except for ELI households.

For renters, cost burden is heavily concentrated in the lowest income categories. Cost burdened renter households are 38.9% ELI, 31.7% VLI, 22.6% LI, and just 6.9% are MI and above. Cost burdened owners are 28.4% ELI, 22.6% VLI, 24.0% LI, and 25.1% MI and above. This could possibly be because there are more owner households in the higher income categories when compared with renting. As such, higher income groups comprise a larger portion of cost burdened homeowners.

For ELI, VLI, and LI households, renters are more likely to experience cost burden than owners. For MI households and households with incomes greater than 100% AMFI, owners are more likely to experience cost burden.

Regional Analysis

Region 13 has the highest rates of housing cost burden among all regions with 30.0% of households paying more than 30% of their income in housing costs. Region 7 has the next highest rate at 29.2%. Several regions 3, 6, 8, 9, and 11 all have rates between 28% and 30%.

Region 2 possesses the lowest rate of cost burdened households in the state at 22.1%. Region 12 has the next lowest rate at 22.6%. It is worth noting that these two regions share a border, which could mean that similar geographic and economic factors are lessening cost-burden across these two regions.

Region 7 has the highest rates of cost burden for ELI and VLI households. This is likely due to rapidly increasing housing costs in the Austin-Round Rock MSA (City of Austin 2020). Region 6 has the highest rate of cost burdened MI renter households at 19.3%; meanwhile, Region 9 has the highest rate of cost burdened households above 100% AMFI at 5.4%.

Very Low Income renter households in Regions 7 and 9 have the highest rate of households experiencing cost burden at 82.6%. The next highest are Region 6 and Region 8 which have VLI renter households at 81.6% and 81.1% respectively. In general, housing cost burden increased amongst VLI households and decreased amongst ELI households in the latest CHAS data release.

Housing cost burden is more prevalent in urban areas than in rural; 28.8% of total urban households and 21.2% of total rural households experience cost burden. Regions 8 and 13 have the highest rates of cost burden among urban subregions; 31.3% of urban households in Region 8 and 30.3% of urban households in Region 13 experience cost burden. Regions 6 and 3 have the highest rates of cost burden among rural subregions; 25.6% of rural households in Region 3 and 23.2% of rural households in Region 5 experience cost burden.

Although the cost of living in rural areas is generally higher than in urban areas, this trend is not true of housing costs. The Bureau of Labor Statistics estimates that nationally urban households spend 33.4% of their income on housing while rural households spend 26.8% of their income on housing. Another contributing factor is that rural households are more likely to own their own home (79%) than urban households (61%), thus further reducing housing cost burden amongst rural households (Bureau of Labor Statistics, 2016). These factors likely contribute to the lower housing cost burden rate amongst rural households.

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one person per each room in the dwelling. Overcrowding may indicate a general lack of affordable housing in a community because households may choose to share space, rather than pay for expensive housing or move to areas with more affordable housing. The following chart shows the percentage of households experiencing overcrowding in each income category.

Number of Households Experiencing Overcrowding by Income Group, Texas

Income Categories	Over-crowded Renters	Total Renter Households	% of Renters with Overcrowding	Over-crowded Owners	Total Owner House-holds	% of Owners with Overcrowding
ELI	76,938	802,021	9.6%	21,722	486,229	4.5%
VLI	62,188	639,189	9.7%	29,051	557,084	5.2%
LI	63,859	803,979	7.9%	44,768	908,857	4.9%
MI	25,259	405,442	6.2%	24,822	607,443	4.1%
>100% AMFI	50,445	1,086,733	4.6%	70,789	3,609,195	2.0%
Total	278,668	3,737,270	7.5%	191,096	6,168,855	3.1%

Source: 2016-2020 CHAS, Table 10 and Table 8.

Generally, lower income households experience overcrowding at a higher rate than higher income households. However, unlike households lacking complete plumbing or kitchen facilities, and similar to recent trends amongst cost burdened households, overcrowding peaks at the VLI income level. This is likely because VLI households are more likely to have more household members, increasing the likelihood for overcrowding.

Overcrowding also decreases more significantly as income increases beyond the 50% AMFI income level for both owner and renter households. This is likely because higher income households can more easily find and afford houses with sufficient space. For all income categories, renter households have higher rates of overcrowding than owner households.

Regional Analysis

Region 11 has the highest rate of overcrowding among all regions with 11.2% of total households experiencing overcrowding. Unlike rates of physical inadequacy and housing cost burden, Region 11 has the highest rates of overcrowding regardless of income category, owner or renter status, or urban or rural area. The total rate of overcrowding among all households in Region 11 (11.2%) is nearly twice as high as the region with the next highest rate of overcrowding, Region 13 at 5.7%. It's worth noting that Regions 11 and 13 contain the vast majority of Texas' border counties, which seems to indicate that geography plays at least some role in rates of overcrowding. On the other hand, Region 2 has the lowest regional rate of overcrowding, 2.4% of all households. Region 2 also has the lowest rate of overcrowding and second lowest rate of overcrowding across all renter and owner income categories.

Rates of overcrowding are relatively close in urban and rural counties. The largest difference between the urban and rural rate is in Region 11, where 8.9% of rural and 11.7% of urban households experience overcrowding. While the statewide urban rate (4.8%) is slightly higher than the statewide rural rate (4.3%), there is not a distinguishable pattern regarding urban vs. rural overcrowding across regions.

Housing Supply

During the 5-year ACS estimate (2017-2021), approximately 67.7% of occupied housing units in Texas were single-unit homes, and nearly all of these single-unit homes (96.0%) were single family detached structures. Multifamily structures comprise roughly 32.3% of Texas' housing units: 1.9% in developments of 2 units; 3.3% in developments with 3 or 4 units; 10.5% in developments with 5 to 19 units; and 9.6% in developments of over 20 units. The remaining 7.0% of units were manufactured homes and other units such as boats or RVs.

Physical Housing Characteristics for Occupied Units, Texas

Housing Characteristics	Rural Units	Urban Units	Total Units	Percent of Total
1 unit	1,171,893	6,567,607	7,739,500	67.7%
2 units	34,942	178,100	213,042	1.9%
3 or 4 units	38,509	338,490	376,999	3.3%
5 to 19 units	56,675	1,145,389	1,202,064	10.5%
20+ units	34,138	1,062,923	1,097,061	9.6%
Mobile homes	264,073	518,089	782,162	6.8%
Other types of housing	6,647	16,405	23,052	0.2%
Total	1,606,877	9,827,003	11,433,880	100.0%

Source: 2017-2021 American Community Survey, Table DP04.

*The "Other types of housing" category is for living quarters occupied as housing units that do not fit in the previous categories. Examples that fit in the "other" category are houseboats, railroad cars, campers, and vans.

The table below shows occupied and vacant housing. In areas of high vacancy, this can create a problem if those units are substandard, contributing to blight and unsafe housing conditions. In areas of very low vacancy, this can create a high demand for units, driving up rental costs. Rural areas experienced lower levels of occupancy than urban areas. The statewide occupancy rate was 89.6%.

Housing Occupancy, Texas

State	Renter Occupied Housing Units	Owner Occupied Housing Units	Vacant Housing Units	Percent of Total Units that are Occupied
Rural	359,357	**921,710**	325,810	79.7%
Urban	3,488,923	5,469,351	868,729	91.2%
Total	3,848,280	6,391,061	1,194,539	89.6%

Source: 2017-2021 American Community Survey, Table DP04.

Regional Analysis

Region 5 has the lowest regional occupancy rate of all regions at 80.2%. Regions 4 and 5 have the lowest occupancy rate among urban subregions (85.0%), but Region 7 has the lowest occupancy rate among rural subregions (71.5%).

Region 3 has the highest overall occupancy rate of all regions at 92.4% of units occupied. Region 3's urban counties have the highest occupancy rate of any subregion (92.8%) followed closely by the urban counties of Region 3 (92.8%). Region 9 had the highest occupancy rate of all rural subregions at 83.5% occupancy.

Statewide Assisted Housing Inventory

The following table shows the number of units in Texas financed or subsidized through state and federal sources, including TDHCA, the U.S. Department of Housing and Urban Development (HUD), and the U.S. Department of Agriculture (USDA).

TDHCA units include all program units, regardless of occupancy, in the active TDHCA Multifamily portfolio. HUD Units include units funded through the Section 202 Supportive Housing for the Elderly Program, the Section 811 Supportive Housing for Persons with Disabilities Program, the Section 236 Preservation Program, and the Section 8 Project-Based Rental Assistance Program administered by HUD's Office of Multifamily Housing. PHA Units include units funded through the Moderate Rehabilitation Program and Public Housing Program administered by local PHAs. HCVs include both tenant- and project-based vouchers administered by local PHAs. USDA units include those funded through the Section 514 Farm Labor Housing Program and the Section 515 Rural Rental Housing Program.

Because some developments layer funding from multiple sources, there may be double counting. The table does not include local Housing Finance Corporations (HFCs), a category which encompasses the Texas State Affordable Housing Corporation (TSAHC). Detail on these units is available in the TSAHC Annual Action Plan (Section 7 of this document).

Because this is a count of subsidized units, the unit total only includes those units that have income restrictions, and does not include market-rate units that may incidentally have affordable rents available in some developments. Housing Choice Vouchers are included in the count as they can subsidize the rent of market rate units and voucher holders are required to meet income restrictions. TDHCA units represent the active multifamily units as taken from TDHCA's internal Central Database in November 2021. HUD units, Housing Choice Vouchers, and Public Housing Authority unit data were obtained from HUD's 2020 Picture of Subsidized Households county-level dataset available on HUD's Office of Policy Development and Research webpage. USDA subsidized unit data for active projects as of August 17, 2022, were taken from USDA's Rural Development Datasets webpage.

Subsidized Units, Texas

Multifamily Units	State	Percent of State Inventory
TDHCA Units	330,175	52.8%
HUD Units	59,187	9.5%
PHA Units	39,662	9.5%
Housing Choice Vouchers	179,366	28.7%
USDA Units	16,276	2.6%
Total	624,750	100.0%

Source: TDHCA 2022; HUD 2023; U.S. Department of Agriculture 2023.

Regional Analysis

Geographic data was not available for 7 PHAs and 1278 HCV units. They were not included in this regional analysis.

The urban counties of Regions 3 and 6 account for 44.9% of all assisted multifamily units in the State of Texas (280,049 units). Region 3 has the overall greatest share of the State's subsidized units at 24.8%, followed by Region 6 with 20.2%. Region 12 has the smallest share of the state's subsidized multifamily units at 2.0%, followed by Region 2 with 2.4%. Regions 2 and 4 have 47.8% and 45.0% of their total subsidized units located in their rural counties, the highest rural unit percentages of all regions. Overall, most regions had a majority of their subsidized units located in urban areas. 8.9% of all housing units in Region 13 are subsidized units, the highest percentage of any region. 10.4% of all housing units in the urban counties of Region 5 are subsidized units, the highest percentage among all subregions. 8.6% of the rural housing units in Region 11 are subsidized, the highest percentage amongst all regions. Overall, 5.5% of all housing units in the state are subsidized with 5.6% of urban housing units being subsidized and 4.5 % of rural housing units being subsidized.

Foreclosures

Foreclosures can affect the availability and affordability of local housing stocks. Foreclosures, particularly if concentrated in one area or in a weak market neighborhood, can lead to declining property values and physical deterioration from long periods of vacancy or lack of maintenance (Lincoln Land Institute, 2014). Foreclosed homes may be in worse condition than owner-occupied properties, which may suggest higher rates of substandard housing in areas with large numbers of foreclosures. While foreclosures may increase the local available housing stock, rapid increases in housing stock can put downward pressure on local home prices. If foreclosures become a sizable share of home sales, that could affect the value of all available homes in one area, not just those that went through foreclosure (Immergluck, 2016). This can make additional households more susceptible to foreclosure as homes become more difficult to sell or refinance, a phenomenon known as foreclosure contagion.

In response to the COVID-19 pandemic the federal government enacted a national federal foreclosure moratorium, which ultimately lowered the number of foreclosures in 2021. That foreclosure moratorium ended on July 31, 2021, alongside an extension of a moratorium on evictions for foreclosed borrowers through September 30, 2021. Due to the lifting of the federal moratorium the SFY 2022 foreclosure data will represent large increases compared to the SFY 2021 data. In order to contextualize SFY 22 foreclosure data we have decided to also present pre-moratorium SFY 2020 foreclosure data. The following data are from RealtyTrac and represents the number of notices announcing public auction of properties, which is one of the final steps in the foreclosure process. The highest number of notices of public auction was in Quarter 4 of State Fiscal Year 2022, May 2022 to August 2022. Altogether, foreclosures were up significantly from SFY 2021, a 150.8% increase from 7,805 foreclosures to 19,576. This suggests that lifting the federal and local restrictions put in place due to COVID-19 increased the number of foreclosures in SFY 2022. In addition to federal CARES Act protections for FHA mortgages, numerous Texas counties had previously chosen to suspend or limit foreclosures on mortgages in line with Governor Abbott's State Disaster Declaration for COVID-19

(Smith, Alonso, Gutierrez, and Miller 2020). Between 2021 and 2022 foreclosures rose in all four quarters

Foreclosures, Texas SFY 2022

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2022 Total	2021 Total	2020 Total
Rural	283	253	540	511	1,587	834	1,375
Urban	3,276	3,052	5,723	5,938	17,989	6,971	17,274
Total	3,559	3,305	6,263	6,449	19,576	7,805	18,649

Source: RealtyTrac, 2022.

Regional Analysis

The urban counties of Regions 3 and 6 alone account for more than half (52.3%) of Texas homeowners who received notices of public auction. Urban and rural counties of Regions 3 and 6 account for 55.1% of total State foreclosures in SFY 2022 (30.7% in Region 6, 24.4% in Region 3). The next highest regional share of State foreclosures is in Region 9, which had 12.6% of the State total. Each of the remaining regions range from 1.1% (Region 2) to 7.2% (Region 11) of all Texas foreclosures.

The rural counties of Region 3 account for 30.6% of all rural foreclosures (486 foreclosures). Region 8 (16.3%) and Region 4 (12.0%) both accounted for large portions of the state's rural foreclosures. Meanwhile, the largest percentages of urban foreclosures occurred in Regions 6 (33.0%) and Region 3 (23.9%).

Housing Affordability

The following tables compare demand and supply of affordable housing. They cross tabulate the number of households and housing units in different affordability categories by tenure (meaning whether the household is a renter or owner household). In the tables, rental unit affordability depends on gross rent and owner unit affordability depends on the home value. All units reported in the following tables have complete kitchen and plumbing facilities. Higher income households often reside in units that could be affordable to the lowest income households, so there are fewer units available at a cost that is affordable to lower income households. For example, 1,000,671 renter households in Texas with incomes greater than 80% AMFI occupy rental units that would be affordable to renter households with incomes less than or equal to 80% AMFI (see tables below). Renter households in this category can afford rental units in any of the defined affordability categories. Therefore, renter households that are not ELI, VLI, or LI, often limit the supply of affordable rental housing units available to those lower income renter households.

The following tables describe the housing market interaction of various income groups and housing costs. The tables illustrate the housing market mismatch between housing units and income groups. Owner households with incomes greater than 100% AMFI occupy 36.2% of homes affordable to ELI and VLI owner households. Only 23.1% of ELI renter households are living in rental units affordable to renter households in that income bracket, which implies that the remaining 74.3% of ELI renter households may be experiencing housing cost burden. This is supported by the cost burden statistics previously discussed, where 76.9% of ELI renter households were found to be experiencing cost burden. However, the mismatch displayed in these tables is not the only factor in cost burden. Only

11.3% of LI renter households (incomes of 50-80% AMFI) are in units that are affordable to households with incomes greater than 80% AMFI, above the LI income bracket. However, 44.6% of LI renter households experience housing cost burden. This indicates that other factors besides rental affordability can cause housing cost burden, such as utilities and fees. It also suggests that a number of LI renter households may reside on the lower end of the income category (50% AMFI) than near the top (80% AMFI).

Occupied Rental Units by Affordability and Income Group of Renter Household, Texas

Unit Rent Affordability	ELI Renter Households	VLI Renter Households	LI Renter Households	MI Renter Households	Renter Households with incomes >100% AMFI	Total Renter Occupied Units
Rental Units Affordable to ELI HHs	185,064	65,098	52,294	23,387	52,825	378,619
Rental Units Affordable to VLI HHs	226,906	187,646	172,984	59,076	100,469	747,122
Rental Units Affordable to LI HHs	310,722	323,951	476,760	245,493	519,421	1,876,249
Rental Units Affordable to MI HHs and HHs with incomes greater than 100% AMFI	58,600	49,382	91,195	73,606	403,293	676,064
Total Renter Households	802,021	639,189	803,979	405,442	1,086,733	3,737,270

Source: 2016-2020 CHAS, Table 15C.

Percent of Occupied Rental Units by Affordability and Income Group of Renter Household, Texas

Unit Rent Affordability	% of ELI Renter Households	% of VLI Renter Households	% of LI Renter Households	% of MI Renter Households	% of Renter Households with incomes >100% AMFI
Rental Units Affordable to ELI HHs	23.1%	10.2%	6.5%	5.8%	4.9%
Rental Units Affordable to VLI HHs	28.3%	29.4%	21.5%	14.6%	9.2%
Rental Units Affordable to LI HHs	38.7%	50.7%	59.3%	60.5%	47.8%
Rental Units Affordable to MI HHs and HHs with incomes >100% AMFI	7.3%	7.7%	11.3%	18.2%	37.1%

Source: 2016-2020 CHAS, Table 15C.

Owner Occupied Housing Units by Affordability and Income Group of Owner Household, Texas

Home Value Affordability	ELI Owner Households	VLI Owner Households	LI Owner Households	MI Owner Households	Owner Households with incomes >100% AMFI	Total Owner Occupied Units
Homes Affordable to ELI and VLI HHs	287,720	335,249	469,485	265,060	771,696	2,129,128
Homes Affordable to LI HHs	100,521	128,596	260,560	203,222	1,100,134	1,793,092
Homes Affordable to MI HHs	31,955	37,191	74,536	60,558	550,585	754,891
Homes Affordable to HHs with Incomes >100% AMFI	55,767	50,303	97,339	75,559	1,173,802	1,452,819
Total Owner Households	486,229	557,084	908,857	607,443	3,609,195	6,168,855

Source: 2016-2020 CHAS, Table 15A and Table 15B.

Percent of Owner Occupied Housing Units by Affordability and Income Group of Owner Household, Texas

Home Value Affordability	% of ELI Owner Households	% of VLI Owner Households	% of LI Owner Households	% of MI Owner Households	% of Owner Households with incomes >100% AMFI
Homes Affordable to ELI and VLI HHs	59.2%	60.2%	51.7%	43.6%	21.4%
Homes Affordable to LI HHs	20.7%	23.1%	28.7%	33.5%	30.5%
Homes Affordable to MI HHs	6.6%	6.7%	8.2%	10.0%	15.3%
Homes Affordable to HHs with Incomes >100% AMFI	11.5%	9.0%	10.7%	12.4%	32.5%

Source: 2016-2020 CHAS, Table 15A and Table 15B.

LOCAL ASSESSMENT OF NEED

TDHCA acknowledges that the greatest understanding of housing needs is found at the local level. TDHCA continuously strives to improve the methods it uses to identify regional affordable housing needs.

Public Assistance Request Inventory

TDHCA compiles an inventory of communication from members of the general public using the following contact methods:

- calls made to TDHCA's Automated Call Distribution line (toll free 800-525-0657 or 512-475-3800);
- emails sent to TDHCA's general mailbox (info@tdhca.state.tx.us);
- letters mailed to the agency's mailing address (PO Box 13941, Austin, TX 78711); and,
- web searches for assistance through the Department's Help for Texans website at http://www.tdhca.state.tx.us/texans.htm.

The first three methods allow TDHCA staff to provide individualized assistance to members of the public. The fourth method is automated and does not entail individual attention for the requestor. This means that data collected through the fourth method may not accurately reflect assistance requests, as it could include miscellaneous or non-request related searches. For this reason, online search request data varies significantly from year to year.

Below are explanations of types of requests received:

1. Barrier Removal: modifications to improve accessibility for persons with disabilities.
2. Emergency Assistance: short-term rental payments, often used to prevent eviction and various social services for poverty-level households.
3. Foreclosure Prevention: addresses problems with banks or servicers or problems making mortgage payments. This type of request was only captured through calls, emails or direct mail and not through web requests. (Please note that TDHCA does not provide mediation with banks or servicers or mortgage assistance payments.)
4. Homebuyer Assistance and Education: down payment assistance, low-interest loans, mortgage credit certificates, and education for first-time homebuyers on the process and responsibilities for buying and owning a home. In the below tables and charts, Homebuyer Assistance and Education is shortened to Homebuyer.
5. Legal Assistance: landlord/tenant disputes, contract for deed issuances and other legal matters. This type of request was only captured through calls, emails, or direct mail and not through web requests. (Please note that TDHCA does not provide legal assistance to the public.)
6. Other Housing-Related Assistance: referrals to realtors, sewer connections, homeowner associations and other general questions about housing. This type of request was only

captured through calls, emails or direct mail and not through web requests. (Please note that TDHCA does not have jurisdiction over the issues in "Other Housing-Related Assistance.")

7. Rental Assistance: longer-term rental assistance, such as subsidized rent in a market-rate apartment or lower rents in reduced-rent apartments.

8. Repair Assistance: owner-occupied home repairs.

9. Utility Assistance: utility payment needs, possibly to prevent utilities from being disconnected.

10. Weatherization: weatherization to increase energy efficiency and decrease utility use.

For all requests except Legal Assistance and Other Housing-Related Assistance, TDHCA usually responds by referring the requestor to local agencies funded through TDHCA that provide help with these services. For Legal Assistance and Other Housing-Related Assistance, staff refers the public to local Legal Aids, nonprofits, or other state agencies. While the majority of TDHCA's programs do not typically serve individuals directly, there are two exceptions for non-pandemic response programs: the HCV and Section 811 PRA Programs, which TDHCA administers for certain areas in the state.

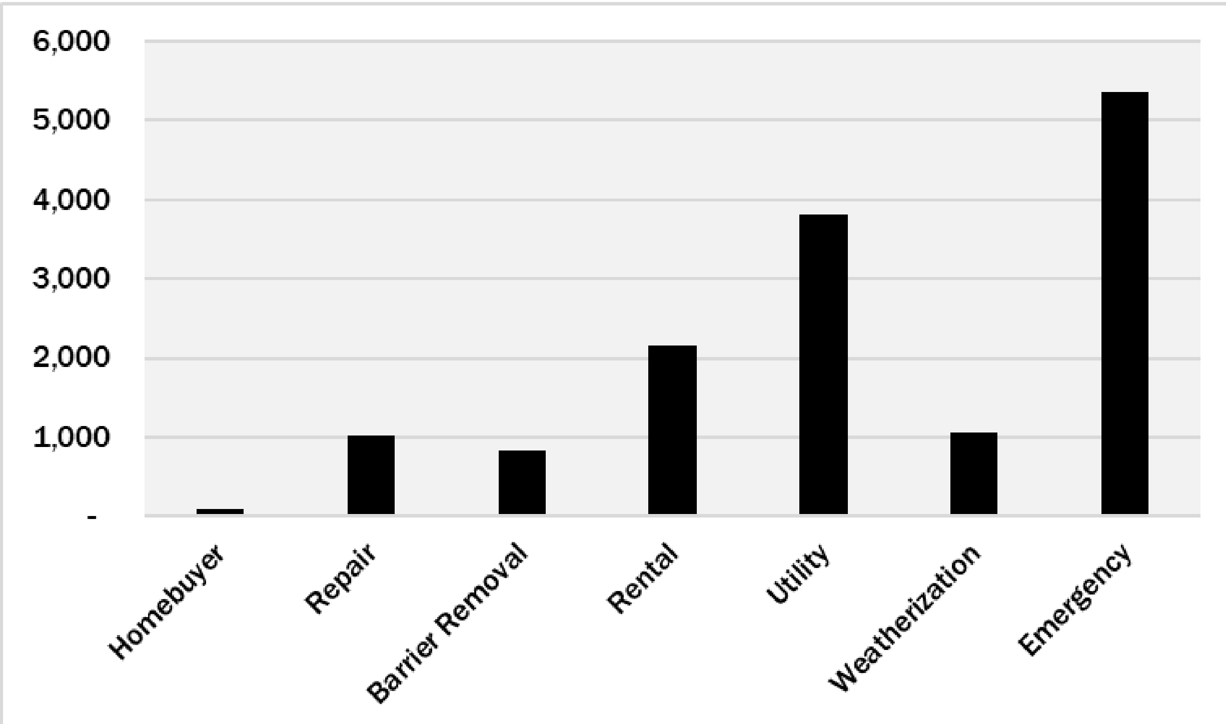
Public Assistance Requests, SFY 2023

Type of Requests	Personal Requests for Assistance	Automated Online Assistance Searches	Total
Barrier Removal	841	5,368	6,209
Emergency	5,360	44,196	49,556
Homebuyer	97	516	1,128
Rental Assistance	2,161	37,942	40,103
Repair	1,013	18,618	19,631
Utility	3,809	102,509	106,318
Weatherization	1,065	23,084	24,149

Source: TDHCA Public Assistance Inventory, 2023.

Personal Requests for Assistance, SFY 2023

Overall, the most common requests, as seen in the chart above, are for utility assistance, followed by emergency assistance and rental assistance. For requests that require personal contact with TDHCA staff, as seen in the bar chart below, the most common request is emergency assistance, followed by utility and rental assistance. Due to the results of the COVID-19 pandemic, TDHCA saw increased requests for emergency, utility, and rental assistance compared to previous years.



Source: TDHCA Public Assistance Inventory, Personal Requests, 2023.

SECTION 3: ANNUAL LOW-INCOME HOUSING REPORT

This section of the SLIHP highlights TDHCA's activities and achievements during the preceding fiscal year and provides detailed analysis of funding and households or individuals served through TDHCA's programs. The analysis is provided at the State level and within each of the 13 State Service Regions (Regions) TDHCA uses for planning and allocation purposes.

This section of the SLIHP includes the following information per Tex. Gov't Code §2306.072:

- The Operating and Financial Statements for the Texas Department of Housing and Community Affairs (TDHCA or Department) for State Fiscal Year 2023 as required by Tex. Gov't Code §2306.072(c)(1).
- Description of TDHCA activities during the preceding year that served to address housing and community service needs as required by Tex. Gov't Code §2306.072(c)(2)(A-C).
- TDHCA activities described by region as required by Tex. Gov't Code §2306.072(c)(5).
- An analysis of the sources, uses and geographic distribution of housing tax credits as required by Tex. Gov't Code §2306.072(c)(7).
- Description of housing opportunities offered by TDHCA's multifamily development inventory as required by Tex. Gov't Code §2306.072(c)(6)(A-J), §2306.072(c)(8), and §2306.0724(a).
- The amount of funds allocated to state service subregions and allocation targets under the Regional Allocation Formula (RAF) as required by Tex. Gov't Code §§2306.111(e)(2) and 2306.111(f).

This section is organized as follows:

- Operating and Financial Statements
- Statement of Activities
    - Funding and Households and Individuals Served by Activity and Program
    - Funding and Households and Individuals Served by Income Group
    - Racial and Ethnic Composition of Households and Individuals Receiving Assistance
    - Progress in Meeting TDHCA Housing and Community Service Goals
- Statement of Activities by Uniform State Service Region
- Housing Sponsor Report Analysis
- Geographic Distribution of Housing Tax Credits

For general information about each region, including housing needs and housing supply, please see the Housing Analysis section of this document. Please note that statistics in this section are based on definitions used for the Department's legislative performance measures with two exceptions. Data reported in the Geographic Distribution of Housing Tax Credits section are based on Housing Tax Credit awards. Racial and ethnic data reported for Housing Tax Credit, Multifamily Direct Loan and Multifamily Bond properties are based on the entire portfolio of active TDHCA-assisted properties.

OPERATING AND FINANCIAL STATEMENTS

TDHCA's Operating Budgets and Basic Financial Statements are prepared and maintained by the Financial Administration Division. Find these reports at: http://www.tdhca.state.tx.us/finan.htm

STATEMENT OF ACTIVITIES

The programs and dollar amounts discussed in this chapter do not include pandemic response funding. Please see the Pandemic Response and Other Initiatives Section (Section 5) for pandemic related programs and funding. This section does include funds that may have been reallocated from annual allocation amounts for pandemic response programs but does not include new pandemic funds. The Department has numerous housing programs that provide an array of services. Housing programs are split into renter and owner activities.

Included in the renter category are households participating in TDHCA's HOME Investment Partnerships Program (HOME) Tenant-Based Rental Assistance (TBRA) Program, Section 8 Housing Choice Voucher (HCV) Program, and Section 811 Project Rental Assistance (Section 811 PRA) Program, as well as households residing in TDHCA-funded or assisted multifamily properties. These multifamily properties have received funding or assistance through one or more of the following TDHCA programs: the 9% and 4% Housing Tax Credit (HTC) Programs, Multifamily Direct Loan (MF Direct Loan) Program, and/or Multifamily Bond (MF Bond) Program. The MF Direct Loan Program combines HOME funds, Tax Credit Assistance Program Repayment Funds (TCAP RF), Neighborhood Stabilization Program Round 1 Program Income (NSP1 PI), and National Housing Trust Fund (NHTF) funds to support the development of affordable rental housing. HOME funds utilized for renter new construction and rehabilitation activities available through MF Direct Loan are reported under MF Direct Loan throughout this section. Renter activities through these programs include:

- New construction activities that support multifamily development.
- Rehabilitation construction activities that support the acquisition, rehabilitation, and preservation of multifamily units.
- Tenant- and project-based rental payment assistance that supports lower income Texans.

TDHCA homeowner assistance is offered through several programs. The My Choice Texas Home Program, My First Texas Home Program, and Texas Mortgage Credit Certificate Program utilize private sector mechanisms and federally authorized resources to make homeownership more affordable to low- and moderate-income households. The HOME Program offers the Homeowner Rehabilitation Assistance Program, Homebuyer Assistance with New Construction or Rehabilitation Program (HANC), Contract for Deed Program (CFD), and Single Family Development Program. The State Housing Trust Fund (HTF) administers the Texas Bootstrap Program, and Amy Young Barrier Removal Program. Owner activities through these programs include:

- Single-family development that includes funding for Community Housing Development Organizations (CHDOs), nonprofit organizations, and other housing organizations to support the development of single-family housing.
- Single-family financing and homebuyer assistance that helps households purchase a home through such activities as mortgage financing and down payment assistance.
- Single-family owner-occupied assistance that helps existing homeowners who need home rehabilitation and reconstruction assistance, including accessibility modifications made for persons with disabilities.

Community Affairs programs include the Comprehensive Energy Assistance Program (CEAP), Community Services Block Grant (CSBG) Program, and Weatherization Assistance Program (WAP). Activities through these programs include:

- Energy related assistance such as utility payment assistance or weatherization assistance that decrease energy costs.
- Supportive and poverty prevention services.

Homelessness programs include the Emergency Solutions Grants (ESG) Program, Homeless Housing and Services Program (HHSP), and Ending Homelessness Fund (EH Fund). Activities associated with these programs are grouped together under "homeless services."

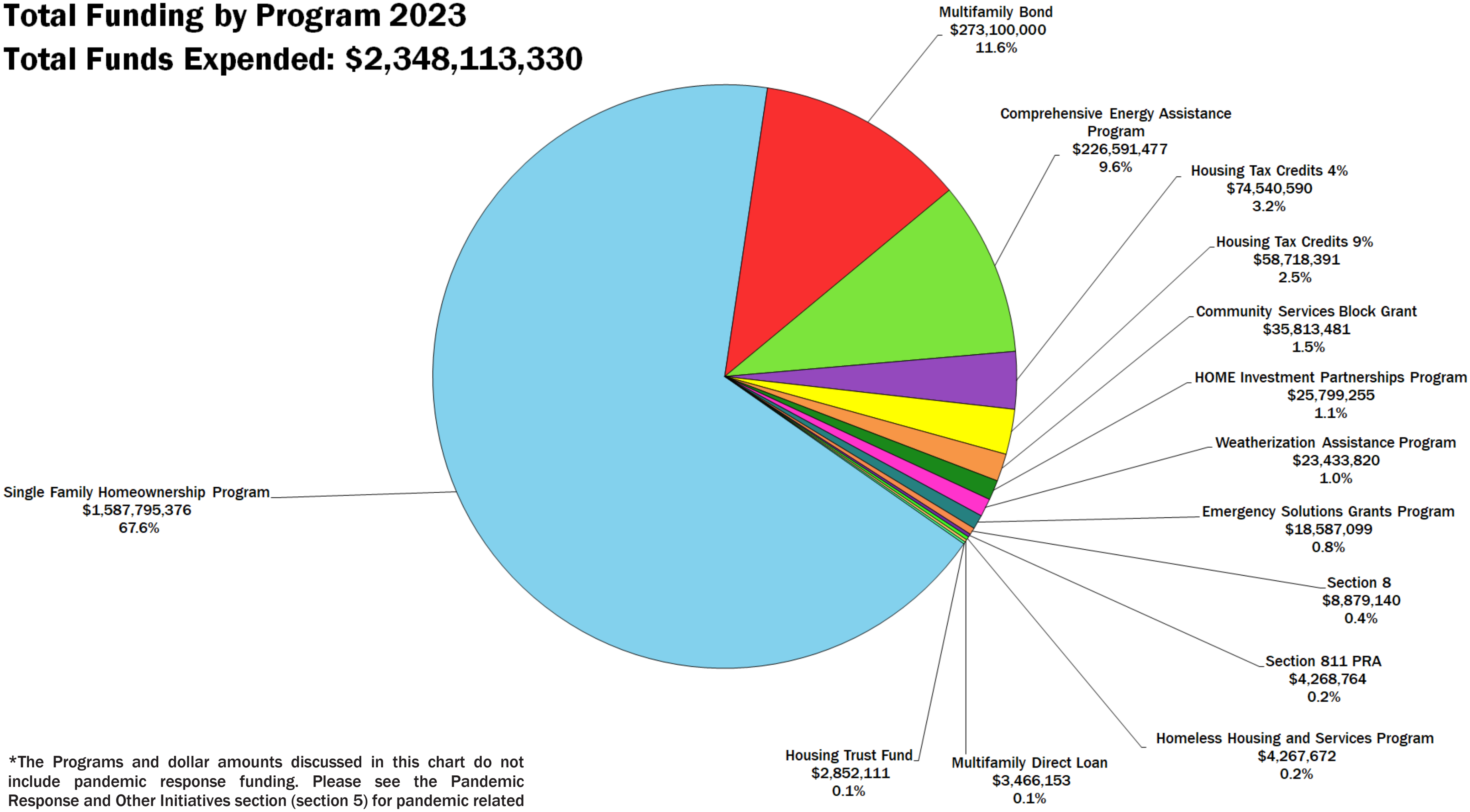
FUNDING AND HOUSEHOLDS AND INDIVIDUALS SERVED BY ACTIVITY AND PROGRAM

For the state and for each region, a description of funding and the actual number of persons or households served for each program is provided.

In FY 2023, TDHCA expended or issued $2,348,113,330 in total funds and tax credit assistance. The vast majority of these funds derive from federal/federally-authorized resources or market-based loan mechanisms. Programs with state sources of funding, which include HTF programs and the HHSP, comprised 0.30% of total FY 2023 funding. In the following chart and tables, HCV Program data may include participants that have been ported to another Public Housing Authority (PHA), yet still receive TDHCA assistance. Figures for the HOME Investment Partnerships Program include only single family HOME activities. Multifamily HOME funds are included in the number for Multifamily Direct Loan.

TDHCA funding and assistance for activities predominantly benefited extremely low-, very low- and low-income individuals. The following chart and tables display the distribution of this funding and assistance by program:

Total Funding by Program 2023
Total Funds Expended: $2,348,113,330



*The Programs and dollar amounts discussed in this chart do not include pandemic response funding. Please see the Pandemic Response and Other Initiatives section (section 5) for pandemic related programs and funding. This section does include funds that may have been allocated from annual amounts for pandemic response programs but does not include new pandemic funds.

Total Funding by Program, FY 2023

Program	Funds	Percent
Single Family Homeownership Program	$1,587,795,376	67.62%
Housing Tax Credits 4%	$74,540,590	3.17%
Housing Tax Credits 9%	$58,718,391	2.50%
Multifamily Bond	$273,100,000	11.63%
Comprehensive Energy Assistance Program	$226,591,477	9.65%
HOME Investment Partnerships Program	$25,799,255	1.10%
Community Services Block Grant	$35,813,481	1.53%
Weatherization Assistance Program	$23,433,820	1.00%
Section 8	$8,879,140	0.38%
Emergency Solutions Grants Program	$18,587,099	0.79%
Homeless Housing and Services Program	$4,267,672	0.18%
Housing Trust Fund	$2,852,111	0.12%
Multifamily Direct Loan	$3,466,153	0.15%
Section 811 PRA	$4,268,764	0.18%
Total	$2,348,113,330	100.00%

Funding and Households/Individuals Served by Activity, FY 2023, All Activities

Activity	Expended Funds	% of Total Committed Funds	Number of Households/ Individuals Served	% of Total Households/ Individuals Served
Rental Assistance	$20,282,056	0.86%	2,663	0.59%
Renter New Construction	$244,515,317	10.41%	9,946	2.21%
Renter Rehab Construction	$165,309,817	7.04%	4,425	0.98%
Owner Financing & Down Payment	$1,587,795,376	67.62%	6,595	1.47%
Owner Rehabilitation Assistance	$19,941,713	0.85%	185	0.04%
Single Family Development	$1,575,500	0.07%	35	0.01%
Energy Related Assistance	$250,025,297	10.65%	140,040	31.15%
Supportive Services	$35,813,481	1.53%	246,458	54.82%
Homeless Services	$22,854,772	0.97%	39,268	8.73%
Total	$2,348,113,330	100.00%	449,615	100.00%

The following tables detail households served and expended funds by activity and program for all housing programs.

HOME and HTF administer programs that fall under multiple activity categories. The HOME TBRA Program falls under “Rental Assistance.” HOME multifamily funds are expended through and reported under the MF Direct Loan program, falling under “Rental New Construction” and “Rental Rehabilitation.” The HOME HANC Program falls under “Owner Financing and Down Payment.” The HOME CFD and HOME HRA Programs fall under “Owner Rehabilitation Assistance.” The HOME Single Family Development Program falls under “Single Family Development.” HTF’s Amy Young Barrier Removal Program falls under “Owner Rehabilitation Assistance,” and the Texas Bootstrap Loan Program falls under “Single Family Development.” HOME and HTF data reflect activities closed during the fiscal year and the total funding associated with each household served through closed activities.

Most MF Direct Loan and all MF Bond-funded rental development units also receive tax credits. If a property was funded by multiple programs, the number of households served will only appear in the tax credit household columns. This prevents double counting the number of households served. The 9% HTCs refer to the annual per capita allocation of tax credits that Texas receives from the IRS. In addition to this annual per capita allocation, the IRS allows states to provide tax credits, with a somewhat lesser value, to developments financed with Private Activity Bonds (PAB) if the PAB developments meet HTC Program requirements; these tax credits are referred to as 4% HTCs.

Figures for housing programs are generally based on performance measures reported to the Legislative Budget Board (LBB) and generally mirror performance measure definitions. Due to timing SLIHP figures may not match those reported to the LBB.

Funding and Households Served by Housing Activity and Program, FY 2023

Households Served by Activity and Housing Program, FY 2023

Activity	SF Home-ownership	HOME	HTF	9% HTC	4% HTC	MF Bond*	MF Direct Loan*	Section 8 HCV	Section 811 PRA	Total
Rental Assistance	0	1,093	0	0	0	0	0	1,064	506	2,663
Rental New Construction	0	0	0	3,039	6,907	0	0	0	0	9,946
Rental Rehabilitation	0	0	0	744	3,681	0	0	0	0	4,425
Owner Financing & Down Payment	6,595	0	0	0	0	0	0	0	0	6,595
Owner Rehabilitation Assistance	0	126	59	0	0	0	0	0	0	185
Single Family Development	0	0	35	0	0	0	0	0	0	35
Total	6,595	1,219	94	3,783	10,588	0	0	1,064	506	23,849

*Note that all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

Funding by Housing Activity and Program, FY 2023*

Activity	SF Home-ownership	HOME	HTF	9% HTC	4% HTC	MF Bond	MF Direct Loan	Section 8 HCV	Section 811 PRA	Total
Rental Assistance	$0	$7,134,152	$0	$0	$0	$0	$0	$8,879,140	$4,268,764	$20,282,056
Rental New Construction	$0	$0	$0	$50,568,014	$49,381,150	$141,100,000	$3,466,153	$0	$0	$244,515,317
Rental Rehabilitation	$0	$0	$0	$8,150,377	$25,159,440	$132,000,000	$0	$0	$0	$165,309,817
Owner Financing & Down Payment	$1,587,795,375	$0	$0	$0	$0	$0	$0	$0	$0	$1,587,795,376
Owner Rehabilitation Assistance	$0	$18,665,102	$1,276,611	$0	$0	$0	$0	$0	$0	$19,941,713
Single Family Development	$0	$0	$1,575,500	$0	$0	$0	$0	$0	$0	$1,575,500
Total	$1,587,795,375	$25,799,255	$2,852,111	$58,718,391	$74,540,590	$273,100,000	$3,466,153	$8,879,140	$4,268,764	$2,039,419,780

*Note that this table only depicts funding for TDHCA housing activities and programs. It does not include TDHCA's community affairs and homelessness programs.

The following tables detail households and individuals served and funds expended by activity and program for Community Affairs programs and Homelessness programs.

ESG, CSBG, and HHSP report the number of individuals served; CEAP and WAP report based on the number of households served. Although each household can contain multiple individuals, the following totals are calculated by adding households and individuals served together. The number of individuals served through CSBG reflects the number of persons served directly with CSBG funding.

Figures for Community Affairs programs and homelessness programs are based on performance measures reported to the LBB and generally mirror performance measure definitions for those programs. Due to the different timing of these reports, SLIHP figures may not match those eventually reported to the LBB.

Funding and Households (HH) /Individuals (IND) Served by Community Affairs Programs and Homelessness Programs, FY 2023

Households and Individuals Served by Activity and Community Affairs Programs and Homelessness Programs, FY 2023

Activity	ESG (IND)	CSBG (IND)	CEAP (HH)	WAP (HH)	HHSP (IND)	Total
Energy Related Assistance	0	0	137,974	2,066	0	140,040
Supportive Services	0	246,458	0	0	0	246,458
Homeless Services	33,928	0	0	0	5,340	39,268
Total	33,928	246,458	137,974	2,066	5,340	425,766

Funding by Activity and Community Affairs Programs and Homelessness Programs, FY 2023

Activity	ESG	CSBG	CEAP	WAP	HHSP	Total
Energy Related Assistance	$0	$0	$226,591,477	$23,433,820	$0	$250,025,297
Supportive Services	$0	$35,813,481	$0	$0	$0	$35,813,481
Homeless Services	$18,587,099	$0	$0	$0	$4,267,672	$22,854,772
Total	$18,587,099	$35,813,481	$226,591,477	$23,433,820	$4,267,672	$308,693,550

FUNDING AND HOUSEHOLDS AND INDIVIDUALS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

- Extremely Low Income (ELI): At or below 30% Area Median Family Income (AMFI)
- Very Low Income (VLI): Greater than 30% and less than or equal to 60% AMFI
- Low Income (LI): Greater than 60% and less than or equal to 80% AMFI
- Moderate Income (MI) and Up: Greater than 80% AMFI

The vast majority of households and individuals served through CEAP, CSBG, ESG, HHSP, and WAP earn less than or equal to 30% AMFI. However, some of the Departments programs, including CEAP, CSBG, and WAP, utilize federal poverty guidelines to administer funds. These guidelines do not translate exactly to AMFI based income levels. For this reason, data from these programs are reported in the VLI category, resulting in the VLI category having a significantly larger amount of total expended funds and households/individuals served than other income categories.

HOME funds utilized through the MF Direct Loan program are reported under MF Direct Loan throughout this section. For 811 programs, payment schedule delays may result in inexact expenditure estimates at the time of data collection.

In the following tables, households and individuals have been added together for totals, though one household can contain multiple individuals. In total, TDHCA programs served 251,744 households in addition to 547,845 Individuals.

FUNDING AND HOUSEHOLDS/PERSONS SERVED BY INCOME CATEGORY, FY 2023

Income Category	Expended Funds	% of Total Expended Funds ***	Number of Households/ Individuals Served***	% of Total Households/ Individuals Served
ELI (≤30% AMFI)	$75,701,888	3.2%	3,041	0.7%
VLI (>30%, ≤60% AMFI)	$1,146,306,350	48.8%	441,223	98.3%
LI (>60%, ≤80% AMFI)	$466,121,262	19.9%	2,234	0.5%
MI (>80% AMFI)	$659,274,409	28.1%	2,566	0.6%
Total	$2,347,403,908	100.0%	449,064	100.0%

Households Served by Income Category and Housing Program, FY 2023**

Income Category	SF Home-ownership	HOME	HTF	9% HTC	4% HTC	MF Bond*	MF Direct Loan*	Section 8 HCV	Section 811 PRA	Total
ELI (≤30% AMFI)	180	742	30	389	369	0	0	825	506	3,041
VLI (>30%, ≤60% AMFI)	1,902	426	61	3,344	9,533	0	0	191	0	15,457
LI (>60%, ≤80% AMFI)	1,951	51	3	25	160	0	0	44	0	2,234
MI (>80% AMFI)	2,562	0	0	0	0	0	0	4	0	2,566
Total	6,595	1,219	94	3,758	10,062	0	0	1,064	506	23,298

*Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting. Section 8 income categories are based on current income. Income at move in will always be below 50% AMFI.

**Any variation in Household/Individual counts and/or funding amounts are due to subrecipient data reporting errors.

Funding by Income Category and Housing Program, FY 2023

Income Category	SF Home-ownership	HOME	HTF	9% HTC	4% HTC	MF Bond	MF Direct Loan	Section 8	Section 811 PRA	Total
ELI (≤30% AMFI)	$41,271,039	$9,443,289	$763,970	$6,240,210	$2,997,641	$0	$466,153	$10,367,494	$4,152,092	$75,701,888
VLI (>30%, ≤60% AMFI)	$427,011,109	$11,832,205	$2,013,128	$52,111,805	$67,254,015	$273,100,000	$3,000,000	$1,290,537	$0	$837,612,799
LI (>60%, ≤80% AMFI)	$460,028,696	$4,523,761	$74,513	$183,188	$1,125,534	$0	$0	$185,571	$0	$466,121,262
MI (>80% AMFI)	$659,274,409	$0	$0	$0	$0	$0	$0	$0	$0	$659,274,409
Total	$1,587,585,253	$25,799,255	$2,851,611	$58,535,203	$71,377,189	$273,100,000	$3,466,153	$11,843,602	$4,152,092	$2,038,710,358

As previously discussed, the vast majority of households and individuals served through CEAP, CSBG, ESG, HHSP, and WAP earn less than or equal to 30% AMFI. Since federal poverty guidelines do not align exactly with AMFI-based income categories, assistance for these programs is reported as serving persons in the VLI category. Please note that due to federal exceptions provided in relation to receipt of CARES Act funding, CSBG's eligibility threshold was temporarily increased to 200% of the federal poverty line. Many programs still serve households and individuals that reside well below 200% of the poverty line. In order to represent the households and individuals receiving assistance through Community Affairs programs and Homelessness programs more accurately, the ELI and VLI categories have been combined in the following tables.

Households and Individuals Served by Income Group and Community Affairs Programs and Homelessness Programs, FY 2023

Income Category	ESG (IND)	CSBG (IND)	CEAP (HH)	WAP (HH)	HHSP (IND)	Total
ELI and VLI (≤60% AMFI)	0	0	0	0	0	0
LI (>60%, ≤80% AMFI)	33,928	246,458	137,974	2,066	5,340	425,766
MI (>80% AMFI)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding by Income Group and Community Affairs Programs and Homelessness Programs, FY 2023

Income Category	ESG	CSBG	CEAP	WAP	HHSP	Total
ELI and VLI (≤ 60% AMFI)	$18,587,099	$35,813,481	$226,591,477	$23,433,820	$4,267,672	$308,693,550
LI (>60%, ≤80% AMFI)	$0	$0	$0	$0	$0	$0
MI (>80% AMFI)	$0	$0	$0	$0	$0	$0
Total	$18,587,099	$35,813,481	$226,591,477	$23,433,820	$4,267,672	$308,693,550

RACIAL AND ETHNIC COMPOSITION OF HOUSEHOLDS AND INDIVIDUALS RECEIVING ASSISTANCE

As required by Tex. Gov't Code §2306.072(c)(5), TDHCA reports on the racial and ethnic composition of individuals and families receiving assistance. For most programs, these demographic categories are delineated according to the standards set by the U.S. Census Bureau. In the American Community Survey (ACS) data, race is broken down into the following categories: American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, White, Some Other Race, or Two or More Races. As ethnic origin is considered to be a separate concept from racial identity, the Hispanic or Latino population is presented separately. Persons of Hispanic or Latino origin may fall under any of the racial classifications provided.

Regional analyses of this racial and ethnic data for housing programs are included in the Statement of Activities by Uniform State Service Region section that follows. Racial and ethnic data for Community Affairs and Homelessness programs are not available at a regional level because coverage areas for program subrecipients may cross multiple regions, but detailed information on Community Affairs subrecipients is available in Appendix C of this document. Note that the Census Bureau collects racial and ethnic data by individual, while many of the Department's programs collect this information by head of household. In addition, programs vary in the race details they collect and report. For instance, Bootstrap Loan and CEAP combine race and ethnicity into one category for reporting purposes. Demographics are not reported for some CSBG recipients. Households without reported data will be grouped under "unknown." For the purposes of program reporting, individuals identifying as Two or More Races are grouped under "other."

Racial Composition of the State of Texas

Race	Individuals	Percent
American Indian or Alaska Native	147,892	0.5%
Asian	1,452,713	5.0%
Black or African American	3,499,862	12.1%
Native Hawaiian or Other Pacific Islander	24,608	0.1%
White	18,566,027	64.3%
Some Other Race	2,019,394	7.0%
Two or More Races	3,152,085	10.9%
Total	28,862,581	100.0%

Ethnic Composition of the State of Texas

Ethnicity	Individuals	Percent
Hispanic or Latino	11,479,932	39.8%
Not Hispanic or Latino	17,382,649	60.2%
Total Population	28,862,581	100%

Source: 2017-2021 American Community Survey 5-Year Estimates, Table DP05.

HOUSING PROGRAMS

This section groups racial and ethnic data on housing programs into two general categories: Renter Programs and Homeowner Programs.

Renter Programs

The following tables depict the racial and ethnic composition of households receiving assistance from all TDHCA renter programs, which include the HCV, HOME TBRA, and Section 811 PRA.

Racial and ethnic data for active TDHCA-funded and assisted multifamily properties are collected from the reported head of household data. Active properties are those properties that are still in their affordability period and therefore still monitored by TDHCA. A detailed breakdown of race and ethnicity by property for the HTC program can be found in the Housing Sponsor Report. It should be noted that household member data are based on voluntary reporting and will not reflect or represent all units financed or assisted by TDHCA. As a result, the following charts present a picture of race and ethnicity based on properties that may have reported at the time of data gathering and may not represent actual percentages.

Racial Composition Non-HTC Renter Program Households. FY 2023

Race	HHs	Percent
American Indian or Alaska Native	11	0.4%
Asian	21	0.8%
Black or African American	1,073	40.3%
Native Hawaiian or Other Pacific Islander	2	0.1%
White	1,454	54.6%
Other	43	1.6%
Total	2,663	100.0%

Ethnic Composition of Non-HTC Renter Program Households, FY 2023

Ethnicity	HHs	Percent
Hispanic or Latino	560	21.0%
Not Hispanic or Latino	2,004	75.3%
Unknown	99	3.7%
Total	2,663	100.0%

Homeowner Programs

The following charts depict the racial and ethnic composition of households receiving assistance from all TDHCA homeowner programs.

Racial Composition of HOME and HTF Programs-Assisted Owner Households, FY 2023

Race	HHs	Percent
American Indian or Alaska Native	0	0.0%
Black or African American	62	28.2%
White	136	61.8%
Other	15	6.8%
Unknown	2	0.9%
Total	220	100.0%

Ethnic Composition of HOME and HTF Programs-Assisted Owner Households, FY 2023

Ethnicity	HHs	Percent
Hispanic or Latino	90	40.9%
Not Hispanic or Latino	130	59.1%
Total	220	100.0%

Racial Composition of Single Family Homeownership Assisted Households. FY 2023

Race	HHs	Percent
American Indian or Alaska Native	21	0.3%
Asian	73	1.1%
Black or African American	589	8.9%
Native Hawaiian or Other Pacific Islander	8	0.1%
White	3,182	48.3%
Other	415	6.3%
Unknown	2,306	35.0%
Total	6,594	100.0%

Ethnic Composition of Single Family Homeownership Assisted Households, FY 2023

Ethnicity	HHs	Percent
Hispanic or Latino	1,783	27.0%
Not Hispanic or Latino	4,767	72.3%
Unknown	0	0.0%
Total	6,594	100.0%

The available data demonstrates that TDHCA's housing programs serve higher percentages of minority populations compared to the general racial and ethnic composition of the State of Texas. This is accurate even though racial composition data previously discussed for the State of Texas is reported by individuals and many of TDHCA's programs report by household. For instance, those TDHCA programs which serve renters and homeowner programs serve higher percentages of Black or African American and Hispanic or Latino households than the percentage of those populations in the State of Texas.

COMMUNITY AFFAIRS PROGRAMS

While Community Affairs programs allocate funding to subrecipient entities covering all 254 counties in Texas, their service areas differ from the TDHCA state service regions, covering only part of a region or spanning across two or more uniform TDHCA state service regions. Racial data for these programs are reported by entity rather than by region. Racial and ethnic composition for the state is available, but because this data does not align with regional boundaries, regional and subregional data are not available. Racial and ethnic composition of all households in the state served by Community Affairs programs in FY 2023 is reported in this section. Detailed information on subrecipients by allocation and county, including maps of subrecipient service areas, is available in Appendix C of this document. Due to the data reporting techniques of WAP and CEAP, race and ethnicity are combined into one category, and Asian and Native Hawaiian or Other Pacific Islander are also combined into one category. Note that some entities may have served a slightly different set of counties under different contracts and may have served the same county in different periods within the fiscal year.

For the following WAP data, performance figures represent the number of weatherization units from the Department's Department of Energy (DOE) and Low Income Housing Energy Assistance Program (LIHEAP) Weatherization programs. Units receiving both DOE and LIHEAP funding may be double counted.

The following data is reported by TDHCA subrecipients. Delays in reporting can lead to increased or decreased totals compared to previous state fiscal years.

Racial and Ethnic Composition of WAP-Assisted Households, FY 2023

Ethnicity	Race	HHs	Percent
Hispanic or Latino	-	738	35.7%
-	American Indian/Alaskan Native	6	0.3%
-	Asian or Pacific Islander	33	1.6%
-	Black or African American	578	28.0%
-	White	630	30.5%
	Other/Unknown	81	3.9%
	Total	2,066	100.0%

Racial and Ethnic Composition of CEAP-Assisted Households, FY 2023

Ethnicity	Race	HHs	Percent
Hispanic or Latino	-	44,818	32.5%
-	American Indian or Alaska Native	335	0.2%
-	Asian or Pacific Islander	3,666	2.7%
-	Black or African American	44,478	32.2%
-	White	40,292	29.2%
-	Other	4,385	3.2%
	Total	137,974	100.0%

Racial Composition of CSBG-Assisted Individuals, FY 2023

Race	Individuals	Percent
American Indian or Alaska Native	970	0.4%
Asian or Pacific Islander	2,540	1.0%
Black or African American	64,347	25.9%
White	163,661	65.8%
Other	14,940	6.0%
Unknown	2,120	0.9%
Total	248,578	100.0%

Ethnic Composition of CSBG-Assisted Individuals, FY 2023

Ethnicity	Individuals	Percent
Hispanic or Latino	143,771	57.8%
Not Hispanic or Latino	103,707	41.7%
Unknown	1,100	0.4%
Total	248,578	100.0%

HOMELESSNESS PROGRAMS

TDHCA's Homelessness programs allocate funding to subrecipients with service areas that span two or more uniform TDHCA state service regions, so racial data for these programs are reported by entity rather than by region. Racial and ethnic composition for the state is available, but because this data does not align with regional boundaries, regional data are not available. The racial and ethnic composition of all households in the state served by Homelessness programs in FY 2023 is reported in this section. Detailed information on subrecipients by allocation and county, including maps of subrecipient service areas, is available in Appendix C of this document.

ESG and HHSP report race and ethnicity as two separate categories. Note that some entities may have served a slightly different set of counties under different contracts and may have served the same county in different periods within the fiscal year. These reporting differences mean that the race and ethnicity totals may not match for ESG and HHSP funds. Detailed information on subrecipients by allocation and county, including maps of subrecipient service areas, is available in Appendix C of this document.

The following data is reported by TDHCA subrecipients. Delays in reporting can lead to increased or decreased totals compared to previous state fiscal years. Additionally, individuals may be counted more than once if they access more than one service or request assistance from more than one subrecipient within the same state fiscal year.

Racial Composition of ESG-Assisted Individuals, FY 2023

Race	Individuals	Percent
American Indian or Alaska Native	351	1.0%
Asian	206	0.6%
Black or African American	14,187	39.9%
Native Hawaiian or Other Pacific Islander	99	0.3%
White	18,328	51.6%
Unknown	858	2.4%
Total	35,543	100.0%

Ethnic Composition of ESG-Assisted Individuals, FY 2023

Ethnicity	Individuals	Percent
Hispanic or Latino	11,950	34.9%
Not Hispanic or Latino	21,659	63.2%
Unknown	638	1.9%
Total	34,247	100.0%

HHSP provides funds to large metropolitan areas to provide services to homeless individuals and families, including case management, housing placement and retention, and construction. Beginning in 2010, TDHCA distributed these funds to be administered in cities with populations larger than 285,500 persons and per the latest U.S. Census data this is currently the nine largest cities in Texas. Cities may either use these funds themselves or may elect to subgrant some or all of the funds to one or more organizations serving their community whose mission includes serving homeless individuals and families with appropriate services targeted towards eliminating or preventing the condition of homelessness. In the following tables, racial and ethnic totals may not match as totals are approximate.

Racial Composition of HHSP-Assisted Individuals, FY 2023

Race	Individuals	Percent
American Indian or Alaska Native	55	1.0%
Asian	29	0.5%
Black or African American	1,803	33.8%
Native Hawaiian or Other Pacific Islander	8	0.1%
White	3,251	60.9%
Unknown	194	3.6%
Total	5,340	100.0%

Ethnic Composition of HHSP-Assisted Individuals, FY 2023

Ethnicity	Individuals	Percent
Hispanic or Latino	2,620	49.1%
Not Hispanic or Latino	2,662	49.9%
Unknown	58	1.1%
Total	5,340	100.0%

PROGRESS IN MEETING TDHCA HOUSING AND COMMUNITY SERVICE GOALS

The goals established in the Department's Legislative Appropriations Request, the Riders from the General Appropriations Act and Texas state statute collectively guide TDHCA's annual activities, either through the establishment of objective performance measures or reporting requirements.

The following five goals are established by the Department's performance measures:

1. Increase and preserve the availability of safe, decent and affordable housing for very low-, low-, and moderate-income persons and families.
2. Promote improved housing conditions for extremely low-, very low-, and low-income households by providing information and technical assistance.
3. Improve living conditions for the poor and homeless and reduce the cost of home energy for very low-income Texans.
4. Ensure compliance with the TDHCA's federal and state program mandates.
5. Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Beyond these established reporting goals, the Department sets policy initiatives and efforts to address special needs populations and incorporates recommendations on how to improve the coordination of the Department services, also described in Section 4: Action Plan.

PERFORMANCE IN ADDRESSING HOUSING NEEDS

The true need for safe, affordable housing for low-income Texans can be difficult to succinctly quantify. The U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS) data provide a snapshot of that need, as shown in the Section 2 Housing Analysis. CHAS data indicate that there are approximately 1,584,377 renter households with incomes less than or equal to 80% AMFI with housing problems and 957,514 owner households with incomes less than or equal to 80% AMFI with housing problems, such as a cost burden, lack of kitchen or plumbing, and overcrowding. These 2,541,891 households equate to 25.7% of all households in Texas.

It should be noted that TDHCA's programs do not always result in a reduction in households with housing needs as defined by HUD, as TDHCA programs may target other housing needs, such as accessibility and utility concerns. Additionally, CHAS data estimates from HUD cover a five year period in the past, which means that these estimates do not always reflect current changes in housing need.

Looking across TDHCA's entire portfolio of programs that serve and collect data based on households, rather than individuals, TDHCA served 285,726 low income households below 80% AMFI. This accounts for nearly 6.8% of the state's low income households estimated in the 2015-2019 CHAS data.

TDHCA housing assistance programs are targeted to assist renter and owner households with incomes less than or equal to 80% AMFI with housing problems. In FY 2023 TDHCA's housing regularly allocated programs served 23,849, or .57% of Texas households with incomes less than or equal to 80% AMFI with at least one housing problem.

Community Affairs programs address a variety of needs through activities categorized as either energy assistance or supportive services. Total assistance provided through TDHCA Community Affairs Programs served 285,726 households and 140,040 individuals in FY 2023. Due to different eligibility and reporting requirements across CSBG, CEAP, and WAP funds, it's necessary to evaluate performance via different measures for each program. Although Community Affairs programs utilize various percentages of the federal poverty line to determine eligibility, households served by WAP and CEAP are placed in the VLI category in the SLIHP. According to this metric, WAP and CEAP served 140,040 VLI households in FY 2023, which represents 5.6% of the 2,484,523 ELI and VLI households in Texas. CSBG reports based on the number of individuals served and calculates income eligibility at 125% of the federal poverty line. According to the 2017-2021 ACS, there are 5,285,809 individuals living below 125% of the poverty line in Texas. In FY 2023, CSBG served 246,458 or 4.7% of these Texans.

Homelessness programs, which include ESG and HHSP, serve individuals at risk of or currently experiencing homelessness. A comprehensive dataset representing this population is not readily available, as HUD relies on Point-in-Time (PIT) counts to estimate the prevalence of homelessness. According to the 2017-2021 ACS, there are 3,965,117 individuals in Texas at or below 100% of the poverty level, which is a factor in homelessness program funding allocation formulas. Homelessness programs served 39,268 individuals or 1.0% of individuals below the poverty level. Not all persons below poverty are eligible for homelessness assistance.

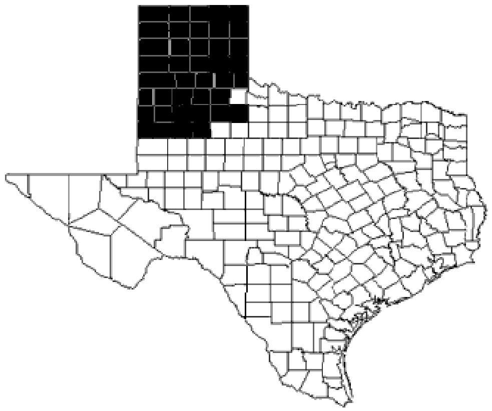
STATEMENT OF ACTIVITIES BY STATE SERVICE REGION

This section describes TDHCA's FY 2023 activities by State Service region. The regional tables do not include information for WAP, CEAP, ESG, CSBG, and HHSP because, as noted previously, funds are provided to subrecipient organizations whose coverage areas do not align with regional boundaries. Additionally, for purposes of reporting, Office of Colonia Initiatives (OCI) data does not appear as an independent category, but rather the data is grouped under their respective funding sources. For example, Bootstrap, though administered by OCI, is funded and reported under HTF. HOME funding for new construction and rehabilitation of renter housing is funneled through and reported under MF Direct Loan.

As required by Tex. Gov't Code §2306.072(c)(5), TDHCA reports on the racial composition of individuals and households receiving assistance. Because TDHCA does not accept applications directly from applicants for a majority of its programs, the Department is unable to report on the racial and ethnic composition of applicants, but only those that receive assistance. The racial and ethnic composition reflects actual households served in FY 2023. Single Family Homeownership, HOME, HTF, Section 811 PRA, and HCV program awards are the same as the actual households served in FY 2023. HTC, MF Direct Loan, and MF Bond program awards represent a commitment made in FY 2023 to serve households. Racial and ethnic data for the latter programs represent the entire Department portfolio, meaning households served in FY 2023 with previous years' awards. Therefore, the racial and ethnic table totals may not correlate with the activity type or income group tables for each region.

Regional information has been organized into two broad categories of housing activity type: Renter Programs and Homeowner Programs. For more information on the housing activity types and racial reporting categories, please see the "Statement of Activities" section.

REGION 1



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	1	0%
	Asian or Pacific Islander	0	0%	2	1%
	Black or African American	0	0%	5	2%
	Other	0	0%	11	5%
	Unknown	0	0%	95	45%
	White	0	0%	98	46%
by Ethnicity	Hispanic or Latino	0	0%	67	32%
	Not Hispanic or Latino	0	0%	145	68%
	Unknown	0	0%	0	0%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

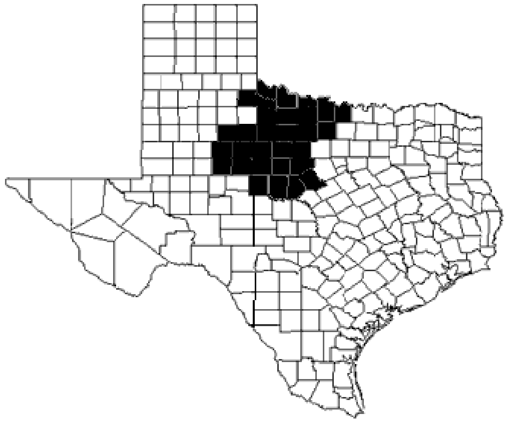
	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$38,770,085	212	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$0	0	$0	0	$1,798,223	75	$0	0	$0	0	$0	0	$105,495	13	$0	0
Total	$38,770,085	212	$0	0	$0	0	$1,798,223	75	$0	0	$0	0	$0	0	$105,495	13	$0	0

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$1,305,844	8	$0	0	$0	0	$191,810	8	$0	0	$0	0	$0	0	$105,495	13	$0	0
VLI	$7,985,761	51	$0	0	$0	0	$1,606,413	67	$0	0	$0	0	$0	0	$0	0	$0	0
LI	$11,233,264	65	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
>=MI	$18,245,216	88	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$38,770,085	212	$0	0	$0	0	$1,798,223	75	$0	0	$0	0	$0	0	$105,495	13	$0	0

**Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

REGION 2



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0.0%	1	1%
	Asian or Pacific Islander	0	0.0%	2	2%
	Black or African American	0	0.0%	1	1%
	Other	0	0.0%	5	6%
	Unknown	0	0.0%	31	38%
	White	0	0.0%	42	51%
by Ethnicity	Hispanic or Latino	0	0.0%	29	35%
	Not Hispanic or Latino	0	0.0%	53	65%
	Unknown	0	0.0%	0	0%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

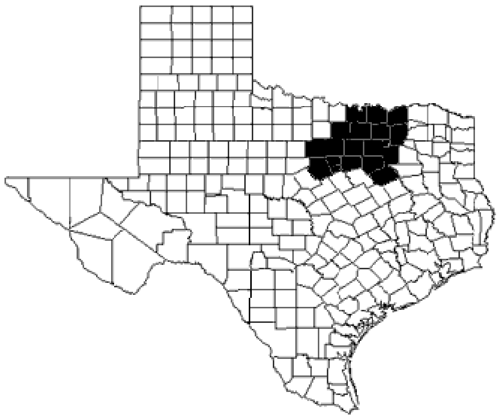
	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$12,945,563	82	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$299,550	55	$0	0	$881,063	40	$0	0	$0	0	$0	0	$106,719	10	$0	0
Total	$12,945,563	82	$299,550	55	$0	0	$881,063	40	$0	0	$0	0	$0	0	$106,719	10	$0	0

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$435,673	3	$252,705	40	$0	0	$88,106	4	$0	0	$0	0	$0	0	$0	0	$0	0
VLI	$3,421,345	23	$46,844	15	$0	0	$792,957	36	$0	0	$0	0	$0	0	$106,719	10	$0	0
LI	$3,640,306	23	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
>=MI	$5,448,239	33	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$12,945,563	82	$299,550	55	$0	0	$881,063	40	$0	0	$0	0	$0	0	$106,719	10	$0	0

*Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

REGION 3



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	6	0%
	Asian or Pacific Islander	2	12%	24	1%
	Black or African American	4	24%	182	11%
	Other	0	0%	135	8%
	Unknown	1	6%	663	40%
	White	10	59%	652	39%
by Ethnicity	Hispanic or Latino	3	18%	380	23%
	Not Hispanic or Latino	14	82%	1271	76%
	Unknown	0	0%	11	1%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

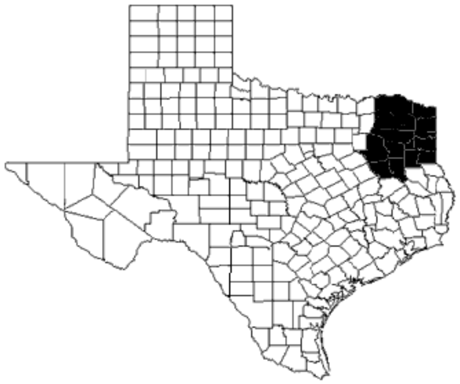
	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$453,838,264	1662	$1,369,679	9	$331,650	8	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$3,319,581	409	$0	0	$12,452,845	729	$9,543,512	1319	$28,100,000	0	$466,153	9	$3,805,408	326	$1,429,394	161
Total	$453,838,264	1662	$4,689,260	418	$331,650	8	$12,452,845	729	$9,543,512	1319	$28,100,000	0	$466,153	9	$3,805,408	326	$1,429,394	161

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$10,352,666	39	$2,249,575	247	$63,145	2	$1,313,740	77	$414,200	49	$0	0	$466,153	0	$0	0	$1,429,394	161
VLI	$140,286,934	559	$1,967,233	165	$268,505	6	$11,139,105	652	$9,129,312	1270	$28,100,000	0	$0	0	$3,805,408	325	$0	0
LI	$139,763,200	522	$472,452	6	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
>=MI	$163,435,464	542	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	1	$0	0
Total	$453,838,264	1662	$4,689,260	418	$331,650	8	$12,452,845	729	$9,543,512	1319	$28,100,000	0	$466,153	9	$3,805,408	326	$1,429,394	161

**Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

REGION 4



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	0	0%
	Asian or Pacific Islander	1	2%	0	0%
	Black or African American	32	51%	18	9%
	Other	1	2%	2	1%
	Unknown	0	0%	81	42%
	White	29	46%	94	48%
by Ethnicity	Hispanic or Latino	3	5%	60	31%
	Not Hispanic or Latino	60	95%	135	69%
	Unknown	0	0%	0	0%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

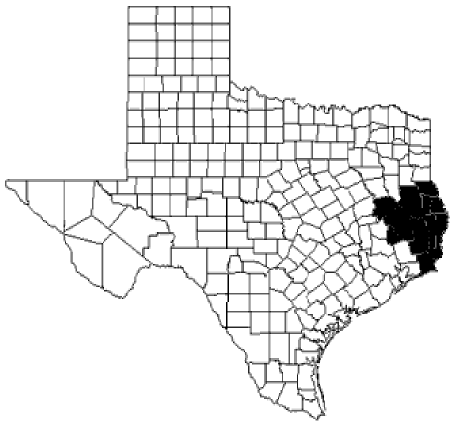
	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$39,705,344	195	$8,650,990	59	$87,100	4	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$428,056	88	$0	0	$2,076,542	136	$276,228	76	$0	0	$0	0	$130,548	18	$0	0
Total	$39,705,344	195	$9,079,046	147	$87,100	4	$2,076,542	136	$276,228	76	$0	0	$0	0	$130,548	18	$0	0

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$316,559	2	$1,794,644	58	$0	0	$194,339	13	$105,403	29	$0	0	$0	0	$0	0	$0	0
VLI	$7,087,182	40	$5,502,261	75	$87,100	4	$1,882,203	123	$170,825	47	$0	0	$0	0	$130,548	18	$0	0
LI	$9,234,384	52	$1,782,142	14	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
>=MI	$23,067,218	101	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$39,705,344	195	$9,079,046	147	$87,100	4	$2,076,542	136	$276,228	76	$0	0	$0	0	$130,548	18	$0	0

**Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

REGION 5



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	0	0%
	Asian or Pacific Islander	0	0%	0	0%
	Black or African American	0	0%	26	27%
	Other	0	0%	6	6%
	Unknown	2	33%	35	36%
	White	3	50%	30	31%
by Ethnicity	Hispanic or Latino	1	17%	18	19%
	Not Hispanic or Latino	5	83%	79	81%
	Unknown	0	0%	0	0%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

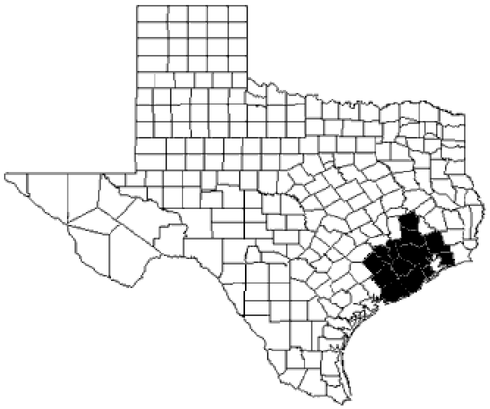
	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$16,905,589	97	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$236,658	52	$0	0	$279,061	28	$0	0	$0	0	$0	0	$122,363	14	$0	0
Total	$16,905,589	97	$236,658	52	$0	0	$279,061	28	$0	0	$0	0	$0	0	$122,363	14	$0	0

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$413,922	3	$185,990	33	$0	0	$29,899	3	$0	0	$0	0	$0	0	$0	0	$0	0
VLI	$3,087,966	22	$38,449	16	$0	0	$249,162	25	$0	0	$0	0	$0	0	$122,363	14	$0	0
LI	$3,667,347	24	$12,219	3	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
>=MI	$9,736,354	48	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$16,905,589	97	$236,658	52	$0	0	$279,061	28	$0	0	$0	0	$0	0	$122,363	14	$0	0

**Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

REGION 6



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	7	0%
	Asian or Pacific Islander	0	0%	16	1%
	Black or African American	11	58%	246	16%
	Other	0	0%	103	7%
	Unknown	0	0%	492	33%
	White	8	42%	646	43%
by Ethnicity	Hispanic or Latino	4	21%	406	27%
	Not Hispanic or Latino	15	79%	1094	72%
	Unknown	0	0%	10	1%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

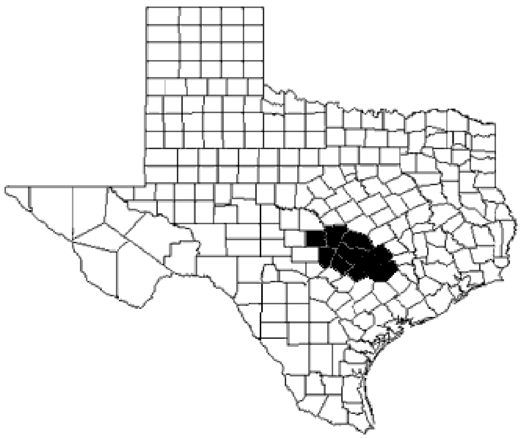
	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$363,841,768	1511	$654,210	4	$674,383	15	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$39,978	9	$0	0	$10,279,698	730	$15,897,592	2090	$136,000,000	0	$3,000,000	30	$5,810,300	468	$648,605	95
Total	$363,841,768	1511	$694,188	13	$674,383	15	$10,279,698	730	$15,897,592	2090	$136,000,000	0	$3,000,000	30	$5,810,300	468	$648,605	95

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$9,465,885	42	$204,389	6	$179,656	4	$1,016,769	71	$1,131,905	136	$0	0	$0	0	$0		$648,605	95
VLI	$102,846,042	471	$337,654	6	$494,727	11	$9,262,929	659	$14,595,674	1931	$136,000,000	0	$3,000,000	0	$5,810,300	466	$0	0
LI	$122,256,557	514	$152,145	1	$0	0	$0	0	$170,013	23	$0	0	$0	0	$0	0	$0	0
>=MI	$129,273,284	484	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	2	$0	0
Total	$363,841,768	1511	$694,188	13	$674,383	15	$10,279,698	730	$15,897,592	2090	$136,000,000	0	$3,000,000	30	$5,810,300	468	$648,605	95

**Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

REGION 7



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	3	1%
	Asian or Pacific Islander	0	0%	14	3%
	Black or African American	6	40%	25	6%
	Other	1	7%	36	9%
	Unknown	0	0%	125	31%
	White	8	53%	202	50%
by Ethnicity	Hispanic or Latino	2	13%	122	30%
	Not Hispanic or Latino	13	87%	271	67%
	Unknown	0	0%	12	3%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

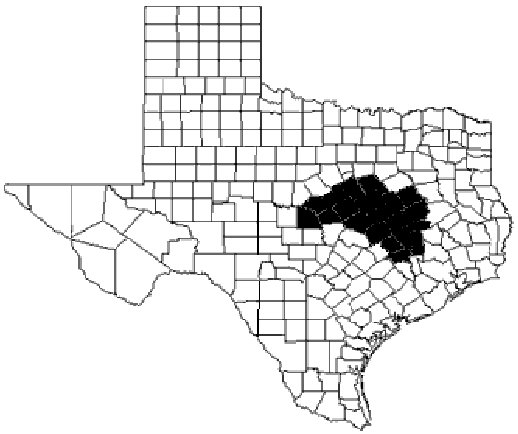
	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$122,313,765	405	$698,615	5	$202,107	10	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$230,935	30	$0	0	$3,223,058	315	$21,084,407	2951	$41,000,000	0	$0	0	$618,883	49	$1,375,070	139
Total	$122,313,765	405	$929,550	35	$202,107	10	$3,223,058	315	$21,084,407	2951	$41,000,000	0	$0	0	$618,883	49	$1,375,070	139

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$5,815,722	21	$582,496	22	$110,819	5	$503,319	49	$204,751	26	$0	0	$0	0	$0	0	$1,375,070	139
VLI	$51,480,076	181	$192,024	10	$84,275	4	$2,719,739	266	$20,088,771	2816	$41,000,000	0	$0	0	$618,883	49	$0	0
LI	$35,341,352	116	$155,031	3	$7,013	1	$0	0	$790,886	109	$0	0	$0	0	$0	0	$0	0
>=MI	$29,676,615	87	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$122,313,765	405	$929,550	35	$202,107	10	$3,223,058	315	$21,084,407	2951	$41,000,000	0	$0	0	$618,883	49	$1,375,070	139

**Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

REGION 8



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	0	0%
	Asian or Pacific Islander	0	0%	4	1%
	Black or African American	2	33%	21	8%
	Other	1	17%	22	8%
	Unknown	1	17%	107	39%
	White	2	33%	118	43%
by Ethnicity	Hispanic or Latino	2	33%	55	20%
	Not Hispanic or Latino	4	67%	215	79%
	Unknown	0	0%	2	1%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

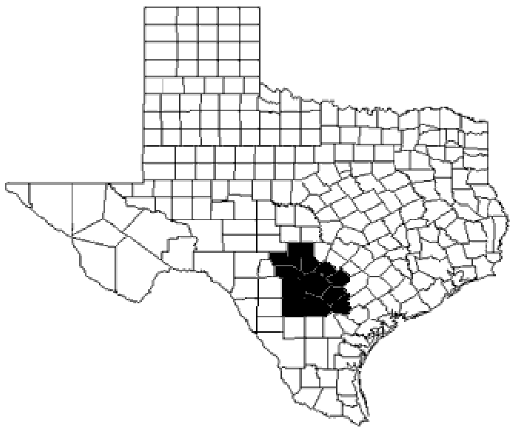
	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$59,632,903	272	$600,095	4	$89,067	2	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$7,581	5	$0	0	$3,392,700	208	$0	0	$0	0	$0	0	$67,201	15	$0	0
Total	$59,632,903	272	$607,676	9	$89,067	2	$3,392,700	208	$0	0	$0	0	$0	0	$67,201	15	$0	0

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$650,782	3	$7,581	5	$0	0	$346,040	21	$0	0	$0	0	$0	0	$0	0	$0	0
VLI	$9,321,969	49	$300,451	2	$44,656	1	$3,046,660	187	$0	0	$0	0	$0	0	$67,201	15	$0	0
LI	$18,863,917	90	$299,644	2	$44,411	1	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
>=MI	$30,796,235	130	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$59,632,903	272	$607,676	9	$89,067	2	$3,392,700	208	$0	0	$0	0	$0	0	$67,201	15	$0	0

**Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

REGION 9



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	3	0%
	Asian or Pacific Islander	0	0%	14	2%
	Black or African American	0	0%	41	5%
	Other	0	0%	56	7%
	Unknown	0	0%	294	36%
	White	19	100%	418	51%
by Ethnicity	Hispanic or Latino	14	74%	241	29%
	Not Hispanic or Latino	5	26%	580	70%
	Unknown	0	0%	5	1%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$204,699,424	826	$1,691,672	11	$290,443	8	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$2,232,817	349	$0	0	$5,608,945	281	$12,377,854	1847	$54,000,000	0	$0	0	$646,473	112	$396,000	59
Total	$204,699,424	826	$3,924,489	360	$290,443	8	$5,608,945	281	$12,377,854	1847	$54,000,000	0	$0	0	$646,473	112	$396,000	59

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$7,549,319	34	$2,169,074	246	$66,790	3	$720,424	35	$969,845	113	$0	0	$0	0	$0	0	$396,000	59
VLI	$54,025,370	242	$980,710	99	$132,632	5	$4,888,521	246	$11,357,955	1725	$54,000,000	0	$0	0	$646,473	111	$0	0
LI	$55,942,137	231	$774,705	15	$0	0	$0	0	$50,054	9	$0	0	$0	0	$0	0	$0	0
>=MI	$87,182,599	319	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	1	$0	0
Total	$204,699,424	826	$3,924,489	360	$290,443	8	$5,608,945	281	$12,377,854	1847	$54,000,000	0	$0	0	$646,473	112	$396,000	59

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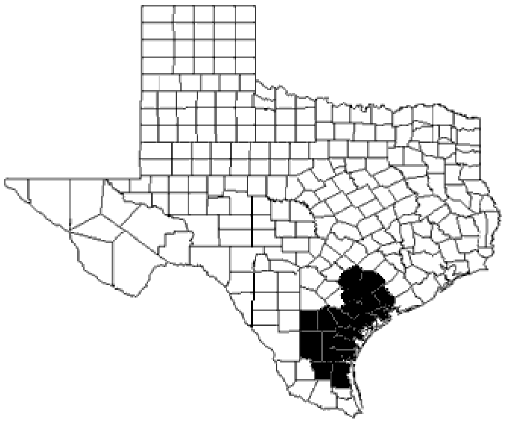
REGION 10



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	0	0%
	Asian or Pacific Islander	0	0%	2	1%
	Black or African American	4	24%	3	2%
	Other	0	0%	2	1%
	Unknown	0	0%	53	33%
	White	13	76%	99	62%
by Ethnicity	Hispanic or Latino	9	53%	56	35%
	Not Hispanic or Latino	8	47%	103	65%
	Unknown	0	0%	0	0%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$31,484,341	159	$2,136,102	14	$134,289	3	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$55,486	23	$0	0	$3,420,716	208	$2,111,436	313	$14,000,000	0	$0	0	$369,137	35	$97,603	15
Total	$31,484,341	159	$2,191,588	37	$134,289	3	$3,420,716	208	$2,111,436	313	$14,000,000	0	$0	0	$369,137	35	$97,603	15

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$0	0	$807,061	23	$0	0	$346,424	21	$0	0	$0	0	$0	0	$0	0	$97,603	15
VLI	$6,249,953	38	$925,886	11	$134,289	3	$3,074,292	187	$2,111,436	313	$14,000,000	0	$0	0	$369,137	35	$0	0
LI	$7,270,299	41	$458,641	3	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
>=MI	$17,964,090	80	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$31,484,341	159	$2,191,588	37	$134,289	3	$3,420,716	208	$2,111,436	313	$14,000,000	0	$0	0	$369,137	35	$97,603	15

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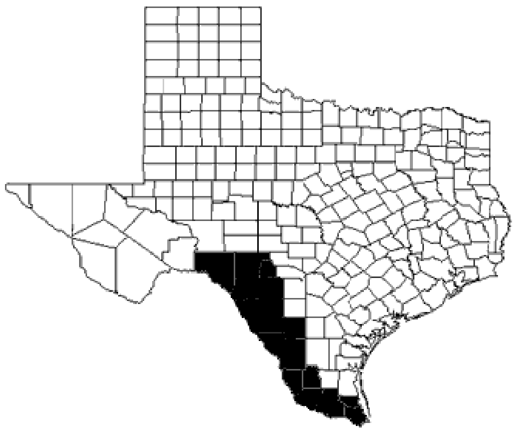
REGION 11



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	0	0%
	Asian or Pacific Islander	0	0%	1	0%
	Black or African American	0	0%	5	1%
	Other	12	43%	12	2%
	Unknown	0	0%	160	29%
	White	16	57%	380	68%
by Ethnicity	Hispanic or Latino	26	93%	175	31%
	Not Hispanic or Latino	2	7%	383	69%
	Unknown	0	0%	0	0%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

FY 2023 Funding/HHs Served by Activity Type

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$114,647,951	558	$2,557,546	18	$210,539	10	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$63,567	21	$0	0	$9,005,944	498	$2,106,342	428	$0	0	$0	0	$0	0	$126,947	25
Total	$103,662,833	551	$300,428	534	$155,610	6	$8,991,048	577	$572,534	236	$0	0	$0	0	$0	0	$128,086	23

FY 2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$2,372,352	13	$869,530	23	$143,044	7	$1,044,932	57	$0	0	$0	0	$0	0	$0	0	$126,947	25
VLI	$18,167,503	103	$1,334,800	12	$67,495	3	$7,961,012	441	$2,106,342	428	$0	0	$0	0	$0	0	$0	0
LI	$21,613,458	115	$416,783	4	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
>=MI	$72,494,637	327	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$114,647,951	558	$2,621,113	39	$210,539	10	$9,005,944	498	$2,106,342	428	$0	0	$0	0	$0	0	$126,947	25

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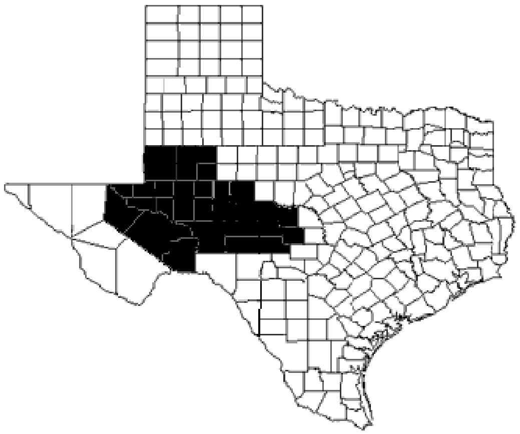
REGION 12



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	0	0%
	Asian or Pacific Islander	2	11%	0	0%
	Black or African American	3	17%	4	3%
	Other	0	0%	2	2%
	Unknown	0	0%	39	31%
	White	13	72%	80	64%
by Ethnicity	Hispanic or Latino	9	50%	41	33%
	Not Hispanic or Latino	9	50%	84	67%
	Unknown	0	0%	0	0%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

2023 Funding/HHs Served by Activity Type

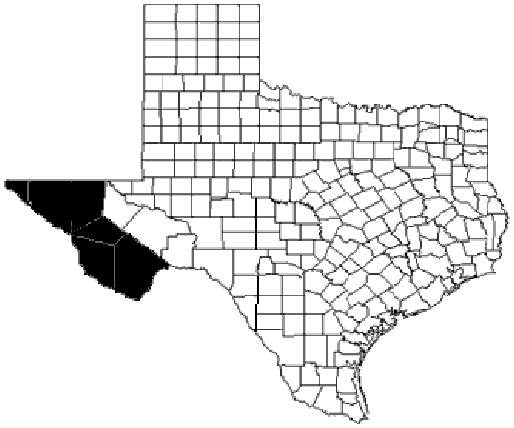
	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$27,598,696	125	$0	0	$561,444	18	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$219,943	52	$0	0	$3,116,408	308	$2,769,837	390	$0	0	$0	0	$61,075	4	$0	0
Total	$27,598,696	125	$219,943	52	$561,444	18	$3,116,408	308	$2,769,837	390	$0	0	$0	0	$61,075	4	$0	0

2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$757,452	3	$171,830	38	$22,500	1	$132,691	9	$171,537	16	$0	0	$0	0	$0	0	$0	0
VLI	$5,449,043	29	$48,113	14	$538,944	17	$2,800,529	274	$2,483,718	355	$0	0	$0	0	$61,075	4	$0	0
LI	$5,819,187	27	$0	0	$0	1	$183,188	25	$114,581	19	$0	0	$0	0	$0	0	$0	0
>=MI	$15,573,015	66	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$27,598,696	125	$219,943	52	$561,444	18	$3,116,408	308	$2,769,837	390	$0	0	$0	0	$61,075	4	$0	0

**Please note all properties funded in FY22 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

REGION 13



Funding/HH Served by Race and Ethnicity*

		HOME and HTF Owner Programs		SF Homeownership Programs*	
		HH	%	HH	%
by Race	American Indian or Alaskan Native	0	0%	0	0%
	Asian or Pacific Islander	0	0%	2	0%
	Black or African American	0	0%	12	2%
	Other	0	0%	23	5%
	Unknown	0	0%	131	27%
	White	18	100%	323	66%
by Ethnicity	Hispanic or Latino	18	100%	133	27%
	Not Hispanic or Latino	0	0%	354	72%
	Unknown	0	0%	4	1%

*Racial and ethnic breakdown of HTC properties can be found in the Housing Sponsor Report

2023 Funding/HHs Served by Activity Type

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Owner Programs	$101,201,560	491	$306,194	2	$355,626	16	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Renter Programs	$0	0	$0	0	$0	0	$1,500,000	104	$5,209,981	648	$0	0	$0	0	$0	0	$78,473	12
Total	$101,201,560	491	$306,194	2	$355,626	16	$1,500,000	104	$5,209,981	648	$0	0	$0	0	$0	0	$78,473	12

2023 Funding/HH Served by Income Category

	SF Homeownership		HOME		HTF		HTC 9%		HTC 4%		MF Bond**		MF Direct Loan**		Section 8 HCV		Section 811	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
ELI	$1,834,863	9	$148,414	1	$177,326	8	$158,654	11	$0	0	$0	0	$0	0	$0	0	$78,473	12
VLI	$17,601,966	94	$157,780	1	$155,800	7	$1,341,346	93	$5,209,981	648	$0	0	$0	0	$0	0	$0	0
LI	$25,383,288	131	$0	0	$22,500	1	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
>=MI	$56,381,443	257	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$101,201,560	491	$306,194	2	$355,626	16	$1,500,000	104	$5,209,981	648	$0	0	$0	0	$0	0	$78,473	12

**Please note all properties funded in FY23 through MF Bond and MF Direct Loan also received funding through the 9% or 4% HTC Programs. Households served will only be listed in the 9% or 4% tax credit household columns in order to prevent double counting.

HOUSING SPONSOR REPORT ANALYSIS

Tex. Gov't Code §2306.072 and §2306.0724 requires the Department to provide property and occupant profiles for multifamily properties with 20 or more units receiving assistance from TDHCA. This report compiled annually includes the contact information for each property, the total number of units, the number of accessible units, the rents for units by type, the racial composition for the property, the number of units occupied by individuals receiving supported housing assistance, the number of units occupied delineated by income group, and a statement as to whether a fair housing agency or federal court found fair housing violations at the property. TDHCA is notified of Fair Housing violations that have been filed with the Texas Workforce Commission, HUD, and the U.S. Department of Justice through its Previous Participation reviews, required reporting by monitored properties, and through the Texas Workforce Commission.

Because of the extensive nature of the information, TDHCA provides this report under a separate publication: the TDHCA Housing Sponsor Report (HSR). The HSR includes an analysis of the collected information, as well as the information submitted by each property. In addition, in fulfillment of Tex. Gov't Code §2306.072(c)(8), the HSR contains a list of average rents sorted by Texas county based on housing sponsor report responses from TDHCA-funded properties.

For more information and a copy of this report, please contact the TDHCA Housing Resource Center at (800) 525-0657 or visit http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm.

GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS

Tex. Gov't Code §2306.111(d) requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its 9% HTCs to the Uniform State Service Regions it uses for planning purposes. Because of the level of funding and the impact of this program in financing the multifamily development of affordable housing across the state, this section of the SLIHP discusses the geographical distribution of HTCs.

The Department allocated $176,844,261 in 4% and 9% HTCs during SFY 2023, which represents a one year value. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's webpage at http://www.tdhca.state.tx.us/multifamily/.

Region	All HTCs	% of all HTCs	9% HTC s	% of all 9% HTCs	4% HTC s	% of all 4% HTCs
1	$6,333,108	3.58%	$4,328,060	5.55%	$2,005,048	2.03%
2	$1,824,600	1.03%	$1,824,600	2.34%	$0	0.00%
3	$47,732,111	26.99%	$13,816,726	17.72%	$33,915,385	34.30%
4	$8,372,727	4.73%	$7,148,915	9.17%	$1,223,812	1.24%
5	$3,929,177	2.22%	$3,929,177	5.04%	$0	0.00%
6	$31,868,142	18.02%	$15,532,468	19.92%	$16,335,674	16.52%
7	$31,326,016	17.71%	$4,811,000	6.17%	$26,515,016	26.82%
8	$6,515,127	3.68%	$5,602,347	7.18%	$912,780	0.92%
9	$19,721,188	11.15%	$5,608,519	7.19%	$14,112,669	14.27%
10	$2,791,435	1.58%	$2,791,435	3.58%	$0	0.00%
11	$7,578,251	4.29%	$7,578,251	9.72%	$0	0.00%
12	$1,898,280	1.07%	$1,898,280	2.43%	$0	0.00%
13	$6,954,099	3.93%	$3,103,770	3.98%	$3,850,329	3.89%
Total	$176,844,261	100.00%	$77,973,548	100.00%	$98,870,713	100.00%

The table above shows the funding distribution of 2023 awards by region and includes the variations between the actual distribution and the 9% HTC RAF targets. Data for 9% and 4% HTC are as of November 2023. The Department plans the credit distributions to match the HTC RAF targets as closely as possible; the RAF targets apply to the 9% HTC program. To that end, as many whole awards as possible are made in each Uniform State Service Region's urban and rural sub-regions based on the RAF target for each. The total remainder in each region is then collapsed into a statewide pool. The most under-served sub-regions are ranked and, if possible, additional awards are made from the statewide pool. If a region does not have enough qualified applications to meet its regional credit distribution target, then those credits will collapse to the statewide pool of remaining credits.

Additional guidance and resources can be found off TDHCA's Multifamily Competitive (9%) Housing Tax Credits webpage: https://www.tdhca.state.tx.us/multifamily/housing-tax-credits-9pct/index.htm Off this page is a link to a map with information on the properties' locations relative to census tracts.

SECTION 4: ACTION PLAN

In response to the needs identified in the Housing Analysis, this Plan outlines Texas Department of Housing and Community Affairs' (TDHCA or the Department) course of action designed to address those underserved needs.

This section of the SLIHP includes the following information per Tex. Gov't Code §2306.072 and §2306.0721:

- A description of methods to use all available housing resources to address the housing needs of special needs populations by establishing funding levels for all housing-related programs as required by Tex. Gov't Code §2306.0721(c)(2).
- A comprehensive statement of the activities of the department during the preceding year to address the needs of special needs populations as required by Tex. Gov't Code §2306.072(c)(2)(D).
- A description of state programs that govern the use of all available housing resources as required by Tex. Gov't Code §2306.0721(c)(4).
- A resource allocation plan targeting all available housing resources to individuals and families of low and very low income and special needs populations as required by Tex. Gov't Code §2306.0721(c)(5).
- Strategies to provide housing for individuals and families with special needs as required by Tex. Gov't Code §2306.0721(c)(7).
- A description of the Department's efforts to encourage incorporation of energy efficient construction and appliances in housing units as required by Tex. Gov't Code §2306.0721(c)(8).
- Strategies for meeting rural housing needs as required by Tex. Gov't Code §2306.0721(c)(11).
- An explanation of TDHCA's Regional Allocation Formula (RAF) as required by Tex. Gov't Code §2306.111(e)(1)

This section is organized as follows:

- 2024 TDHCA Programs: Description of TDHCA's programs organized by division including funding source, administrator, purpose, targeted population, allocation, budget, and contact information.
- Regional Allocation Plans: Distribution of TDHCA's resources across the 13 State Service Regions.
- Policy Initiatives: A brief overview of policy initiatives for TDHCA including Fair Housing and Disaster Recovery.
- Special Needs Populations: Populations that have unique needs related to housing.

2024 TDHCA PROGRAMS

TDHCA's programs govern the use of available resources to meet the housing needs of low-income Texans. Program descriptions include information on funding sources, recipients, targeted beneficiaries, set-asides and special initiatives.

Shortly after the beginning of the pandemic the United States federal government began enacting legislation aimed at helping renters and homeowners. On March 27, 2020, The Coronavirus Aid Relief and Economic Security Act (CARES Act), a $2.2 trillion Federal stimulus bill was passed. On December 28, 2020, the $920 billion Consolidated Appropriations Act was passed. A third bill, the $1.9 trillion dollar American Rescue Plan (ARP), passed on March 11, 2021. On April 2, 2020, TDHCA began receiving federal funds allocated to combat the COVID-19 pandemic. In total TDHCA received $4,842,228,414 .

TDHCA has used these federal funds to combat the COVID-19 pandemic by creating new programs and supplementing programs which were already in place.

The following is a list of TDHCA programs and activities organized by division inclusive of pandemic response assistance:

Community Affairs Division

- Community Services Block Grant (CSBG) Program
- Comprehensive Energy Assistance Program (CEAP)
- Weatherization Assistance Program (WAP)
- Low Income Household Water Assistance Program (LIHWAP)

Community Development Block Grant CARES Act Assistance

- Texas Emergency Rental Assistance Program (TERAP)
- Texas Emergency Mortgage Assistance Program (TEMAP)
- Food Bank Reimbursement Assistance
- Assistance for Persons with Disabilities
- Legal Services for Persons with Disabilities
- Community Resiliency Program

HOME American Rescue Plan (HOME-ARP)

Housing Stabilization Services (HSS)

Manufactured Housing Division

Multifamily Finance Division

- Housing Tax Credit (HTC) Program
- Multifamily Bond (MF Bond) Program
- Multifamily Direct Loan (MF Direct Loan) Program
- National Housing Trust Fund (NHTF)

Section 811 Project Rental Assistance

Single Family and Homeless Programs Division

- Emergency Solutions Grants (ESG) Program
- Emergency Solutions Grant CARES (ESG-CARES) Program
- Homeless Housing and Services Program (HHSP)
- Ending Homelessness Fund (EH Fund)
- HOME Tenant-Based Rental Assistance (TBRA)
- HOME Contract for Deed (CFD)
- HOME Homebuyer Assistance with New Construction or Rehabilitation (HANC)
- HOME Single Family Development (SFD)
- HOME Homeowner Reconstruction Assistance (HRA)
- Neighborhood Stabilization Program (NSP)
- Colonia Self-Help Center (CSHC) Program
- Texas Housing Trust Fund Program
- Texas Bootstrap Loan (Bootstrap) Program
- Amy Young Barrier Removal (AYBR) Program
- Section 8 Housing Choice Voucher (HCV) Program
- Section 8 Emergency Housing Voucher (EHV) Program
- Section 8 Mainstream Voucher Program (MVP)
- Section 8 Veterans Assistance Supportive Housing (VASH) Program

Texas Homeowner Assistance Fund (TxHAF)

- Texas Homeowner Assistance Fund (TxHAF)
- Texas Homeowner Assistance Fund Subrecipient Activities

Texas Homeownership Division

- My First Texas Home (MFTH) Program
- My Choice Texas Home (MCTH) Program
- TEXAS Mortgage Credit Certificate (TX MCC) Program
- Texas Statewide Homebuyer Education Program (TSHEP)
- Texas Homebuyer U (TXHBU)

Texas Rent Relief Division (TRR)

COMMUNITY AFFAIRS DIVISION

The Community Affairs Division offers the Community Services Block Grant (CSBG) Program, Comprehensive Energy Assistance Program (CEAP), Weatherization Assistance Program (WAP), and the Low Income Household Water Assistance Program (LIHWAP).

COMMUNITY SERVICES BLOCK GRANT PROGRAM (CSBG)

The CSBG Program receives funds from the U.S. Department of Health and Human Services (USHHS) for CSBG-eligible entities to receive administrative support funds and for them to provide programs funds that offer emergency and poverty-related programs to income-eligible persons.

Ninety percent of the annual CSBG funds must be provided to eligible entities as defined under Section 673 of the CSBG Act to provide services to low-income individuals. These eligible entities are an established network of private nonprofit entities or units of local government that have each been designated by the Governor as the CSBG-eligible entity for a specified geographic area. TDHCA administers the program through a network of 39 CSBG eligible entities. Persons with incomes at or below 125% of the current federal income poverty guidelines issued annually by USHHS are eligible for the program (the level was raised to 200% of poverty for the CSBG CARES funds). Each CSBG eligible entity decides, through a needs assessment and strategic planning process, how the funds for their specific service area will be used; there is localized flexibility in the use and programming of funds and CSBG eligible entities do not all offer the same programs and services.

Allocations to CSBG-eligible entities are based on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of inverse population density.

Up to 5% of the State's CSBG allocation may be used for discretionary activities. Current discretionary activities include (1) providing additional assistance to CSBG eligible entities to provide direct services to clients; (2) providing assistance to CSBG eligible entities in a variety of ways to improve performance such as meeting CSBG Organizational Standards; (3) supporting assessment, training and technical assistance needs of the CSBG-eligible entities; (4) supporting the state's homelessness coordination in the Balance of State; (5) providing funding to organizations that assist previously incarcerated individuals in obtaining rental housing and other housing related reentry activities; (6) providing funding to organizations that administer projects that address the causes of poverty and promote client self-sufficiency in Native American and migrant seasonal farmworker communities; (7) setting aside funds for disaster recovery immediate response; and (8) support other eligible discretionary activities as authorized by the Department's Board. No more than 5% of the CSBG allocation may be used for administrative purposes by the state. If the full 5% is not needed for administrative purposes, the remainder may be used on a discretionary basis. CSBG funding for FY 2024 is not known at this time, and will depend on federal funding levels. CSBG planning figures for 2023 are based on funding for 2023 which was $36,525,991.

> **CONTACT:** For assistance, individuals should contact the local CSBG eligible entity for their county directly, which can be found online at http://www.tdhca.state.tx.us/texans.htm by selecting "Emergency and Homeless Services" or by calling the Housing Resource Center at 800-525-0657. Program administrators who need more information may call Karen Keith, Community Affairs Division, at 512-475-0471.

ONLINE DOCUMENTS: The CSBG State Plan and other guidance may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/community-affairs/csbg/index.htm.

FUNDING SOURCE: USHHS

TYPE OF ASSISTANCE: Grants

RECIPIENTS: Eligible entities as defined in the CSBG Act

TARGETED BENEFICIARIES: Persons at or below 125% of the federal poverty guidelines

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM (CEAP)

CEAP is funded by the USHHS' Low Income Home Energy Assistance Program (LIHEAP). The purpose of CEAP is to provide energy assistance to income-eligible households. TDHCA administers the program through a network of 35 CEAP subrecipients and one statewide vendor. The subrecipients consist of private nonprofit entities and units of local government. The CEAP subrecipients and vendor make energy payments for eligible households to energy companies through a vendor agreement with energy providers.

Eligible households may be assisted with Utility Assistance and Crisis Assistance benefits, which are the two CEAP assistance components. Benefits are determined on a sliding scale based on income, household size and Federal Poverty Income levels. The Crisis Component is designed to provide one-time energy assistance to households during a disaster such as extreme temperatures or a presidentially declared disaster. A utility disconnection notice may constitute a Crisis in combination with extreme temperatures or a declared disaster.

The targeted beneficiaries of CEAP in Texas are households with an income at or below 150% of federal poverty guidelines, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption.

The allocation formula for CEAP uses the following five factors and corresponding weights to distribute its funds by county: non-elderly poverty household factor (40%); elderly poverty household factor (40%); inverse poverty household density factor (5%); median income variance factor (5%); and weather factor (10%).

CEAP funding for FY 2024 is unknown at this time, and will depend on federal funding levels. CEAP Planning figures for 2024 are based on funding for 2023 which was $188,557,725.

CONTACT: To connect to the local CEAP provider, persons needing assistance may go online at http://www.tdhca.state.tx.us/texans.htm or call 1-877-399-8939 from a landline phone. Program administrators can call Madison Lozano, Community Affairs Division, at 512-936-7798.

ONLINE DOCUMENTS: The Energy Assistance Plan and other guidance may be accessed online at http://www.tdhca.state.tx.us/community-affairs/ceap/.

Funding Source: USHHS

Type of Assistance: Grants

Recipients: Private nonprofits and units of local government

Targeted Beneficiaries: Households with income at or below 150% of federal poverty guidelines

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

WAP is funded by the U.S. Department of Energy (DOE) and USHHS' LIHEAP grant. WAP allocates funding to help low-income households control energy costs through the installation of weatherization (energy-efficient) measures and energy conservation education. The Department administers WAP through a network of 20 WAP subrecipients. The subrecipients consist of private nonprofit entities and units of local government. Typical weatherization measures include attic and wall insulation, weather-stripping and air sealing measures, heating and cooling unit repair and/or replacement, replacement of inefficient appliances such as refrigerators and minor repairs to allow energy efficient measures to be installed in the household.

The targeted beneficiaries of WAP in Texas are households with an income at or below 150% of federal poverty for the LIHEAP WAP and 200% of federal poverty for DOE WAP, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption.

The allocation formula for WAP uses the following five factors and corresponding weights to allocate its funds by county: non-elderly poverty household factor (40%); elderly poverty household factor (40%); inverse poverty household density factor (5%); median income variance factor (5%); and weather factor (10%).

Projected WAP funding for FY 2024 is unknown at this time, and will depend on federal funding levels. WAP funding levels for FY 2024 are based on 2023 federal funding which for LIHEAP was $16,087,951 and for DOE was $9,648,808.

Contact: To connect directly to a local WAP provider, call 211 or 1-888-606-8889, or go online to http://www.tdhca.state.tx.us/texans.htm. Program administrators can call Chad Turner, Community Affairs Division at 512-475-3860.

Online documents: The Weatherization Assistance State Plan and other guidance may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/community-affairs/wap/.

Funding Sources: DOE and USHHS

Type of Assistance: Grants

Recipients: Private nonprofits and units of local government

Targeted Beneficiaries: Households with income at or below 150% of federal poverty guidelines for the LIHEAP WAP and 200% of federal poverty for DOE WAP

LOW INCOME HOUSEHOLD WATER ASSISTANCE PROGRAM (LIHWAP)

TDHCA's LIHWAP program was allocated $51,801,876 from USHHS through the Consolidated Appropriations Act of 2021 and $40,597,082 from the American Rescue Plan Act. Subrecipients and a statewide vendor have until March 31, 2024 to spend both allocations of LIHWAP funds.

See Section 5 Pandemic Response for further information.

Community Development Block Grant (CDBG) CARES Act Assistance

Through the CARES Act TDHCA was awarded $141,846,258 in CDBG to assist households impacted by the pandemic.

See Section 5 Pandemic Response for further information

HOME AMERICAN RESCUE PLAN (HOME-ARP)

Through the American Rescue Plan Act $132,969,147 has been directed through the HOME-ARP Program for activities to support qualified populations, which includes persons experiencing or at-risk of homelessness.

See Section 5 Pandemic Response for further information.

HOUSING STABILITY SERVICES (HSS) DIVISION

Through both allocations of ERA1 and ERA2, $213,345,621.02 has been directed to organizations to provide housing stability services.

See Section 5 Pandemic Response for further information.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division regulates the manufactured housing industry in Texas by ensuring that manufactured homes are well constructed, safe and correctly installed. This division provides consumers with fair and effective remedies; and provides economic stability to manufacturers, retailers, installers and brokers. The Manufactured Housing Division licenses manufactured housing professionals and maintains records of the ownership, location, real or personal property status and lien status (on personal property homes) on manufactured homes. It also records tax liens on manufactured homes. Because of its regulatory nature, the Manufactured Housing Division has its own governing board and executive director.

The Manufactured Housing Division records ownership of approximately 60,000 homes per year and conducts approximately 20,000 inspections per year. Relying on a team of trained inspectors stationed throughout Texas, the Division inspects manufactured homes for warranty issues, habitability and proper installation statewide. The Manufactured Housing Division handles more than 80,000 incoming calls and assists approximately 2,300 walk-in customers per year in its customer service center and investigates approximately 685 consumer complaints a year. Additionally, under a memorandum of understanding, the Manufactured Housing Division inspects Migrant Labor Housing Facilities.

> **Contact:** Texas Department of Housing and Community Affairs, Manufactured Housing Division
>
> PO Box 12489
>
> Austin, TX 78711-2489
>
> (512) 475-2200 or 1-800-500-7074
>
> www.tdhca.state.tx.us/mh

MULTIFAMILY FINANCE DIVISION

The Multifamily Finance Division administers the Housing Tax Credit (HTC) Program and the Multifamily Direct Loan (MF Direct Loan) Program. Multifamily Bond (MF Bond) Program funds, administered within the Bond Finance Division of the Department, are layered with HTCs and frequently MF Direct Loan funds; therefore the MF Bond Program will be described in this section.

HOUSING TAX CREDIT (HTC) PROGRAM

The HTC Program receives authority from the U.S. Department of the Treasury to provide tax credits to nonprofit and for-profit developers. The tax credits are sold to investors, creating equity that decreases the need to incur and service debt; the equity generated through that sale allows the property owners to lease units to low income households at reduced rents. The targeted beneficiaries of the program are very low-income and extremely low-income families at or below 80% of the AMFI, with 60% AMFI being the most common restriction. The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (Code), as amended, 26 USC §42. There are two different housing tax credit programs: the 9% Competitive HTC Program and the 4% Non-competitive HTC Program. Under the Competitive HTC Program, the Code authorizes 9% tax credits in the amount of approximately $2.75 per capita of the state population. TDHCA is the only entity in the state with the authority to allocate HTCs under these programs. As required by the Code and Texas statute, TDHCA develops the HTC Program Qualified Allocation Plan (QAP), which establishes the scoring process and threshold requirements relating to an allocation of housing tax credits. Pursuant to Tex. Gov't Code §2306.6724(c), the Governor shall approve, reject, or modify and approve the Board adopted QAP not later than December 1 of each year.

Fifteen percent of the 9% HTCs under the state ceiling are divided among two statutorily created set-asides and the remainder on a regional basis according to the Regional Allocation Formula (RAF) pursuant to Tex. Gov't Code §2306.111(d)(3) and §2306.1115. The HTC RAF can be found in the TDHCA Allocation Plan section of this Action Plan. These credits are awarded through a competitive application process where each application is scored based on certain selection criteria reflected in the QAP. Moreover, there are eligibility and threshold requirements that must be met pursuant to the QAP. Once reviews and underwriting of the highest scoring applications have been completed, the Board considers the recommendations of TDHCA staff and determines a final award list. The 9%

Competitive HTC Program has an annual application cycle with pre-applications submitted in January, full applications submitted by March, and awards made by the end of July.

The estimated HTC state housing credit ceiling amount for FY 2024 is $82,581,323. Because these credits are claimed each year for ten consecutive years their value (without adjustment for effective tax rates, anticipated depreciation, and other passive gains and losses, or net present value) is roughly ten times that amount.

Under the 4% Non-competitive program, HTCs are awarded to developments that use tax-exempt bonds as a key component of their financing. These tax credit awards are made independent of the annual state housing credit ceiling and are not subject to the RAF. The applications are subject to the eligibility, threshold and underwriting requirements pursuant to the QAP; however, because the credits associated with these applications do not come from the state housing credit ceiling, the application process is considered non-competitive and the scoring criteria identified in the QAP are not applicable. Applications under this program are accepted throughout the year.

Eligible activities under the HTC Program include the new construction, reconstruction, or acquisition and rehabilitation of residential units that will be required to maintain affordable rents for an extended period of time. Rehabilitation developments must meet a minimum threshold for rehabilitation costs per unit. The minimum threshold varies depending on both the age of the property and the other financing involved in the development and are further identified in 10 TAC §11.101(b)(3).

In an effort to promote greater energy efficiency, the HTC Program requires developments to adhere to the statewide energy code and provide Energy Star Rated (or equivalent) appliances. There are also additional incentives for the use of energy-efficient, alternative construction materials and green building initiatives.

MULTIFAMILY BOND PROGRAM

Multifamily Bond (MF Bond) Program funds and Non-competitive 4% Housing Tax Credits (HTC), are administered within the Multifamily Bond Division of the Department. These funds can be layered with MF Direct Loan funds.

TDHCA issues tax-exempt multifamily bonds under its Private Activity Bond (PAB) Program to provide loans for the development of affordable rental housing to nonprofit and for-profit developers who assist very low- to moderate-income Texans. The authority to issue PABs is derived from the Internal Revenue Code and the state's PAB program is administered by the Texas Bond Review Board (BRB). Pursuant to Tex. Gov't Code Chapter 1372, approximately 26.25% of the annual tax-exempt volume cap is set aside for multifamily developments and available to various issuers, of which TDHCA is one, to finance multifamily developments. Of this amount, 20%, or approximately $190 million, will be made available exclusively to TDHCA. On August 15 of each year, any allocations in the sub-ceilings of the PAB Program that have not been reserved by other issuers collapse into one allocation pool. This is an opportunity for TDHCA to apply for additional allocation, for identified projects, which allows TDHCA to issue multifamily bonds in excess of its set-aside for a calendar year.

Issuers submit applications on behalf of development owners to the BRB, utilizing the lottery process or through the waiting list established by the issuer. Eligible bond issuers in the state include TDHCA, Texas State Affordable Housing Corporation (TSAHC), and various local issuers, which include

Housing Finance Corporations and Public Facility Corporations. Applications submitted to TDHCA under its PAB program are scored and underwritten based on criteria identified in the Multifamily Housing Revenue Bond Rules, the Qualified Allocation Plan, and Chapter 2306.

TDHCA accepts applications throughout the year. Developments that receive 50% or more of their funding from the proceeds of tax-exempt bonds under the PAB program are also eligible to apply for 4% Non-competitive HTCs.

In line with the Department's energy efficiency efforts, the MF Bond Program requires applicants to adhere to the statewide energy code and provide Energy Star Rated (or equivalent) appliances.

MULTIFAMILY DIRECT LOAN PROGRAM

The Multifamily Finance Division awards HOME, Tax Credit Assistance Program Repayment Funds (TCAP RF) as available, Neighborhood Stabilization Program Round 1 Program Income (NSP1 PI) as available, Emergency Rental Assistance Funds (ERA2) as available, and National Housing Trust Fund (NHTF) funds to eligible applicants for the development of affordable rental housing. Owners are required to make the units available to Extremely Low-, Very Low- and Low-Income families and must meet long-term rent restrictions. These funds are awarded as specified in published rules and NOFAs by TDHCA and are available to for-profit and nonprofit developers.

HOME funds come from annual formula grant allocations from HUD and program income from repayable multifamily loans. HOME funds can serve households earning up to 80% AMFI. Applicants for HOME funds under the MF Direct Loan program can be for-profit and nonprofit developers. It is anticipated that approximately $20 million in HOME funds will be available in the annual NOFA for SFY 2024. In general, HOME funds may only be used in parts of the state that do not receive their own allocation from HUD, although certain COVID-impacted developments may qualify for a waiver of this requirement.

NATIONAL HOUSING TRUST FUND

National Housing Trust Fund (NHTF) is a program for states that was created under the Housing and Economic Recovery Act of 2008 (HERA). NHTF funding comes from a small percentage of the Federal Home Loan Mortgage Corporation's (Freddie Mac) and the Federal National Mortgage Association's (Fannie Mae) new business purchases annually, rather than from appropriations. HUD determines NHTF formula allocation amounts for each state based on several factors, but primarily the shortage of rental units affordable and available to households with extremely low income. For SFY 2024, TDHCA anticipates making available approximately $20,000,000 in NHTF funds statewide through the NOFA for eligible new construction, rehabilitation, and refinance with rehabilitation activities. NHTF has similar long-term requirements to HOME funds, except households to be served must have incomes at or below the greater of either 30% AMFI or the federal poverty line.

Neighborhood Stabilization Program, Program Income (NSP1-PI) is income generated by the receipt of loan payments under the original NSP. The Department may make funds available as needed during the fiscal year. The NSP1-PI funds are for infill new construction or foreclosed developments in target areas of the state, and generally follow the same long-term requirements as HOME.

The Tax Credit Assistance Program (TCAP) was a program created through the American Recovery and Reinvestment Act of 2009 that was successfully completed in 2012 with full reports in the 2013 SLIHP. Repayment Funds (RF) are income from TCAP loans received after the grant was closed out in March 2012, now called TCAP RF. TCAP RF funds have been awarded through NOFAs in SFY 2015 through SFY 2021. The Department has made those funds available statewide to create a continuing source of funds that will further the Department's mission to create more affordable housing. TCAP-RF funds are also used as HOME match.

CONTACT: For a list of HTC, MF Bond, and MF Direct Loan properties funded through TDHCA, see the online inventory at http://www.tdhca.state.tx.us/multifamily/htc/docs/HTCPropertyInventory.xlsx. For a list of apartment vacancies in your area, contact TDHCA by phone at 1-800-525-0657 or online at http://tdhca.state.tx.us/texans.htm. For more information on the 9% Competitive HTC Program contact Cody Campbell at (512) 475-1676. For more information on the MF Bond and 4% HTC Programs contact Teresa Morales at (512) 475-3344. For more information on the MF Direct Loan program contact Connor Jones at (512) 475-3986.

ONLINE DOCUMENTS: The HTC Program QAP and Multifamily Direct Loan Rules, and Multifamily Housing Revenue Bond Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/multifamily/nofas-rules.htm.

FUNDING SOURCE: U.S. Internal Revenue Service (IRS) and HUD

TYPE OF ASSISTANCE: HTCs, PABs along with HOME, NSP, TCAP RF, and NHTF loans

RECIPIENTS: For-profit entities, nonprofit organizations and CHDOs

TARGETED BENEFICIARIES: AMFI levels are set by program rules and NOFAs, and will vary from 30% AMFI to 80% AMFI, depending on the program.

SECTION 811 PROJECT RENTAL ASSISTANCE PROGRAM

The Section 811 Project Rental Assistance (Section 811 PRA) program provides project-based rental assistance for extremely low-income persons with disabilities linked with voluntary long-term services. The program is made possible through a partnership between TDHCA, the Texas Health and Human Services Commission, (Texas HHSC), the Department of Family and Protective Services (DFPS), local disability service organizations, and participating multifamily properties.

Project rental assistance can be applied to new or existing multifamily developments owned by a nonprofit or private entity with at least five housing units that have received funding through TDHCA's Multifamily Housing programs.

The program is limited to households with a member that meets one of the Target Population definitions and are eligible to receive services through one of the eligible disability service organizations contracted with Texas HHSC or directly through DFPS. Each eligible household must include a qualified member of one of the Target Populations that will be at least 18 years of age and under age 62 at the time of application and admission. All Target Populations are eligible for community-based, long-term care services as provided through Medicaid waivers, Medicaid state plan options, or state funded services and have been referred to TDHCA through their Section 811 Referral Agent.

Target Populations:

- Persons with Disabilities exiting, or having exited within the previous 12 months prior to submitting an application, Intermediate Care Facilities for Individuals with Intellectual Disabilities and Nursing Facilities
- Persons with Serious Mental Illness eligible for services through a Local Mental Health Authority or Behavioral Health Authority
- Youth or Young Adults with Disabilities Exiting Foster Care

The program is limited to properties located in the following Metropolitan Statistical Areas (MSAs):

- Austin-Round Rock
- Brownsville-Harlingen
- Corpus Christi
- Dallas-Fort Worth-Arlington
- El Paso
- Houston-The Woodlands-Sugar Land
- McAllen-Edinburg-Mission
- San Antonio-New Braunfels

The Section 811 PRA Program received a total award of $12,342,000 for HUD PY 2012, an additional $12,000,000 for HUD PY 2013 and $6,982,087 for HUD PY 2019. The program helps extremely low-income individuals with disabilities and their families by providing integrated supportive housing units.

CONTACT: For individuals, or their local service professionals who are interested in accessing a unit through the Section 811 PRA Program, contact Kaitlin Devlin at (512) 936-7796. General program information about the Section 811 PRA Program can be found at: http://www.tdhca.state.tx.us/section-811-pra/index.htm.

ONLINE DOCUMENTS: Resource documents for participating multifamily developments can be found by visiting: https://www.tdhca.state.tx.us/section-811-pra/resource-documents.htm.

FUNDING SOURCE: HUD

TYPE OF ASSISTANCE: Project-Based Rental Assistance

ELIGIBLE PROPERTIES: New or existing multifamily developments owned by a nonprofit or private entity with at least 5 housing units that have received funding through TDHCA's Multifamily Housing programs

TARGETED BENEFICIARIES: The program is limited to individuals who are part of one of the Target Populations and eligible for services through one of the Texas HHSC or DFPS agencies participating in the program. Each eligible household must have a qualified member of a Target Population that will be at least 18 years of age and under the age of 62, and is at or below the Extremely Low Income Limit at the time of admission. The program is only available in limited areas.

SINGLE FAMILY AND HOMELESS PROGRAMS DIVISION

The Single Family and Homeless Programs Division covers a continuum spanning from homelessness to rental assistance to home ownership, from both federal and state funding sources, including funds from the U.S. Department of Housing and Urban Development, the Texas Housing Trust Fund (Texas HTF), General Revenue appropriations, and donations made to the Ending Homelessness Fund.

- The Emergency Solutions Grants (ESG) Program, the HOME Program, and the Neighborhood Stabilization Program (NSP), as well as supplemental appropriations to the Emergency Solutions Grants CARES (ESG CARES) Program share common federal oversight through HUD's Office of Community Planning and Development (CPD) and are HUD funded programs.
- The Colonia Self-Help Center (CSHC) Program, administered under SFHP's Office of Colonia Initiatives (OCI), is funded by the Community Development Block Grant (CDBG) also overseen by HUD CPD. CSHC is provided through a partnership with the Texas Department of Agriculture (TDA).
- Section 8 Program funds, including Housing Choice Voucher (HCV), Emergency Housing Voucher (EHV), Mainstream Voucher (MVP), and Veterans Assistance Supportive Housing (VASH) funds are HUD funded programs overseen by HUD's Office of Public and Indian Housing (PIH).
- The Amy Young Barrier Removal (AYBR) Program and the Texas Bootstrap Loan (Bootstrap) Program are funded through the Texas HTF.
- The Homeless Housing and Services Program (HHSP) is funded with General Revenue, and includes a general and a youth set-aside.
- The Ending Homelessness Fund is funded through voluntary contributions made when renewing vehicle registrations and the fund is held outside of the State Treasury.

EMERGENCY SOLUTIONS GRANTS (ESG) PROGRAM

ESG is funded through HUD. TDHCA uses the HUD funding to award grants to units of general local government and private nonprofit entities that provide persons experiencing homelessness and at risk of homelessness the services necessary to quickly regain stability in permanent housing. ESG funds may be utilized for the payment of certain expenses related to operating emergency shelters; essential services related to emergency shelters and street outreach for persons experiencing homelessness; and, homelessness prevention and rapid re-housing assistance such as rental and utility assistance.

TDHCA programs its ESG funds regionally for each of the HUD-designated Continuum of Care (CoC) Regions according to a combination of the region's proportionate share of a number of factors. The factors may include total population, number of persons experiencing homelessness based on the Point-in-Time count submitted to HUD by the CoCs; persons living in poverty; renters with incomes less than 30% AMI that experience cost burden; the amount of ESG funding received by federal and state funding streams in the past year; and other factors as listed in the administrative rules governing the ESG Program.

ESG funds were available to eligible existing subrecipients though continuing awards, with additional funds made available to subrecipients under a competitive application cycle to provide street outreach, emergency shelter, rapid-rehousing, homelessness prevention, data collection and administration.

SUMMARY OF ESG PROGRAM FUNDING FOR FISCAL YEAR 2023

Projected ESG funding for Federal Fiscal Year (FFY) 2023 is $9,959,390 and will be made available during State Fiscal Year (SFY) 2024. Funding for FFY 2024 is currently unavailable and will depend on federal funding levels.

CONTACT: Individuals seeking assistance may search for providers in their area online at http://www.tdhca.state.tx.us/texans.htm or by calling the Housing Resource Center at 800-525-0657. Organizations interested in becoming program administrators may call Rosy Falcon, Single Family and Homeless Programs Division, at (512) 475-3975.

ONLINE DOCUMENTS: See the State of Texas Consolidated Plan: One Year Action Plan at http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm#consolidated for further details on ESG.

FUNDING SOURCE: HUD

TYPE OF ASSISTANCE: Grants

RECIPIENTS: Local governments and nonprofit entities

TARGETED BENEFICIARIES: Persons experiencing homelessness or those at risk of homelessness; persons at-risk of homelessness who receive homelessness prevention assistance must have incomes less than 30% AMI

ESG CARES

ESG CARES was a one-time appropriation authorized under the CARES ACT. The funds made available to the state were in two allocations totaling $97,792,616 during FY2021. An additional $5,854,004.42 allocation was made available to the state during Federal Fiscal Year (FFY) 2023. No additional fund are expected to be allocated in FFY 2024.

See Section 5 Pandemic Response for further information.

HOMELESS HOUSING AND SERVICES PROGRAM (HHSP)

HHSP was established by the 81st Texas Legislature and codified in statute (Tex. Gov't Code §2306.2585) by the 82nd Legislature. HHSP funds are for the purpose of assisting major urban areas identified in statute in providing housing and services to individuals and families experiencing homelessness, as well as providing local programs to prevent and eliminate homelessness. The assistance includes services to individuals and families experiencing homelessness, including the construction of shelter facilities, direct services related to housing placement, homelessness prevention, housing retention and rental assistance. Funds are either provided to the local jurisdiction or to one local organization designated by the local jurisdiction.

SUMMARY OF HHSP PROGRAM FUNDING FOR FISCAL YEAR 2023

The 88th Legislature appropriated approximately $6.3 million in General Revenue funds for the 2024-2025 biennium for HHSP general set-aside funds, and an additional $3 million in General Revenue funds for HHSP specifically set-aside for youth experiencing homelessness. For SFY2024, approximately $4.3 million dollars in general set-aside funds and $1.5 million dollars in youth set-aside funds was allocated to cities with a population over 285,500 as required by statute. Allocation among the subrecipients is based on total population, percentage of persons in poverty, population of persons with disabilities, incidents of family violence, and the Point-In-Time count of veterans, unaccompanied youth, parenting youth, children of parenting youth, and overall number of persons experiencing homelessness. The cities which are eligible, as of the date of this plan, to participate in HHSP include Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Plano, San Antonio.

CONTACT: HHSP Subrecipients may be found by calling the Housing Resource Center at 800-525-0657. Program administrators may contact Rosy Falcon, Single Family and Homeless Programs Division, at (512) 475-3975.

ONLINE DOCUMENTS: More HHSP information may be accessed online at http://www.tdhca.state.tx.us/home-division/hhsp/index.htm.

FUNDING SOURCE: State General Revenue Funds

TYPE OF ASSISTANCE: Grants

RECIPIENTS: Local governments or designated nonprofit entities in the State's municipalities with a population of 285,500 or more: Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Plano, and San Antonio

TARGETED BENEFICIARIES: Persons experiencing homelessness and those at risk of homelessness, with moderate income level pursuant to Tex. Gov't Code §2306.152

ENDING HOMELESSNESS (EH) FUND

The EH Fund was established by the 85th Texas Legislature by creating the opportunity for a voluntary contribution to be made when renewing the registration of a motor vehicle. The Ending Homelessness Fund is a trust fund outside the State Treasury, held by the Comptroller of Public Accounts and administered by TDHCA. Eligible activities under the EH Fund include any activities eligible under the ESG or HHSP Programs.

SUMMARY OF ENDING HOMELESSNESS FUND FOR FISCAL YEAR 2023

The contributions to the EH Fund are entirely voluntary, and averaged $20,627 per month in fiscal year 2023. Funding for fiscal year 2024 is estimated to be $247,528, assuming the current contribution level is maintained. The EH fund will be distributed to eligible cities and counties that currently participate in the TDHCA ESG Program or the HHSP Program unless the balance of the EH Fund contributions within the fiscal year exceeds $1,000,000, at which time the EH Fund will become available through a NOFA for any eligible entity.

CONTACT: Interested parties regarding the Ending Homelessness Fund may call Rosy Falcon, Single Family and Homeless Programs Division, at (512) 475-3975.

ONLINE DOCUMENTS: https://www.tdhca.state.tx.us/home-division/ending-homelessness-fund.htm

FUNDING SOURCE: Voluntary donations

Recipients: Cities and counties participating in the TDHCA ESG Program or the HHSP Program

Targeted Beneficiaries: Persons experiencing homelessness or those at risk of homelessness; persons at-risk of homelessness who receive homelessness prevention assistance with moderate income level pursuant to Tex. Gov't Code §2306.152 if used in conjunction with HHSP, or with income less than 30% AMFI if used in conjunction with ESG

HOME INVESTMENT PARTNERSHIPS PROGRAM

HOME is authorized under the Cranston-Gonzalez National Affordable Housing Act (42 USC § 12701, et. seq.) and TDHCA receives its HOME funding from HUD.

The purpose of the HOME Program is to expand the supply of decent, safe, and affordable housing for extremely low-, very low- and low-income households and to alleviate the problems of excessive rent burdens, barriers to homeownership, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations to strengthen their capacity to meet the diverse affordable housing needs of lower income Texans. To achieve this purpose, HOME provides loans and grants through units of general local government, public housing authorities, CHDOs, nonprofit organizations and other qualified entities to provide assistance to eligible households. Some annual HOME funds awarded by HUD are set aside for specific activities under the Department's One Year Action Plan; those funds not in such set-asides are made available on a regional basis utilizing the Regional Allocation Formula (RAF). The HOME RAF can be found in the TDHCA Allocation Plan section of this Action Plan chapter. TDHCA also periodically releases deobligated and program income funds for programmatic activity that is not subject to the RAF. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that participants meet and follow state implementation guidelines and federal regulations.

According to Tex. Gov't Code §2306.111, in administering HOME funds, the Department shall expend 95% of these funds for the benefit of non-participating small cities and rural areas that do not qualify to receive funds under the Act directly from HUD. This directs HOME funds into rural Texas. As established in Tex. Gov't Code §2306.111(c) and subject to the submission of qualified applications, 5% of the annual HOME allocation and 5% of program income shall be allocated for applications serving persons with disabilities living in any part of the state (called the Persons with Disabilities (PWD) Set-Aside). Federal regulations require a minimum of 15% of the annual HOME allocation be reserved for Community Housing Development Organizations (CHDOs). CHDO set-aside projects are owned, developed, or sponsored by the CHDO and result in the development of multifamily rental units or units for single-family homeownership. In energy efficiency efforts, HOME requires awardees to adhere to the Department's energy efficiency rules.

Tenant-Based Rental Assistance

Tenant-Based Rental Assistance (TBRA) provides rental subsidy, security and utility deposit assistance. This program allows the subrecipient to provide the assisted tenant with funds to move and to live in any dwelling unit with a right to continued assistance, in accordance with written tenant selection policies, for a period not to exceed 24 months. If available, additional funds may be set-aside to provide assistance for up to 60 months for individuals that meet certain program requirements. A HOME-assisted tenant must also participate in a self-sufficiency program. This program may be utilized to address housing issues arising from declared disasters, as well as for assistance provided under the PWD set-aside. These funds are made available as specified in published rules and NOFAs.

Contract for Deed

The Contract for Deed (CFD) activity provides funds to households for the acquisition or the refinancing of their contract for deed, replacing it with a mortgage loan secured by a deed of trust. Assistance is provided in conjunction with the reconstruction of the housing unit. The newly constructed home must be the principal residence of the homebuyer. At completion of construction activities, all properties must meet the International Residential Code, the Department's Energy Efficiency rules, local building codes, zoning ordinances, local construction requirements, and comply with the universal design features in new construction, established by Tex. Gov't Code §2306.514. The terms of the CFD loan through the Department are often more favorable than the household's previous loan term. These funds are made available as specified in published rules and Notices of Funding Availability (NOFAs).

HOME Homebuyer Assistance with New Construction

The Homebuyer Assistance with New Construction (HANC) activity offers low-interest loans for the construction of single-family housing not currently owned and/or occupied by an eligible homebuyer. The loan may also include funds for the acquisition of real property and associated closing costs. The newly constructed home must be the principal residence of the homebuyer. At completion of construction activities, all properties must meet the International Residential Code, the Department's Energy Efficiency rules, local building codes, zoning ordinances, local construction requirements, and must comply with the universal design features in new construction, established by Tex. Gov't Code §2306.514. These funds are made available as specified in published rules and Notices of Funding Availability (NOFAs).

Single Family Development

Single Family Development (SFD) is a CHDO set-aside activity. CHDO activities include acquisition and new construction of affordable single family housing which must be sold to households at or below 80% AMFI. The newly constructed home must be the principal residence of the homebuyer. At completion of construction activities, all properties must meet the International Residential Code, the Department's Energy Efficiency rules, local building codes, zoning ordinances, local construction requirements, and must comply with the universal design features in new construction, established by Tex. Gov't Code §2306.514. CHDOs can also apply for homebuyer assistance if their organization is the developer of the single family housing project. These funds are made available as specified in published rules and NOFAs.

Homeowner Reconstruction Assistance

The Homeowner Reconstruction Assistance (HRA) activity offers grants or zero-interest deferred forgivable loans for reconstruction or new construction of dilapidated housing units to homeowners. The existing and the reconstructed home must be the principal residence of the homeowner. At the completion of construction activities, all properties must meet the International Residential Code, the Department's Energy Efficiency rules, local building codes, zoning ordinances, local construction requirements, and must comply with the universal design features in new construction, established by Tex. Gov't Code §2306.514.

This program may be utilized to address housing issues arising from declared disasters, as well as for assistance provided under the PWD set-aside. These funds are awarded as specified in published rules and NOFAs.

SUMMARY OF HOME PROGRAM FUNDING

The HOME Allocation from HUD for Federal Fiscal Year (FFY) 2023 is $40,806,971 and will be made available during State Fiscal Year (SFY) 2024. An estimated $16,857,721.95 in HOME program income will be available in the FFY 2023 allocation. From these funds, an estimated $24M will be made available for the Single Family Activities described, with the remainder programmed for the Multifamily Direct Loan Program. Funding for FFY 2024 is currently unavailable and will depend on federal funding levels.

CONTACT: Individuals seeking assistance may search for local providers in their area online at http://www.tdhca.state.tx.us/ or by calling the Housing Resource Center at 800-525-0657. Program administrators can call the Single Family and Homeless Programs Division at (512) 475-4167 or by email at HOME@tdhca.state.tx.us.

ONLINE DOCUMENTS: See the State of Texas Consolidated Plan: One Year Action Plan at http://www.tdhca.state.tx.us/housing-center/pubs.htm for further details on the HOME Program. The HOME Program Rule may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/home-division/.

FUNDING SOURCE: HUD

TYPE OF ASSISTANCE: Loans and grants

RECIPIENTS: Local service providers including units of local government, public housing authorities, nonprofit organizations, CHDOs, and other qualified entities

TARGETED BENEFICIARIES: Maximum AMFI levels are set by program rules and NOFAs and will vary from 30% AMFI to 80% AMFI, depending on the program.

NEIGHBORHOOD STABILIZATION PROGRAM

The purpose of NSP was to redevelop into affordable housing or acquire and hold abandoned and foreclosed properties in areas that were documented to have had the greatest potential for declining property values as a result of excessive foreclosures. NSP was created by the Housing and Economic Recovery Act of 2008 (HERA), establishing a temporary program meant to address economic issues at that time. Although no new NSP funding is being provided to Texas, NSP continues to operate and has approximately 145 land bank properties that still must be put into final use, which is expected to occur before the end of SFY2024. Administrators for land bank property disposition are the administrators already involved in the original purchase of the lots. Program income generated from NSP loan repayments will be utilized for multifamily developments. Information on NSP will remain in the annual SLIHP until all NSP activities are completed and the program has closed out.

CONTACT: Single Family and Homeless Programs Division at (512) 475-0908.

ONLINE DOCUMENTS: http://www.tdhca.state.tx.us/nsp/index.htm

FUNDING SOURCE: Authorized by HERA as a supplemental allocation to the CDBG Program through an amendment to the existing 2008 State of Texas Consolidated Plan One-Year Action Plan

TYPE OF ASSISTANCE: Repayable loans at 0% interest and forgivable loans

RECIPIENTS: Units of local governments and nonprofit affordable housing providers that hold existing agreements

TARGETED BENEFICIARIES: 25% of the award to benefit households with incomes less than or equal to 50% AMI and the balance of the award will be used to benefit households earning 51%-120% AMI.

COLONIA SELF-HELP CENTER PROGRAM

The Division, through the Office of Colonia Initiatives (OCI), acts as a liaison between the Department and the nonprofit organizations and units of local government that administer the CSHC Program and other Department programs along the Texas-Mexico border, and may work in field offices. The OCI provides technical assistance to nonprofits, for-profits, units of local government, community organizations, and colonia residents along the 150-mile Texas-Mexico border region.

Colonia Self-Help Centers were established in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties per Tex. Gov't Code §2306.582 to provide concentrated attention to five colonias in each county. The Department also established Colonia Self-Help Centers in Maverick and Val Verde counties due to their large population of residents of colonias and their designation as economically distressed counties. HB 2893 (87^{th} Regular Session), added Nueces County to the listing of counties in which TDHCA must establish a Colonia Self-Help Center. The operation of the Colonia Self-Help Center (CSHC) Program is funded through a 2.5% set-aside from the Community Development Block Grant (CDBG) Program, a federal entitlement program administered by the Texas Department of Agriculture. Operation of the CSHC Program in each county is managed by a local nonprofit organization, Community Action Agency (CAA), or local unit of government that has demonstrated capacity to operate a Colonia SHC and been selected by the county.

The CSHC Program provides concentrated on-site assistance to low- and very low-income individuals and families in a variety of ways to improve living conditions, including financing or refinancing of a safe, suitable home and credit and debt counseling. The CSHC Program also offers housing rehabilitation, reconstruction, new construction, surveying and platting, and construction skills training. Lastly, the CSHC Program operates tool libraries to support self-help construction by residents of colonias.

Estimated funding for Federal Fiscal Year (FFY) for 2023 the Colonia SHC Program is $1,735,693 and will be made available during State Fiscal Year (SFY) 2024. The funding for FFY2024 is currently unavailable and will depend on federal funding levels.

More detail may be found in Section 6: Colonia Action Plan.

CONTACT: Albert Alvidrez at (915) 834-4925 or albert.alvidrez@tdhca.state.tx.us

Online documents: http://www.tdhca.state.tx.us/oci/centers

Funding Source: HUD

Type of Assistance: Grants and forgivable loans

Recipients: Units of local government, nonprofit organizations, Public Housing Authorities, and CAAs

Targeted Beneficiaries: Households at or below 80% AMFI within targeted colonias

TEXAS HOUSING TRUST FUND PROGRAM

The Texas Housing Trust Fund (Texas HTF) receives general revenue appropriations funding from the State of Texas, including the use of loan repayments from previous projects funded with Texas HTF allocations. Funding is awarded as loans or grants to nonprofits, units of local government, councils of government, local mental health authorities, public agencies and public housing authorities. The targeted beneficiaries of the program are low-, very low- and extremely low-income households. During the Regular Session of the 88th Legislature, the Department was appropriated General Revenue for the Texas HTF in the amount of $9,960,721 for the 2024-2025 biennium. The 2024-2025 Texas Housing Trust Fund Biennial Plan will be presented and approved by the Department's Governing Board at the board meeting of September 7, 2023, and will be submitted to appropriate legislative offices as required by the Texas Government Code.

Texas Bootstrap Loan Program

Known as the Owner-Builder Loan Program in Tex. Gov't Code §2306.751,the Texas Bootstrap Loan (Bootstrap) Program provides loans to eligible applicants in any area of the state to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing through sweat-equity. Overseen by eligible administrators of nonprofit owner-builder housing programs, who may be Colonia Self-Help Centers or other nonprofit organizations. The Owner-Builders must provide a minimum of 65% of the labor required to build or rehabilitate the home. Tex. Gov't Code §2306.753(a) directs TDHCA to prioritize assisting Owner-Builders with an annual income of less than $17,500. The maximum Bootstrap Program loan amount per Owner-Builder is $45,000. A portion, but not more than 10%, of annual funding for the Bootstrap Program may be made available to organizations providing capacity building services to increase and expand the utilization of the Bootstrap Program.

Bootstrap Program funding for FY 2024-2025 is an estimated $3M per year, inclusive of administration funds, with additional funds made available through repayment of prior loans made under the Bootstrap Program.

Contact: Single Family and Homeless Programs Division at (512) 475-4167 or htf@tdhca.state.tx.us

Online documents: http://www.tdhca.state.tx.us/oci/bootstrap.jsp

Funding Source: Texas HTF

TYPE OF ASSISTANCE: Amortizing repayable loans at 0% interest

RECIPIENTS: Nonprofit organizations and Colonia Self-Help Centers

TARGETED BENEFICIARIES: Households at or below 80% AMFI

AMY YOUNG BARRIER REMOVAL PROGRAM

The Amy Young Barrier Removal (AYBR) Program awards grants to units of local government and private nonprofit of up to $22,500 to persons with disabilities at or below 80% AMFI for accessibility modifications and to eliminate life-threatening hazards and correct unsafe conditions. Modifications may include, but are not limited to installing handrails; ramps, buzzing or flashing devices; accessible door and faucet handles; shower grab bars and shower wands; accessible showers, toilets and sinks; and door widening and counter adjustments.

AYBR Program funding for FY 2024-2025 is estimated to be $1.5M per year, inclusive of administration funds, with additional funds made available through repayment of prior loans made under Texas HTF Programs (excluding Bootstrap Program repayment).

CONTACT: Single Family and Homeless Programs Division at (512) 475-4167 or htf@tdhca.state.tx.us

ONLINE DOCUMENTS: http://www.tdhca.state.tx.us/htf

FUNDING SOURCE: Texas HTF

TYPE OF ASSISTANCE: Grants

RECIPIENTS: Units of local government, non-profit organizations, for-profit organizations, and Public Housing Authorities

TARGETED BENEFICIARIES: 80% AMFI

SECTION 8 HOUSING CHOICE VOUCHER PROGRM

TDHCA serves as a public housing authority and receives funding for the Housing Choice Voucher (HCV) Program from HUD for counties included in TDHCA's Public Housing Authority (PHA) Plan. The HCV Program provides rental assistance payments on behalf of low-income individuals and families, including older Texans and persons with disabilities.

Eligibility for the HCV is determined by the PHA based on the total annual gross income and family size and is limited to US citizens and specified categories of non-citizens who have eligible immigration status. Eligible households must have a gross income that does not exceed 50% of HUD's median income for the county or metropolitan area in which the family chooses to live. HUD requires 75% of all new voucher holders to the program to be at or below 30 of the area median income. Median income levels are published by HUD and vary by location. Several factors for eligibility consist of household's income, size and composition, citizenship or satisfactory immigrant status, assets and medical and childcare expenses.

TDHCA Program authority is for approximately 2,497 total housing choice vouchers, however the budget authority provided is not sufficient to utilize this volume of vouchers. The program administers approximately 900 vouchers in 34 counties, or parts of counties, that are not served by local or regional housing voucher programs.

Up to 205 of TDHCA's HCV vouchers are authorized to be utilized anywhere in the state for the Project Access Program, which assists low-income persons with disabilities in transitioning from institutions into the community by providing access to affordable housing to live independently in the community. Aside from serving a special population, Mainstream vouchers (MVP) are administered using the same rules as the other housing choice voucher programs.

The Department also administers 798 Emergency Housing vouchers (EHV) throughout scattered areas of the state of Texas where eligible populations have the greatest need. The EHVs are provided to help assist individuals and families who are (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless.

In addition, the Department administers 50 Veterans Assistance Supportive Housing (VASH) vouchers in coordination with our Veterans Administration Medical Center in Kerr County, Kerrville and Galveston County. The initiative is a collaboration between TDHCA, and the U.S. Department of Veterans Affairs (VA), and property owners.

HCV Program funding for FY 2024 is approximately $6.7 million, excluding EHV. For 2024, funds are awarded monthly based on the number of leased Section 8 Vouchers as shown in HUDs Voucher Management System (VMS).

> **CONTACT:** Individuals needing assistance with the HCV Program should call 1 (800) 237-6500. Individuals seeking other forms of local rental assistance may find other Housing Choice Voucher providers online at: http://www.tdhca.state.tx.us/texans.htm by selecting "Rent Help" or by calling the Housing Resource Center at 800-525-0657.
>
> **ONLINE DOCUMENTS:** Additional documentation, including the Housing Choice Voucher Plan, may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/section-8/.
>
> **FUNDING SOURCE:** HUD
>
> **TYPE OF ASSISTANCE:** Grant, rental subsidy
>
> **RECIPIENTS:** Households at or below 50% AMFI

TEXAS HOMEOWNERSHIP DIVISION

The Texas Homeownership Division offers the My First Texas Home (MFTH) Program, My Choice Texas Home (MCTH) Program, Texas Mortgage Credit Certificate (TX MCC) Program, the Texas Statewide Homebuyer Education Program (TSHEP), and Texas Homebuyer U (TXHBU).

MY FIRST TEXAS HOME PROGRAM

The MFTH Program is funded through (i) the sale of mortgage backed securities (created by pooling mortgage loans originated through the MFTH Program) to third party investors and (ii) the sale of tax-exempt and taxable single family mortgage revenue bonds. The Program is offered on a first-come, first-served basis through a network of participating lenders. The Program provides homeownership opportunities by offering competitive interest rate mortgage loans and down payment assistance for qualified individuals and families whose gross annual household income does not exceed 115% AMFI (100% for households of 2 persons or less), based on IRS adjusted income limits, or 140% AMFI (120% for households of 2 persons or less) if in a targeted area. The purchase price of the home must not exceed stipulated maximum purchase price limits. A minimum of 30% of tax-exempt mortgage revenue bond funds are made available to assist Texans earning less than or equal to 80% AMFI. The Department intends originate and pool MFTH mortgage loans; some will be sold, on the Department's behalf, to third party investors, while others will secure single family mortgage revenue bonds.

Income limits for the program will continue to align with those set by the Internal Revenue Code for tax exempt bond eligibility. These limits are based on income categories determined by HUD. Eligible borrowers must be first-time homebuyers; a first-time homebuyer is anyone who has not had an ownership interest in a primary residence within the last three years. Certain exceptions to the first-time homebuyer requirement, income ceiling, and maximum purchase price limitations apply in targeted areas and/or to qualified Veterans. Targeted areas are defined as qualified census tracts in which 70% or more of the families have an income at or below 80% of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and HUD, respectively. The Qualified Veterans Exemption to the first-time homebuyer requirement applies to a veteran who has been honorably discharged and has not previously received financing as a first-time homebuyer through a single family mortgage revenue bond program.

MFTH Program funding for FY 2024 is dependent, in part, on continuation of federal authority, but is projected to be $600,000,000.

CONTACT: For individuals seeking assistance, call 1-800-792-1119 or go to thetexashomebuyerprogram.com to view Frequently Asked Questions and search for Participating Lenders. Mortgage Companies or Banks interested in becoming a participating lender should email the Texas Homeownership Division at txhomebuyer@tdhca.state.tx.us.

ONLINE DOCUMENTS: http://www.thetexashomebuyerprogram.com

FUNDING SOURCE: Sale of Mortgage Backed Securities into the secondary market; Single Family Mortgage Revenue Bonds

TYPE OF ASSISTANCE: 30-year fixed-rate mortgage loan financing at competitive interest rates, with down payment assistance in a second lien

ADMINISTRATORS: Participating mortgage lenders

RECIPIENTS: Households that are able to qualify for a mortgage loan who earn up to 115% AMFI who meet program guidelines, or 140% AMFI who meet program guidelines in a targeted area

MY CHOICE TEXAS HOME

The MCTH is funded through the sale of mortgage backed securities (created by pooling mortgage loans originated through the MCTH Program) to third party investors. The program is open to first time and non-first time homebuyers, on a first-come, first-served basis through a network of participating lenders. The program provides homeownership opportunities by offering competitive interest rate mortgage loans and down payment assistance for qualified individuals and families whose gross annual household income does not exceed: 80% AMFI for the Fannie Mae HFA Preferred Conventional loan product; 125% AMFI (for FHA, VA, USDA Government loan products if in non-targeted areas, or 140% AMFI for FHA, VA, USDA Government loans products if in a targeted area. The purchase price of the home must not exceed established purchase price limits.

MCTH Program funding for FY 2024 is projected to be $1,000,000,000.

> **CONTACT:** For individuals seeking assistance, call 1-800-792-1119 or go to thetexashomebuyerprogram.com to view Frequently Asked Questions and search for Participating Lenders. Mortgage Companies or Banks interested in becoming a participating lender should email the Texas Homeownership Division at txhomebuyer@tdhca.state.tx.us.ONLINE
>
> **DOCUMENTS:** http://wwwthetexashomebuyerprogram.com
>
> **FUNDING SOURCE:** Sale of Mortgage Backed Securities into the secondary market
>
> **TYPE OF ASSISTANCE:** 30-year fixed-rate mortgage loan financing at competitive interest rates, with down payment assistance in a second lien
>
> **ADMINISTRATORS:** Participating mortgage lenders
>
> **RECIPIENTS:** Households that are able to qualify for a mortgage loan who earn up to 125% AMFI who meet program guidelines, or 140% AMFI who meet program guidelines in a targeted area

TEXAS MORTGAGE CREDIT CERTIFICATE

TDHCA has the ability to issue Mortgage Credit Certificates (MCCs) through its tax-exempt bond authority. The program is offered through a network of approved lenders. An MCC provides first-time homebuyers a federal income tax credit, reducing the homebuyer's potential federal income tax liability. The homebuyer can convert a portion of their annual mortgage interest into a direct income tax credit on their U.S. individual income tax return. The credit may be applied for the life of the loan, as long as the home remains the borrower's primary residence. The Department's MCC Program is currently tiered by purchase price to provide the most efficient use of private activity bond cap and ensure borrowers receive the most financial benefit possible. The individual benefit borrowers can potentially receive is based on the interest rate and the outstanding mortgage amount. MCCs with a credit rate greater than 20% have an annual maximum credit of $2,000. MCCs at or below a 20% MCC credit rate have no annual maximum. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may be carried forward for use during the subsequent three years.

The TX MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115% AMFI (100% for households of 2 persons or less), based on IRS adjusted income limits, or 140% AMFI (120% for households of 2 persons or less) if in a targeted area. In order to participate in the TX MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan used in conjunction with the TX MCC Program may be underwritten utilizing Federal Housing Administration (FHA), VA, U.S. Department of Agriculture's Rural Housing Service, or conventional guidelines at prevailing market rates.

The TX MCC Program may be combined with the MFTH Program where the MFTH Program loan is not packaged and funded through the sale of tax-exempt mortgage revenue bonds. Irrespective of funding source, borrowers must meet the more restrictive eligibility requirements of the TX MCC Program.

TX MCC funding for FY 2024 is dependent on continuation of federal authority, but is projected to be $250,000,000.

CONTACT: For individuals seeking assistance, call 1-800-792-1119 or go to thetexashomebuyerprogram.com to view Frequently Asked Questions and search for Participating Lenders. Mortgage Companies or Banks interested in becoming a participating lender should email the Texas Homeownership Division at txhomebuyer@tdhca.state.tx.us.

ONLINE DOCUMENTS: http://www.thetexashomebuyerprogram.com/products/texas-mortgage-credit-certificate-program

FUNDING SOURCE: Conversion of single family private activity bond authority

TYPE OF ASSISTANCE: Individual tax credit that offsets federal income tax liability

ADMINISTRATORS: Participating mortgage lenders

RECIPIENTS: Households that are able to qualify for a mortgage loan who earn up to 115% AMFI who meet program guidelines, or 140% AMFI who meet program guidelines in a targeted area

TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM

The 75th Texas Legislature passed HB 2577, which charged TDHCA with the development and implementation of a statewide homebuyer education program to provide information and counseling to prospective homebuyers. In 1999, TDHCA created TSHEP to fulfill this mandate. The program leverages the delivery of comprehensive homebuyer education by providing online resources and training to homebuyers.

Currently the program is under review for best way to expand homebuyer education throughout the State of Texas. A list of certified homebuyer education providers along with pertinent program information will continue to be made available and periodically updated on TDHCA's website for any individual seeking homebuyer education and counseling services.

Projected TSHEP funding for FY 2024: $50,000

> **CONTACT:** Individuals seeking homebuyer classes may search for providers in their area online at https://thetexashomebuyerprogram.com/counselors/counselor-list. For more information on TSHEP call TDHCA at 1-800-792-1119.
>
> **FUNDING SOURCE:** State funds
>
> **TYPE OF ASSISTANCE:** Referral services
>
> **RECIPIENTS:** Local nonprofit homebuyer education providers or prospective providers
>
> **TARGETED BENEFICIARIES:** No AMFI limits

TEXAS HOMEBUYER U

TXHBU is a free online tool designed to fulfill the TSHEP mandate to deliver comprehensive homebuyer education for TDHCA's first time homebuyer programs. TXHBU offers two courses: One is a comprehensive pre- and post-purchase tutorial which satisfies the education requirement for TDHCA's first time homebuyer programs; the other is an introductory course to the TX MCC Program.

TEXAS HOMEOWNER ASSISTANCE FUND (TxHAF) and TxHAF SUBRECIPIENT ACTIVITIES

TDHCA TEXAS HOMEOWNER ASSISTANCE FUND (TxHAF) and TxHAF SUBRECIPIENT ACTIVITIES were awarded $842,214,006 through the American Rescue Plan (ARP) Act. These funds are used to assist homeowners impacted by the pandemic.

See Section 5 Pandemic Response for further information.

TEXAS RENT RELIEF (TRR)

TRR provides rental and utility assistance to qualifying applicants to prevent housing instability, potential eviction, and financial hardships for tenants and landlords as a result of the COVID-19 pandemic. The TRR program provides assistance in all 254 counties in the state of Texas.

A total amount of $2,221,318,459 was made available for direct rental and utility assistance provided through TRR.

As of August 2023, TRR has committed all $2,221,318,459 available in direct rental and utility assistance to 323,033 households across Texas. The program has now ended, and is making final payments to households that have already been approved for assistance.

See Section 5 Pandemic Response for further information.

TDHCA ALLOCATION PLANS

The Department has developed allocation formulas for many TDHCA programs in order to target available housing resources to the neediest households in each uniform state service region. These formulas are based on objective measures of need ensuring an equitable distribution of funding.

REGIONAL ALLOCATION FORMULA

Tex. Gov't Code §2306.111(d) and §2306.1115 require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC, and HTF funding when programs are funded above a certain amount. This RAF measures the affordable housing need, available resources and other factors determined by the Department to be relevant to the equitable distribution of housing funds in 13 State Service Regions used for planning purposes. Tex. Gov't Code §2306.111(d) requires that the TDHCA RAF consider rural and urban areas in its distribution of program funding. Because of this, allocations for the HOME, HTC, and HTF programs are allocated by rural and urban areas within each region.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data, respond to public comment, and better assess regional housing needs and available resources. The RAF is released annually for public comment. Slightly modified versions of the RAF are used for Single Family HOME, Multifamily HOME, HTC, and HTF because the programs have different eligible activities, households and geographical service areas.

The RAF uses the following data from the Census Bureau's latest ACS 5-Year Estimates to calculate the regional need and availability distribution:

- Need factors:
    - 200% of Poverty: Number of persons in the region who live at or under 200% of the poverty line
    - Cost Burden: Number of households with a ratio of monthly gross rent or mortgage payment to monthly household income that exceeds 30%
    - Overcrowded Units: Number of occupied units with more than one person per room.
    - Lack of Kitchen: Number of households lacking kitchen facilities
    - Lack of Plumbing: Number of households lacking plumbing facilities
- Availability factor:
    - Unoccupied Housing Units: Number of vacant units available for rent or for sale
- Regional Coverage Factor:
    - Inverse population density: the amount of land per person in each subregion

The provided RAF tables are example amounts only. The final allocation amounts are calculated by the program area staff following the TDHCA Governing Board's approval of the RAF Methodology for the next state fiscal year. Further, even when final allocation amounts are made available, other planning considerations further alter the applicability of the RAF and/or the amounts. To the extent funds received/proposed to be used are below the statutory minimum for any program/activity, or if the proposed activities fall into a statutory exception, the RAF will not be used.

HOME PROGRAM REGIONAL ALLOCATION FORMULA

The HOME RAF is specific to HOME's activities. First, because HOME assists homeowners and renters, homeowner data and renter data is used in the RAF to calculate need and availability factors. HOME single-family activities and multifamily activities are measured by different variables. Because HOME offers single-family rehabilitation, lack of kitchen and lack of plumbing are included in the HOME Single Family RAF to measure housing need. Since HOME Single Family programs are typically scattered site and predominately located in rural areas of the state, a 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.

Secondly, Tex. Gov't Code §2306.111 dictates that the Department shall expend 95% of its HOME funds for the benefit of non-Participating Jurisdictions that do not qualify to receive funds directly from HUD. Therefore, housing need and availability in the cities and counties that are Participating Jurisdictions are not included in the state's RAF. The RAF prioritizes funding opportunities for all HOME-funded activities with some exceptions for federal and state mandated set-asides including CHDO Operating Expenses, housing programs for Persons with Disabilities, and the Contract for Deed Program. The following tables provide examples for the combined regional funding distribution for all of the HOME activities distributed under the RAF, such as the CHDO developments, rental housing development, and various single-family activities.

These tables do not reflect funds available for FY2024. They are examples only.

Example HOME Single Family Program 2024 RAF

Region	Large MSA within Region for Geographical Reference	Example Regional Funding Amount	Example Regional Funding %	Example Rural Funding Amount	Example Urban Funding Amount
1	Lubbock	$798,280.70	5.3%	$146,735.39	$651,545.31
2	Abilene	$673,639.27	4.5%	$134,593.51	$539,045.76
3	Dallas/Fort Worth	$2,680,400.19	17.9%	$2,285,879.38	$394,520.80
4	Tyler	$1,372,932.44	9.2%	$517,937.91	$854,994.53
5	Beaumont	$876,109.89	5.8%	$243,951.30	$632,158.59
6	Houston	$845,888.57	5.6%	$514,867.77	$331,020.80
7	Austin/Round Rock	$1,561,621.60	10.4%	$1,337,053.57	$224,568.03
8	Waco	$1,015,897.67	6.8%	$557,589.82	$458,307.85
9	San Antonio	$749,563.80	5.0%	$420,001.02	$329,562.78
10	Corpus Christi	$767,345.23	5.1%	$266,056.38	$501,288.85
11	Brownsville/Harlingen	$966,048.79	6.4%	$352,682.91	$613,365.88
12	San Angelo	$858,925.14	5.7%	$297,258.34	$561,666.80
13	El Paso	$1,833,346.71	12.2%	$294,881.40	$1,538,465.31
	Total	$15,000,000.00	100.0%	$7,369,488.70	$7,630,511.30

Example HOME Multifamily Program 2024 RAF

Region	Large MSA within Region for Geographical Reference	Example Regional Funding Amount	Example Regional Funding %	Example Rural Funding Amount	Example Urban Funding Amount
1	Lubbock	$499,321.19	4.0%	$392,095.10	$107,226.09
2	Abilene	$408,926.56	3.3%	$328,828.42	$80,098.14
3	Dallas/Fort Worth	$2,605,494.22	20.8%	$397,689.74	$2,207,804.47
4	Tyler	$1,369,345.57	11.0%	$869,164.91	$500,180.65
5	Beaumont	$801,120.29	6.4%	$613,421.28	$187,699.00
6	Houston	$884,971.38	7.1%	$324,419.79	$560,551.59
7	Austin/Round Rock	$1,582,488.62	12.7%	$170,934.52	$1,411,554.10
8	Waco	$1,044,395.78	8.4%	$369,812.27	$674,583.51
9	San Antonio	$774,530.47	6.2%	$317,623.17	$456,907.31
10	Corpus Christi	$609,281.73	4.9%	$388,140.42	$221,141.30
11	Brownsville/Harlingen	$1,019,969.70	8.2%	$620,471.37	$399,498.33
12	San Angelo	$486,293.03	3.9%	$228,365.13	$257,927.90
13	El Paso	$413,861.46	3.3%	$34,981.30	$378,880.16
	Total	$12,500,000.00	100.0%	$5,055,947.44	$7,444,052.56

TEXAS HOUSING TRUST FUND PROGRAM REGIONAL ALLOCATION FORMULA

According to Tex. Gov't Code §2306.111(d-1)(3), the RAF does not apply to activities with less than $3,000,000 of funding. The Texas Bootstrap Loan Program has not received more than $3,000,000. Tex. Gov't Code §2306.111(d-1)(2) also dictates that the RAF does not apply to activities primarily designed to serve persons with disabilities, and therefore the Amy Young Barrier Removal Program is exempt from the RAF. However, a regional dispersion may be utilized when releasing Amy Young Barrier Removal Program funds through the reservation system to ensure that all rural and urban areas of the state have an opportunity to access funds. No Texas HTF funds are subject to the RAF for SFY 2024.

HOUSING TAX CREDIT REGIONAL ALLOCATION FORMULA

In accordance with Tex. Gov't Code §§2306.111(d) and 2306.1115, TDHCA allocates HTC Program funds to each State Service Region using a need-based formula developed by the Department. For HTC, because the program only assists renters, only renter data was used in the RAF.

The HTC RAF provides for a minimum of $600,000 in each rural and urban state service region, and the HTC allocation methodology ensures that a minimum of 20% of the state's tax credit amount is awarded to rural areas.

Example Housing Tax Credit Program 2024 RAF

Region	Place for Geographical Reference	Example Regional Funding Amount	Example Regional Funding %	Example Rural Funding Amount	Example Urban Funding Amount
1	Lubbock	$1,876,891.76	2.9%	$668,867.06	$1,208,024.70
2	Abilene	$1,215,272.01	1.9%	$600,000.00	$615,272.01
3	Dallas/Fort Worth	$15,401,419.03	23.7%	$633,425.70	$14,767,993.33
4	Tyler	$2,479,180.90	3.8%	$1,398,175.37	$1,081,005.53
5	Beaumont	$1,985,376.00	3.1%	$1,002,374.02	$983,001.98
6	Houston	$14,599,702.76	22.5%	$600,000.00	$13,999,702.76
7	Austin/Round Rock	$5,281,558.90	8.1%	$600,000.00	$4,681,558.90
8	Waco	$3,057,345.90	4.7%	$608,111.32	$2,449,234.58
9	San Antonio	$6,166,837.24	9.5%	$600,000.00	$5,566,837.24
10	Corpus Christi	$1,868,058.08	2.9%	$649,607.43	$1,218,450.65
11	Brownsville/Harlingen	$6,538,613.65	10.1%	$960,394.21	$5,578,219.45
12	San Angelo	$1,467,726.62	2.3%	$600,000.00	$867,726.62
13	El Paso	$3,062,017.15	4.7%	$600,000.00	$2,462,017.15
	Total	$65,000,000.00	100.0%	$9,520,955.11	$55,479,044.89

Further, TDHCA is required by §42(m)(1) of the Internal Revenue Code and Tex. Gov't Code §2306.6702 to develop an annual Qualified Allocation Plan (QAP) to establish the procedures and requirements relating to the allocation of Housing Tax Credits. The QAP is revised annually in a process that involves public input, Board approval and ultimately approval by the Governor. Under the competitive HTC program, to be considered for an award of housing tax credits, an application must be submitted to TDHCA during the annual application acceptance period as published in the QAP. All applications must provide the required fee, application and supporting documentation as required by the QAP and the Department's rules, as well as meeting all eligibility and threshold requirements.

For more information on the RAF and further description of the formula, please contact the Housing Resource Center at (512) 475-3976.

POLICY INITIATIVES

The mission of the Texas Department of Housing and Community Affairs is to administer its assigned programs efficiently, transparently, and lawfully and to invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive. In addition to the goals established by the Department's Legislative Appropriations Request, the Riders in the General Appropriations Act and state law, TDHCA continues to search for new ways to meet its mission. The following are policy initiatives for TDHCA. A vast amount of TDHCA's efforts since March 2020 have gone toward expanding existing programs and establishing new programs to deliver assistance to communities and households affected by the pandemic.

FAIR HOUSING

Through education, outreach, training, program administration, monitoring, and rule provision, TDHCA works to ensure that its housing and assistance programs are compliant with HUD's requirements and regulations regarding fair housing.

Education, Outreach and Training

The Texas Workforce Commission's (TWC) Civil Rights Division (CRD) is tasked with enforcing the State of Texas's Fair Housing Act, which was passed in 1989 and prohibits discrimination based on race, color, national origin, sex, religion, familial status, and disabilities in homeownership or rental housing opportunities. TDHCA works with TWC to ensure that prospective applicants and residents are aware of TWC's complaint process and that owners and management agents operating TDHCA properties and programs are aware of their responsibilities under the Federal and State Fair Housing Act. TWC offers free fair housing training. TDHCA staff also offers webinar training opportunities throughout the year, and more tailored training upon request to help ensure equal access to TDHCA programs.

Each April, in celebration of Fair Housing Month, TDHCA and TWC collaborate to present an online webinar series providing an overview of Fair Housing and other topics such as the basics of the reasonable accommodation process and guidance on assistance animals. Materials presented at these annual webinars are available on TDHCA's Fair Housing webpages at https://www.tdhca.state.tx.us/fair-housing/presentations.htm and on the Department's YouTube channel.

In 2020 TDHCA was awarded a HUD Fair Housing Education Outreach Initiatives (FEOI) grant. Through this grant staff were able to translate all of its Fair Housing training webinars into both English and Spanish, including translated slides, transcripts, and handouts. TDHCA's Fair Housing team was awarded another FEOI grant in 2023. The purpose of the grant is to expand the reach of visibility of the Fair Housing materials generated by the 2020 FEOI grant and further promote the initiatives of the TDHCA Analysis of Impediments. All TDHCA new hires complete fair housing training within the first 90 days of employment. The HUD-approved training is provided online, at no cost through the TWC CRD.

TDHCA's Fair Housing team provides approval for and maintains a list of Certified Fair Housing training providers. The list of these approved trainers is available on the Department's website and is used by Development Owners, managers, architects and engineers as it relates to multifamily residential rental developments awarded under the Department's Housing Tax Credit Program or other multifamily loan programs. Certified Fair Housing training providers may be approved for a period of two years, after which they must re-submit their qualifications for subsequent approval by Fair Housing staff.

The Department's Language Access Plan is revised biennially and defines the actions to be taken by the Department to ensure meaningful access to agency services, programs, and activities for persons who have Limited English Proficiency. The agency contracts with third-party translation and interpreting services through two vendors available on an as-needed basis. Those who are unable to speak, read, write, or understand the English language may call the Department to request translation assistance with any document, event or other information from the Department.

Program Administration and Monitoring

Annually TDHCA's Fair Housing team examines HUD's Fair Market Rents (FMRs) and Small Area Fair Market Rents (SAFMRs) to determine if payment standards in the Department's Housing Choice Voucher (HCV) Program service area may need to be adjusted to expand tenant housing choices. In areas where market rents are high and there is high demand for rental units, it can be challenging for a voucher holder to find a unit. The establishment of the Department's HCV payment standards are important because it determines whether a household will be able to find a unit they can afford with the voucher the Department issues.

The Fair Housing team has assumed the role of reviewing the Written Policies and Procedures and Affirmative Marketing Plans of multifamily properties that are monitored by TDHCA. These reviews are conducted on a 5 year schedule and may also be required based on complaints received about the properties.

The Department is also the lead agency in generating the State's comprehensive five year air housing planning document called the Analysis of Impediments to Fair Housing Choice (AI) . The Fair Housing team is in charge of this process and coordinates with other agencies receiving HUD Community Planning and Development funds to produce the required analysis. The Fair Housing team visited locations across the State in order to garner input and identify impediments to fair housing choice and elicited extensive input and comment for the 2019 AI. The next AI will be due in late 2024 and the Fair Housing team will continue to play the lead role in its production.

HOMELESS INDIVIDUAL CAMPING (HIC) PLANS

During the 87th Regular Legislative Session, the Texas Legislature passed HB 1925 which established prohibitions on camping in public places, created a criminal offense in Texas Penal Code for prohibited camping, and established new Subchapter PP of Chapter 2306 of the Texas Government Code, entitled Property Designated by Political Subdivision for Camping by Homeless Individuals.

This addition to the Texas Government Code provides that a political subdivision may not designate a property to be used by homeless individuals to camp unless the Texas Department of Housing and Community Affairs (TDHCA) has approved a plan submitted by the political subdivision. TDHCA has established rules and procedures for how local municipalities can submit HIC Plans.

To date no HIC Plans have been submitted to TDHCA for approval. More information on HIC Plans can be found at https://www.tdhca.state.tx.us/HIC-Plans.htm

DISASTER RECOVERY

TDHCA does not receive funds designated for disaster relief, but as available, may provide deobligated, discretionary, or other funds for disaster relief support. TDHCA's practice is to maintain a HOME Disaster Relief (HOME DR) fund balance of $1 million from deobligated funds and program income whenever possible. Additionally, a portion of CSBG Discretionary funds are typically held through a portion of the year should a Community Action Agency need additional funds to respond to a disaster in their coverage area. As with all TDHCA programs, funding for the Department's disaster relief activities is subject to availability. All activities supported through TDHCA funding must follow applicable program rules, including but not limited to eligible applicants, beneficiaries, activities, etc., unless otherwise waived.

SPECIAL NEEDS POPULATIONS

ELDERLY PERSONS

The MF Direct Loan Program, HTC Program, and MF Bond Program require owners to provide resident supportive services for the benefit of the residents.

CSBG eligible entities operate programs targeting the elderly. Such programs include Meals-on-Wheels, congregate meal programs, senior activity centers and home care services.

The Department's CEAP and WAP give preference to the elderly as well as other special needs and priority populations. Subrecipients must conduct outreach activities for these special needs populations.

Homeowner Reconstruction Assistance, offered through the HOME Program, and the Amy Young Barrier Removal Program, funded with the Texas Housing Trust Fund, provide funds for the repair and rehabilitation of homes owned by low-income households. Many of the assisted households are aging Texans, thereby facilitating their ability to remain in their communities, keep existing social networks intact, and decrease dependence on institutional assistance.

FARMWORKERS

TDHCA addresses farmworker issues by licensing and inspecting migrant labor housing facilities and conducting periodic studies on farmworker needs. In addition, the CSBG and HTC programs serve or prioritize funding for farmworkers.

The QAP, which governs the Competitive 9% HTC Program, offers points in the scoring criteria for developments that propose to set aside 5% of the units for persons with special needs. One of the nine special needs categories for the HTC Program is farmworkers.

In addition, the CSBG and HTC Programs serve or prioritize funding for farmworkers. TDHCA set aside a portion of its Program Year 2023-24 CSBG state discretionary funds to fund educational and employment opportunities for migrant seasonal farmworker and Native American populations. The Department's CSBG State Plan approved by USHHS includes Native Americans and migrant seasonal farmworker populations as special populations eligible for services provided by CSBG state discretionary funds.

PERSONS EXPERIENCING HOMELESSNESS

While the HTC Program is well-known and primarily used for the construction, acquisition and/or rehabilitation of housing that serves the general population or elderly populations, it also is used to develop permanent supportive housing for homeless populations. Each year several awards are to such developments. Moreover, the QAP, which governs the Competitive 9% HTC Program, offers points in the scoring criteria for developments that propose to set aside 5% of the units for persons with special needs. One of the nine special needs categories for the HTC Program is homeless populations. The QAP also offers points for Development that set aside an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness; to garner these points developments cannot reject an applicant for reasons of credit history or prior rental payment history.

TDHCA administers the CSBG Program, CEAP, LIHWAP, ESG and ESG CARES Programs, HHSP, HSS, EHV, and HOME-ARP to serve persons at risk of homelessness or experiencing homelessness.

During the 88th legislature, two set-asides of funds were established to address homelessness for specific populations. The Department must set-aside $400,000 in general revenue each year of the 2024-2025 biennium to fund initiatives to assist veterans experiencing homelessness. Additionally,

$1M was appropriated in a supplemental appropriation to address youth homelessness in Fort Bend County. These funds are not yet programmed, but further progress will be reported in the 2025 SLIHP.

PERSONS LIVING WITH HIV/AIDS AND THEIR FAMILIES

The QAP, which governs TDHCA's Competitive 9% HTC program, offers points in the scoring criteria for developments that propose to set aside 5% of the units for persons with special needs; one of the nine special needs categories for the HTC Program is persons with HIV/AIDS.

PERSONS WITH DISABILITIES (Mental, Physical, and Developmental)

TDHCA plays an active role in the Housing and Health Services Coordination Council (HHSCC) and the Disability Advisory Workgroup (DAW), both of which provide critical input on behalf of people with disabilities. TDHCA's involvement with these two groups is described in the "Community Involvement" section of the Public Participation section of this document. In addition to its relationships with the DAW and the HHSCC, the Department is also an active member of the Statewide Behavioral Health Coordinating Council. The Department shows its commitment to reducing impediments to affordable housing for persons with disabilities in a variety of programs, policies, and rules designed to reach persons with disabilities across the state. These items are not limited to, but include the following:

ESG Subrecipients may choose to prioritize certain subpopulations to serve with their ESG state funds. In the TDHCA awards more points to applicants for competitive funds whose ESG programs would serve subpopulations that typically have higher barriers to obtaining and maintaining housing, which includes persons experiencing chronic homelessness, for which the definition includes a disabling condition; persons experiencing severe mental illness; and persons with substance abuse disorders.

TDHCA is one of 31 states awarded funds by HUD for the Section 811 PRA Program. TDHCA was awarded the full amount requested for HUD's 2012, 2013, and 2019 rounds. These three grants provide project-based rental assistance for extremely low-income persons with disabilities in eight MSAs in Texas, including Austin-Round Rock; Brownsville-Harlingen; Corpus Christi, Dallas-Fort Worth-Arlington; El Paso; Houston-The Woodlands-Sugar Land; McAllen-Edinburg-Mission; and San Antonio-New Braunfels. Eligible households must include a member of one of the following Target Populations: 1) Persons Exiting Nursing Facilities 2) Persons Exiting Intermediate Care Facilities for People with Intellectual and Developmental Disabilities 3) Youth and Young Adults Exiting Foster Care with Disabilities; and 4) Persons with Serious Mental Illness. The service areas of the program and target populations selected were the result of an extensive public input process involving persons with disabilities, developers, advocates and state agencies. The purpose of this program is to provide long-term project-based rental assistance contracts for affordable housing units set aside for extremely low-income persons with disabilities. TDHCA entered into an Inter-Agency Agreement with Texas HHSC and DFPS, which was a requirement of the Section 811 PRA grant application. This Inter-Agency Agreement outlines the targeted populations for the Section 811 PRA Program, methods of outreach and referral and commitments of availability of services from Texas HHSC and DFPS contractors.

Highlights specific to Multifamily Properties:

- The MF Direct Loan Program, HTC Program, and MF Bond Program rental developments must conform to Section 504 standards, which require that at least 5% of the development's units be accessible for persons with physical disabilities and at least 2% of the units be accessible for person with hearing and visual impairments. The 2022 QAP requires some otherwise exempt Developments to comply with Fair Housing accessibility requirements.

- Tex. Gov't Code Chap. 2306 and TDHCA's QAP require all TDHCA Multifamily properties funded after September 1, 2001, to operate in compliance with Section 504 of the Rehabilitation Act of 1973. Owners are required to pay for reasonable accommodations/modifications requested by persons with a disability. TDHCA's Fair Housing Team and Compliance Division have produced a Tenant Rights and Resources Guide for TDHCA Monitored Properties that highlights rights to reasonable accommodations and ways to file discrimination complaints in the state of Texas.

- The QAP includes a requirement that TDHCA Multifamily units originally occupied on or after March 13, 1991, meet certain standards for visitability. The standards are designed so that residents who do not require a fully accessible unit will be able to use it, and residents of all units will be able to have visitors with mobility disabilities.

In addition, advocates for the aging and persons with disabilities continue to stress the importance that these populations have the ability to live independently and remain in their own homes and communities. Advocates consider access to rehabilitation funds for accessibility modifications of single-family housing a priority. Through the Amy Young Barrier Removal Program, the rehabilitation funds perform minor physical modifications such as the installation of handrails, grab bars, and ramps, as well as the construction of wheelchair-accessible bathrooms and kitchens, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization. Likewise, the availability of rental vouchers that provide options beyond institutional settings is a high priority. Since many persons with disabilities and older Texans live on fixed incomes, such as Supplemental Security Income, another recognized need is deeply affordable rents.

As established in Tex. Gov't Code §2306.111(c) and subject to the submission of qualified applications, 5% of the annual HOME Program allocation, including 5% of HOME Program Income, is allocated for serving persons with disabilities living in any part of the state. The 2023 HOME Investment Partnerships Program Persons with Disabilities Set-Asides Reservation System NOFA allows administrators to provide tenant-based rental assistance and homeowner reconstruction assistance under the Persons with Disabilities Set-Aside. Furthermore, construction activities for single family housing allowed for an increased budget for accessibility features requested by households for accessibility modifications.

Priority for energy assistance through CEAP and WAP are given to persons with disabilities as well as other special needs and prioritized groups. Local providers must implement special outreach efforts for these special needs populations. In addition, five million in CDBG CARES funding has been targeted for providers and facilities that assist persons with disabilities.

Integrated Housing Rule

Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers.” The Department, with the assistance of the TDHCA Disability Advisory Workgroup, developed an integrated housing rule to address this concern. The Integrated Housing Rule, for use by all Department housing programs, was updated in March 2021, found at 10 TAC §1.15, and is summarized as follows:

A household with disabilities is a household composed of one or more persons, at least one of whom is an individual who is determined to have a physical or mental impairment that substantially limits one or more major life activities; or having a record of such an impairment; or being regarded as having such an impairment.

A housing development may not restrict occupancy solely to households with disabilities unless required by a federal funding source.

- Large housing developments (50 units or more) shall provide no more than 25% of the units of the development set aside exclusively for households with disabilities. The units must be dispersed throughout the development.
- Small housing developments (less than 50 units) shall provide no more than 36% of the units of the development set aside exclusively for households with disabilities. These units must be dispersed throughout the development.
- Set-aside percentages outlined previously refer only to the units that are to be solely restricted for households with disabilities. This section does not prohibit a property from having a higher percentage of occupants with disabilities.
- Property owners may not market a housing development entirely, nor limit occupancy to, households with disabilities.

Exceptions to the rule are made for rental transitional housing, shelters and rental or ownership of scattered site single family developments with no more than four units per non-adjacent lot, and for cases in which the TDHCA Board provides a waiver and affirms that the waiver of the rule is necessary to serve a population or subpopulation that would not be adequately served without the waiver, and that the Development, even with the waiver, does not substantially deviate from the principle of Integrated Housing.

PERSONS WITH SUBSTANCE USE DISORDERS

TDHCA addresses the needs of persons with alcohol and substance abuse issues through the ESG, HTC, HSS, and HTC programs.

The HTC Program QAP offers points in the scoring criteria for developments that propose to set aside 5% of the units for persons with special needs. One of the nine special needs categories for the HTC Program is persons with alcohol and substance use disorders.

TDHCA addresses the needs of persons with alcohol and substance abuse issues through the HTC and ESG programs.

Additionally, ESG Subrecipients may choose to prioritize certain subpopulations to serve with their ESG state funds. TDHCA awards more points to applicants for competitive funds whose ESG programs would serve subpopulations that typically have higher barriers to obtaining and maintaining housing, including persons with substance abuse disorders.

PERSONS WITH VIOLENCE AGAINST WOMEN ACT (VAWA) PROTECTIONS

The QAP, which governs the Competitive 9% HTC program, offers points in the scoring criteria for developments that propose to set aside 5% of the units for persons with special needs. One of the nine special needs categories for the HTC Program is persons protected by the VAWA.

The Texas HHS Family Violence Program provides emergency shelter and support services to victims and their children, educates the public, and provides training and prevention support to various agencies. Services can include hotline services, information and referral, counseling, assistance in obtaining medical care and employment, and transportation services.

ESG Subrecipients may choose to prioritize certain subpopulations to serve with their ESG program, including survivors of domestic violence. The State ESG program typically funds a number of programs serving survivors of domestic violence because many shelters in Texas serve that subpopulation and in the competition for funds, their applications have scored competitively.

The allocation formula for HHSP funds includes incidents of family violence, as determined by reports from local police departments, in assessing the amount of funds received by each community. This increases HHSP funding available in communities with disproportionate instances of family violence.

RESIDENTS OF COLONIAS

The OCI, HOME, Texas HTF, and HTC programs provide incentives to serve or prioritize the special needs of colonia residents.

The QAP, which governs the Competitive 9% HTC Program, offers points in the scoring criteria for developments that propose to set aside 5% of the units for persons with special needs. One of the nine special needs categories for the HTC Program is colonia residents. In addition, the QAP offers points for developments located in underserved areas, which includes colonias.

The HOME Program administers the Contract for Deed activity to assist households with the acquisition of property held in an executor contract for conveyance, also known as a contract for deed. This instrument was prevalent in colonia areas, and funding for the CFD is initially set-aside for colonia residents for a minimum of 60 days before being made available outside of colonias. CFD assistance providers may also provide refinancing of loan terms in conjunction with providing funds for the reconstruction of substandard units.

In 1996, TDHCA created the OCI in an effort to place greater emphasis on addressing the needs of persons residing in colonias. The OCI is charged with implementing some of the Department’s legislative initiatives and programs involving border and colonia issues. The fundamental goal of the OCI is to improve the living conditions and lives of border and colonia residents and to educate the public regarding the services that the Department has to offer. The OCI provides technical assistance to colonia residents and the entities that serve them. The OCI is instrumental in facilitating the success of the Colonia Self-Help Centers.

RESIDENTS OF PUBLIC HOUSING

The HTC Program is consistently used for the redevelopment of public housing authority property, which is mostly being accomplished through HUD's Rental Assistance Demonstration Program (RAD).

TDHCA believes that the future success of Public Housing Authorities (PHAs) will center on ingenuity in program design, maximizing resources, 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 public housing authorities, it does maintain a relationship with these service providers and PHAs can access HOME funding for single family activities including Homeowner Reconstruction Assistance, Homebuyer Assistance with New Construction, and Tenant-Based Rental Assistance.

VETERANS AND WOUNDED WARRIORS

The QAP, which governs the 9% Competitive HTC program, offers points in the scoring criteria for developments that propose to set aside 5% of the units for persons with special needs. One of the nine special needs categories for the HTC Program is veterans and wounded warriors. In addition, the QAP requires that development owners affirmatively market to veterans.

In addition to operating a project-based Veterans Assistance Supportive Housing (VASH) contract in Kerrville, TDHCA also administers tenant-based VASH vouchers in the Fort Bend and Galveston jurisdictional area. The initiative is a collaboration between TDHCA, and the U.S. Department of Veterans Affairs (VA).

ESG Subrecipients may choose to prioritize certain subpopulations to serve with their ESG state funds. TDHCA awards more points to applicants whose ESG programs would serve subpopulations that typically have higher barriers to obtaining and maintaining housing, including veterans.

YOUTH AND YOUNG ADULTS AGING OUT OF FOSTER CARE

Under the HTC Program, full-time, income eligible students are eligible to live in a tax credit property if he or she was previously under the care and placement of a foster care agency.

The Department is one of 31 states awarded funds for the Section 811 PRA Program by HUD. The purpose of this program is to provide long-term project-based rental assistance for extremely low-income persons with disabilities. Youth and young adults exiting foster care with disabilities are one of the target populations for this grant.

ESG Subrecipients may choose to prioritize certain subpopulations to serve with their ESG state funds. TDHCA awards more points to applicants whose ESG programs would serve subpopulations that typically have higher barriers to obtaining and maintaining housing, including unaccompanied youth, parenting youth, and children of parenting youth. While the funds are not set-aside for youth aging out of foster care, incentivizing provision of services to youth populations includes youth aging out of foster care.

YOUTH EXPERIENCING HOMELESSNESS

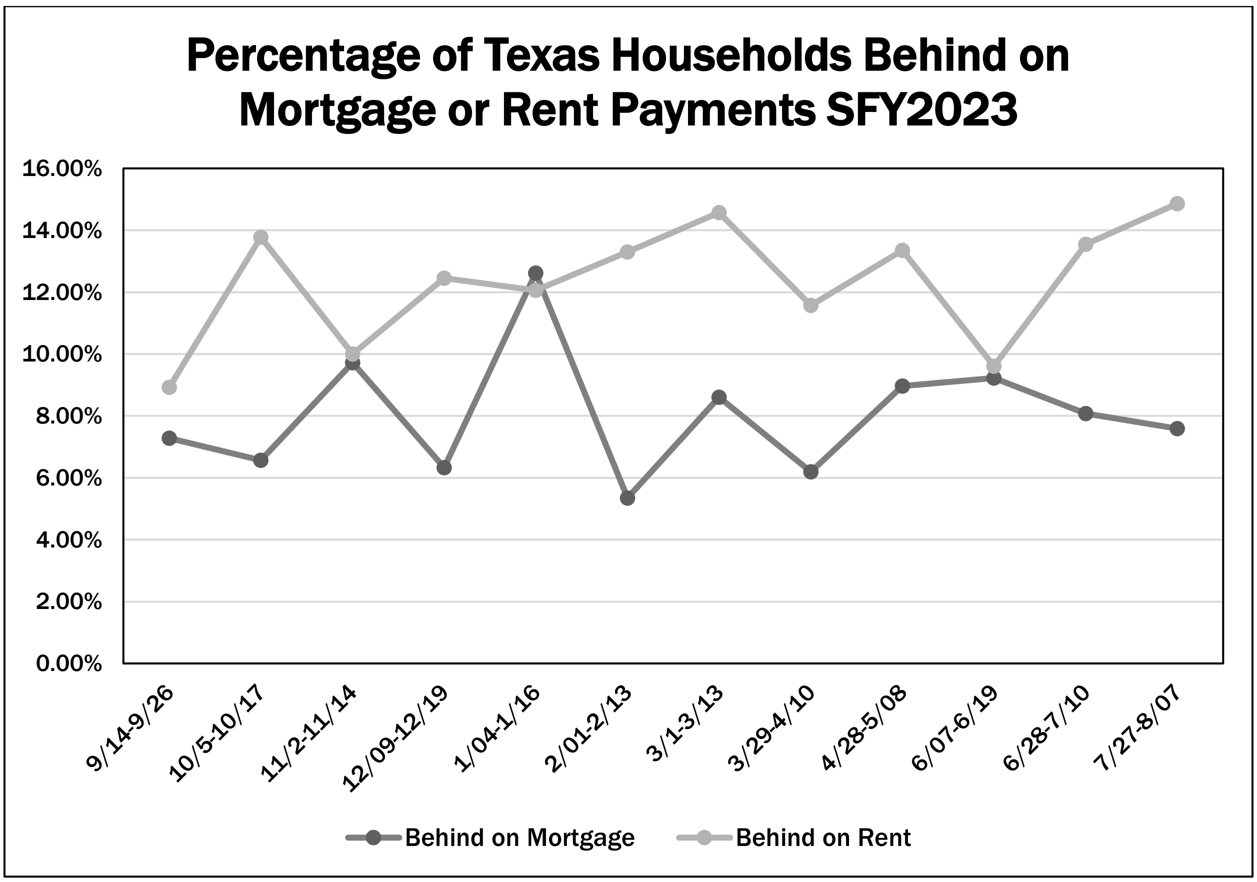
In 2019, the 86 (R) Texas Legislative Session passed House Bill (HB) 2564, which amended Tex. Gov't Code §2306.0721 (c) to include homeless youth as a population with special housing needs within the State's Low Income Housing Plan. HB2564 defines homeless youth as any individual younger than 25 years of age who is homeless. TDHCA administers the CSBG Program, ESG Program, Housing Stability Services, EH Fund, and HHSP programs to serve persons at risk of homelessness or experiencing homelessness. These programs can also serve youth experiencing homelessness as defined by Tex. Gov't Code 2306.0721 (c)(2).

Additionally, the legislature appropriated $5.8 million in funding to the HHSP Program for the 2024-2025 biennium. These funds are allocated to HHSP subrecipients and may be utilized to provide services, including case management, emergency shelter, street outreach, and transitional living to unaccompanied homeless youth and young adults aged 24 or younger.

SECTION 5: PANDEMIC RESPONSE AND OTHER INITIATIVES

On March 4, 2020, the Texas Department of State Health Services announced Texas' first positive COVID-19 case. According to the Texas Department of State Health Services as of August 28, 2023, Texas has recorded 8,726,250 cases of COVID-19 and 92,754 COVID-19 related deaths. In a May 15, 2023 Press Release Governor Abbott renewed the disaster proclamation issued on March 13, 2020, certifying under Section 418.014 of the Texas Government Code that the novel coronavirus (COVID- 19) poses an imminent threat of disaster for all counties in the State of Texas. According to the Harvard Joint Center on Housing Policy the COVID-19 pandemic impacted already vulnerable renters and homeowners by increasing the number of individuals that are both behind on housing payments and the number of individuals that have incurred a loss of income during the pandemic (Harvard Joint Center for Housing Studies, 2021).

Similarly, US Census Pulse Survey data has demonstrated how Texas renters and homeowners have had to respond to the COVID-19 pandemic. Census Pulse data taken during SFY 2023 shows a high of 15% of surveyed Texas renters reporting they were behind on rent payments between July 27 and August 7. Throughout SFY 2023 an average of 12.33% of Texas renters were reported as being behind on rent. Homeowners fared slightly better with a high of 12.6% of Texas homeowners behind on their mortgage between January 4 and January 16, with an average of 8% of Texas Homeowners being behind on mortgage payments in SFY 2023.



FEDERAL FUNDING

Shortly after the beginning of the pandemic the federal government began enacting legislation aimed at helping renters and homeowners. On March 27, 2020, the Coronavirus Aid Relief and Economic Security Act (CARES),--a $2.2 trillion Federal stimulus bill--was passed. On December 28, 2020, the $920 billion Consolidated Appropriations Act was passed. The final bill during SFY 2021, the $1.9 trillion dollar American Rescue Plan (ARP), passed on March 11, 2021. On April 2, 2020, TDHCA began receiving federal funds allocated to combat the COVID-19 pandemic. Additionally, under the Infrastructure Investment and Jobs Act (IIJA) two further allocations of funds were received as reflected below. In addition, the chart below includes funding provided through the Continuing Appropriations Act of 2023. In total, TDHCA has been allocated or reprogrammed funds totaling $4,842,228,414, which are listed below. TDHCA has used these federal funds to combat the COVID-19 pandemic by creating new programs and providing supplemental allocations to existing programs.

TDHCA PANDEMIC RESPONSE PROGRAMS					
Program	Division	Availability/Eligibility	Served to date (09/07/23)	Total Program Funding	Expended Funding
CARES ACT					
CSBG CARES	Community Affairs	Available statewide Income Eligibility: 200% of poverty (normally is 125%)	146,462 persons	$48,102,282	$47,942,629 (99.67%)
LIHEAP CARES	Community Affairs	Available statewide Income Eligibility: 150% of poverty	181,215 persons	$94,023,896	$63,898,418 (68%)
CDBG CARES – Phases I, II and III	CDBG CARES	Income Eligibility: For households at or below 80% of AMI.	3,533,842 persons	$141,846,258	$90,064,848 (63.49%)
ESG CARES – Phase I & II	SFHP	Income Eligibility: 50% AMI for homeless prevention	90,588 persons	$103,646,620	$95,193,321 (91.84%)
Housing Choice Voucher Program Admin	Section 8	Used to incentivize landlords to accept voucher holders.	159 Landlords	$258,139	$83,700 Landlord Payment (32.42%)
Housing Choice Voucher Program MVP	Section 8	Provided 15 additional vouchers. Income Eligibility: Not to exceed 50% of AMI	15 families	$110,302	$53,664 (48.65%)

CORONAVIRUS RELIEF BILL – PART OF THE CONSOLIDATED APPROPRIATIONS ACT OF 2021					
Emergency Rental Assistance 1 & 2 (Texas Rent Relief Program)	Texas Rent Relief	Available statewide. Income Eligibility: For households at or below 80% AMI.	323,124 Households	$2,476,379,943	$2,445,674,146 (98.8%)
Housing Stability Services (ERA1 & ERA2)	HSS Division	Available statewide. Income Eligibility: For households at or below 80% AMI.	80,070 Households	$213,345,621	$119,415,300 (55.97%)
Low-Income Household Water Assistance Program (LIHWAP1)	Community Affairs	Geography: Statewide Income Eligibility: 150% Poverty	119,645 persons	$51,801,876	$28,275,047 (54.58%)
AMERICAN RESCUE PLAN (ARP) – Public Law 117-2					
HOME-ARP	HOME ARP	Household Eligibility: For homeless, at risk of homelessness, those fleeing Domestic Violence, or others with housing instability.	0	$132,969,147	$0 (0%)
Homeowner Assistance Fund (HAF)	Homeownership	Households with incomes equal to or less than	48,145 households	$842,214,006	$590,599,158 (70.12%)

		the greater of (i) 100% of AMI or (ii) 100% of national median income.			
HAF Subrecipient Activities	HAF	Households with incomes equal to or less than the greater of (i) 100% of AMI or (ii) 100% of national median income.	13,512 Households	$26,595,969 (subset of funds from HAF)	$11,244,828.33 (42%)
LIHEAP ARP	Community Affairs	Available statewide Income Eligibility: 150% of poverty	201,743 persons	$134,407,308	$132,252,630 (98.40%)
LIHWAP2	Community Affairs	Income Eligibility: TBD	86,367 persons	$40,597,082	$23,795,830 (58.61%)
Emergency Housing Vouchers (EHV)	Section 8	Income Eligibility: Not to exceed 50% of AMI	357 of 798 Housed	$11,490,348	$1,167,661.27 (41.81%)
Infrastructure Investment and Jobs Act – Public Law 117-58					
LIHEAP	Community Affairs	Available statewide Income Eligibility: 150% of poverty	26,591 persons	$37,661,920	$15,321,859 (40.68%)
BIL WAP	Community Affairs	Income Eligibility: 200% of poverty	0	$173,162,598	$247,299 (0.14%)
Continuing Appropriations Act, 2023 – Public Law 117-180					

LIHEAP (23CR) Supplemental Funding	Community Affairs	Available statewide Income Eligibility: 150% of poverty	55,952 persons	$84,732,886	$42,217,409 (49.82%)
LIHEAP (23CR) Supplemental Disaster Funding	Community Affairs	Available statewide Income Eligibility: 150% of poverty	47,413 Persons	$55,322,964	$44,247,246 (79.98%)

*All dollar amounts represented are as of September 7, 2023. Greyed out rows indicate that the program is deemed completed.

COMMUNITY AFFAIRS DIVISION

The Community Affairs Division administers the Community Services Block Grant (CSBG) Program, the Comprehensive Energy Assistance Program (CEAP), the Weatherization Assistance Program (WAP), and the Low Income Household Water Assistance Program (LIHWAP).

Comprehensive Energy Assistance Program (CEAP)

TDHCA's CEAP program was allocated additional funds from USHHS from the following:

- Continuing Appropriations Act (CAA) Emergency Supplemental -$84,732,886
- Infrastructure Investment and Jobs Act-$7,532,384
- Disaster Relief Supplemental Appropriations Act, 2023-$55,322,967

The funds have been initially distributed among the same subrecipients as the regular CEAP funds as well as a statewide vendor. Subrecipients have until September 30, 2024, to spend these additional CEAP funds.

The targeted beneficiaries of CEAP in Texas are households with an income at or below 150% of federal poverty guidelines, with priority given to the elderly; persons with disabilities; and families with young children.

Low Income Household Water Assistance Program (LIHWAP)

LIHWAP is funded by USHHS and its purpose is to provide water and wastewater assistance to income-eligible households. TDHCA administers the program through a network of 36 LIHWAP subrecipients and a procured contractor providing statewide LIHWAP assistance. The subrecipients, the same providers as used for CEAP consist of private nonprofit entities and units of local government. LIHWAP subrecipients and the statewide provider make water and wastewater payments for eligible households to water utilities through a vendor agreement.

The targeted beneficiaries of LIHWAP in Texas are households with an income at or below 150% of federal poverty guidelines, with priority given to the elderly; persons with disabilities; and families with young children.

TDHCA's LIHWAP program was allocated $51,801,876 from USHHS through the Consolidated Appropriations Act of 2021 and $40,597,082 from the American Rescue Plan Act. Subrecipients have until March 31, 2024, to spend both allocations of LIHWAP funds.

DOE BIL Partisan Infrastructure and Investment Act

In November 2021 the Infrastructure Investment and Jobs Act, also referred to as the Bipartisan Infrastructure Law (BIL) was signed into law. Under the BIL the Weatherization Assistance Program (WAP) for Texas funded through the Department of Energy was awarded $173,162,598. The program began July 1, 2023, and the federal deadline ends June 30, 2027. The program will be delivered by the existing WAP network of 21 service providers with the addition of one or more statewide or regional service providers. The targeted beneficiaries are households at or below 200% of the Federal Poverty Guidelines with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) CARES ACT ASSISTANCE

On June 15, 2020, Governor Greg Abbott identified TDHCA as the designated agency to receive all CDBG CARES Act (also referred to as CDBG-CV) funding allocated to the State of Texas. TDHCA received a total of $141,846,258 in CDBG CARES Act funding as was allocated through an initial tranche of $40,000,886, in a second round of funding for $63,546,200, and $38,299,172 in a third and final round of funding. CDBG-CV funds have been used for Mortgage Assistance for both Rural and Balance of State (TEMAP), Rental Assistance for Entitlement communities (TERAP), Food Bank Distribution Assistance (Food Bank), Relief to Providers of Persons with Disabilities (Relief to Providers), and Legal Services for Persons with Disabilities (Legal Services). The remaining funds are being used for the Community Resiliency Program (CRP). Assisted households must be at or below 80% of Area Median Income (AMI) and must have been economically affected by the Coronavirus pandemic.

TDHCA will ensure through its contracts that $40,000,886 (the amount of its first allocation) will be provided to non-entitlement units of general local government (UGLG), or will be provided to participants (regional organizations which include private non-profits serving more than one county, community action agencies, or regional councils of governments) who will in turn assist households located in non-entitlement communities. Non-entitlement units of government are cities with populations of less than 50,000 (except cities that are designated principal cities of Metropolitan Statistical Areas), and counties with populations of less than 200,000.
Mortgage Assistance (TEMAP)

The Texas Emergency Mortgage Assistance Program (TEMAP) was initially funded with $26,024,125 of CDBG CARES Act funds, and was distributed through a competitive NOFA allocation. TEMAP was developed to help with mortgage assistance (up to six months, including arrears) to income-eligible homeowners who have been economically impacted by COVID-19 to help provide housing stability during the pandemic. The final funded amount was $20,484,764.60 and the program has been completed.

Rental Assistance for Entitlements (TERAP)

The Texas Emergency Rental Assistance Program (TERAP) was funded with $32,712,577 of CDBG CARES Act funds which were directly committed to an estimated 54 entitlement communities that already had an existing COVID rental assistance program. TERAP was developed to help with rental assistance (up to six months, including arrears) to income-eligible households impacted by COVID-19 to help provide housing stability during the pandemic. Funds were also used for eviction diversion, which provides rental assistance to tenants who have been sued for eviction. The final funded amount was $29,130,628 and the program has been completed.

Food Bank Distribution Assistance (FOOD BANK)

The CDBG CARES Food Bank was funded with $30,000,000. Funds provide assistance to eligible food bank providers that have been economically impacted by COVID-19. Funds were used to reimburse food banks for bulk food purchases to be distributed statewide. Funds dedicated to this activity were deployed to address statewide food and nutrition needs through Feeding Texas, a network of food banks and other hunger-relief organizations covering the entire state of Texas. Funding for this activity was used for bulk food purchase as well as to provide funds for equipment, supplies, and materials necessary to carry out the public service in response to the effects of the Coronavirus pandemic. This program has been completed.

Relief to Providers of Persons with Disabilities (RELIEF TO PROVIDERS)

The CDBG CARES Relief to Providers program was funded with $5,000,000. Relief to Providers was developed to help providers continue serving residential persons with disabilities during the Coronavirus pandemic by reimbursing for allowable expenses undertaken to prevent, prepare for, or respond to COVID-19. The program began in the summer of 2021, and all assistance funds have been disbursed. The final funded amount was $3,304,982 and the program has been completed.

Legal Services for Persons with Disabilities (LEGAL SERVICES)

The CDBG CARES Legal Services program was funded with $445,000. The funds provide legal services assistance for persons with disabilities to obtain or retain housing as a result of COVID-19. Legal services include legal advice and legal representation by licensed attorneys in good standing with the State Bar of Texas through both allowing reimbursement of eligible expenses for providers of persons with disabilities, and through a contracted provider of legal services for persons with disabilities.. The final funded amount was $445,000 and the program has been completed.

Community Resiliency Program (CRP)

The CDBG CARES CRP was initially funded with $38,180,317 of CDBG-CV, and has been released through a competitive NOFA process. CRP was developed to help provide assistance to low- and moderate-income persons, as well as to rural and small metro communities to create, expand, or enhance public facilities that provide medical care, social services, and/or emergency non-congregate housing to prevent the transmission of COVID-19, or assist in response to future pandemics, and allow for adequate social distancing or remote access. Funds allow non-entitlement communities to make improvements to facilities to address gaps in future pandemic emergency response capacity. Funding has been made available for the CDBG eligible activity of public facilities and improvements, which may consist of acquisition, rehabilitation, or construction of public facilities such as homeless shelters, domestic violence shelters, health clinics, emergency medical stations, and senior centers. Also eligible under this activity is the purchase of publicly owned, mobile health clinics, and emergency medical services vehicles to support the activities. All contracts will be made with Non-Entitlement Communities. CRP is currently funded for $48,996,644.

Total CDBG Funding		
Program	**Funds**	**Percent**
TEMAP	$20,484,765	15.48%
TERAP	$29,130,628	22.01%
Food Bank	$30,000,000	22.67%
Relief to Providers	$3,304,982	2.50%
Legal Services	$445,000	0.34%
CRP	$48,996,644	37.02%
Total*	$132,362,020	100.00%

* Amount reflects total program amount received less admin.

SINGLE FAMILY AND HOMELESS PROGRAMS

During SFY 2023 TDHCA's Single Family and Homeless Programs Division offered, Emergency Solutions Grants Program (ESG) Coronavirus Aid Relief and Economic Security (CARES) (ESG-CV),Section 8 Mainstream Vouchers, and Section 8 Emergency Housing Vouchers.

HOME TBRA COVID-19 Disaster Relief Funds

On March 26, 2020, the TDHCA Governing Board approved a plan to reprogram up to $11,290,076 in deobligated HOME funds to the Disaster set-aside in response to the pandemic. The funds were made available in order to expedite the availability and use of funding for TBRA for persons financially impacted by COVID-19 in order to reduce displacement as Texans experienced a reduction in income directly related to the disaster. The Disaster TBRA program provided short-term rental assistance (3-6 months) to households throughout the State of Texas. Initially, a regional allocation of funds based on the regions' population was utilized to encourage equitable distribution of the funds. As of August 31, 2022, the program had distributed 11,026,701.83 to 2,591 households financially impacted by the pandemic. This program is now complete.

ESG CARES Funds

The ESG Program received $103,646,620 from the HUD CARES Act (ESG-CV)

"to prevent, prepare for, and respond to coronavirus, among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus under the Emergency Solutions Grants program (42 U.S.C. 11371)." As of July 13, 2023, the program has distributed $93,860,148.35 to 89,740 individuals financially impacted by the pandemic.

ESG CARES is a special allocation of ESG funding from the CARES Act. Funds were appropriated to ESG in order to prevent, prepare for, and respond to the coronavirus to minimize the impact on households experiencing and at-risk of homelessness. TDHCA has used the HUD funding to award grants to units of general local government, private nonprofit entities, and other entities that are identified as eligible subrecipients for ESG CARES under waiver authority from HUD. Subrecipients provide persons experiencing homelessness and at risk of homelessness the services necessary to quickly regain stability in permanent housing. ESG CARES funds may be utilized for the rehabilitation or conversion of buildings for use as emergency shelter for persons experiencing homelessness; temporary emergency shelter; the payment of certain expenses related to operating emergency shelters; essential services related to emergency shelters and street outreach for persons experiencing homelessness; and, homelessness prevention and rapid re-housing assistance such as landlord incentives, rental assistance, and utility assistance.

TDHCA programmed its ESG funds regionally for each of the HUD-designated Continuum of Care (CoC) Regions according to a combination of the region's proportionate share of a number of factors. The factors included total population, number of persons experiencing homelessness based on the Point-in-Time count submitted to HUD by the CoCs; persons living in poverty; renters with incomes less than 30% AMI that experience cost burden; the amount of ESG CARES funding received by the CoC Region; and other factors as listed in the administrative rules governing the ESG Program. The second allocation of ESG CARES was programmed specifically for rental assistance and associated costs under the rapid rehousing and homeless prevention activities.

HUD provided waivers and flexibilities to assure recaptured funds are reallocated in a manner consistent with the statutory purposes and conditions for ESG-CV funds.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

HCV Section 8 Program (CARES Act)

TDHCA received $258,139 in CARES Act administrative funding for the Housing Choice Voucher Program (HCV). These funds were awarded to assist public housing authorities in better serving low-income individuals economically impacted by COVID-19. These funds have primarily been used to upgrade the Department's HCV software and to create a landlord incentive program to retain or increase owner participation in the HCV Program.

HCV Section 8 Program (Mainstream Vouchers (MVP)

TDHCA received $105,034 in CARES Act funding to support 15 additional MVP vouchers. MVP vouchers are tenant-based vouchers that serve non-elderly person(s) with a disability transitioning from a nursing facility, intermediate care facility, Texas state psychiatric hospital, or board and care facility.

HCV Section 8 Program (Emergency Housing Vouchers (EHV)

TDHCA received $11,490,348 in ARP Act funding to support 798 Emergency Housing Vouchers. The EHV program provides rental assistance to individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

HOME AMERICAN RESCUE PLAN (HOME-ARP)

The American Rescue Plan Act of 2021 established HOME-ARP based on the framework of the HOME annual program, with certain flexibilities and waivers and additional regulations to create new activities. One of the reasons HOME-ARP was created was to serve specific populations called qualifying populations. These include:

- Households that are experiencing homelessness, per 24 CFR §91.5;
- Households at-risk of homelessness, per 24 CFR §91.5;
- Households with at-risk of homelessness criteria, with waiver to allow for income up to 50% AMI, per HUD CPD Notice 21-10;
- Households fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, per HUD 24 CFR §5.2003;
- Households with 30% AMI with severe housing cost burden defined as paying more than 50% of monthly household income toward housing costs, per HUD CPD Notice 21-10;

- Households who have qualified as homeless previously, are currently housed with temporary/emergency assistance, and who need additional housing assistance or supportive services to avoid a return to homelessness, per HUD CPD Notice 21-10; or
- Veterans (and their families) that meet one of the above definitions.

TDHCA was allocated a one-time allocation of $132,969,147 in HOME-ARP funds by HUD. After a public outreach and comment period, TDHCA programmed funds into the development of affordable rental housing, Non-Congregate Shelters (NCS), and Non-Profit Operating/Non-Profit Capacity Building (NCO) related to rental or NCS development. HUD accepted TDHCA's HOME-ARP Allocation Plan in May, 2022.

Rental housing development has a requirement that qualified populations only pay 30% of their income toward rent. To offset this potential loss in rental income, HOME-ARP offers a unique financial structure, including, but not limited to, no subsidy per unit limit and an option for capitalized operating cost assistance reserve.

NCS is a new activity under HOME-ARP. As with all shelters, NCS does not require occupants to sign a lease or occupancy agreement and is meant for temporary stays. NCS is unique in that the shelters offer private units or rooms to households with a sanitary facility in each unit.

NCO is also a new activity under HOME-ARP. This funding provides for two types of assistance: general operating and capacity building for a nonprofit that is undertaking rental or NCS development. Nonprofit general operating costs are mirrored on the community housing development organization (CHDO) operating costs under the HOME annual program. However, nonprofit operating costs for HOME-ARP may be available for eligible nonprofits that do not necessarily qualify as a CHDO. Eligible costs include, but are not limited to, payroll for existing staff, training, equipment and operating/overhead to support general operating. Nonprofit capacity building costs are reasonable and necessary operating costs that will result in expansion or improvement of an organization's ability to successfully carry out rental or NCS development. Eligible costs include, but not are limited to, payroll for new hires, training, equipment, and technical assistance or consultants.

Planned Use of HOME-ARP Funding	Approx. Funding Amount*	Percent of the Grant	Statutory Limit
Non-Congregate Shelters	$56,511,887	42.5%	n/a
Affordable Rental Housing Incl. Capitalized Operating Reserves	$56,511,887	42.5%	n/a
Non-Profit Operating/Non-Profit Capacity Building	$6,648,458	5%	5%
Administration and Planning	$13,296,915	10%	15%
Total HOME ARP Allocation	$132,969,147	100%	

* Based on applications received amounts and percentages may fluctuate.

In its Allocation Plan, TDHCA programmed $10,000,000 in a rental set-aside for direct awards to qualifying National Housing Trust Fund (NHTF) Developments, created to preserve existing TDHCA investments in NHTF-funded developments in 2020 and 2021 that may otherwise have been at risk of not being financially feasible. HOME-ARP sent notices of eligibility to qualifying NHTF Applicants in July 2022. In December 2022 the set-aside was closed and in 2023 the remaining funds were moved to the 2023-2 HOME-ARP Notice of Funding Availability (NOFA) for rental development. Two projects from the HOME-ARP NHTF set-aside have been awarded in state fiscal year 2023 for approximately $8 million.

On December 8, 2022, TDHCA released the 2023-2 HOME-ARP Rental NOFA, which was amended in February 2023 to release a total of $51,708,757 in funding inclusive of remaining funds from the HOME-ARP NHTF set-aside. The NOFA was suspended on February 16, 2023, due to more funding requests for more than twice the NOFA amount being submitted than available, and closed on March 1, 2023. In state fiscal year 2023, TDHCA awarded eight projects for a total of approximately $34.9 million and is currently reviewing remaining applications for award. Staff anticipates to award the full amount in the 2023-2 HOME-ARP Rental NOFA.

In May, 2023, after a public comment period, TDHCA submitted an amendment to its Allocation Plan (First Amendment) to HUD, to adjust the method of distribution for the remaining NCO and the NCS allocations. The first amendment targets the remaining NCO and NCS funds to Texas areas with high rates of unsheltered homelessness and high costs of living. Eligible entities are nonprofits that meet certain criteria which include, but are not limited to, being in good standing and having prior experience with innovative shelter or homeless services. In July, 2023, TDHCA took steps in accordance with the First Amendment to identify eligible areas and two potential nonprofits for NCO and make a reservation for NCS funds. Staff anticipates gathering application materials for both NCO and NCS from the eligible nonprofit organizations.

More information about TDHCA's HOME-ARP can be found online at https://www.tdhca.state.tx.us/home-arp/index.htm

TEXAS RENT RELIEF (TRR) AND HOUSING STABILITY SERVICES (HSS)

The Department received $1,308,110,629.80 in funding from the Consolidated Appropriations Act, 2021, and $1,079,786,857.20 in funding from the American Rescue Plan Act of 2021, for a total of $2,387,897,487. The Department has since received an additional $305,458,442 in ERA funds, bringing the total program funding to $2,693,355,929 as of August 2023. The U.S. Department of the Treasury (Treasury) administers the program at the federal level. Funds from the Consolidated Appropriations Act of 2021, are categorized as Emergency Rental Assistance 1 (ERA 1) and funds from the American Rescue Plan Act of 2021 are categorized as Emergency Rental Assistance 2 (ERA 2); however Treasury operates the funds as one program. ERA1 and ERA2 funds were used to fund two programs in two divisions – the Texas Rent Relief Program and the Housing Stability Services Program.

Texas Rent Relief Program

The Texas Rent Relief Division administers the Texas Rent Relief Program (TRR).

TRR was developed to help income-eligible Texas renters affected by the COVID-19 pandemic pay rent and utility bills (including past due rent and utilities), keeping tenants housed and helping landlords recoup or avoid losses due to the pandemic.

Of the $2,693,355,929 in ERA funds administered by TDHCA, $2,468,510,308 has been allocated to TRR. As of August 2023, TRR has committed all $2,221,318,459 available in direct rental and utility assistance to 323,033 households across Texas. The program has now ended, and is making final payments to households that have already been approved for assistance.

Ten percent of TRR funds were set aside for eviction diversion activities and are referred to as the Texas Eviction Diversion Program (TEDP). In partnership with the Supreme Court of Texas and the Office for Court Administration, and the Office of the Governor, TEDP allows courts to pause eviction cases while tenants and landlords apply for TRRP assistance, makes lump sum payments to landlords for past-due rent and late fees for allowing tenants to remain in their homes, and keeps evictions off tenants' records. Along with the rest of TRR, TEDP has now committed all available funds and the program has ended. Through TEDP, more than 25,000 renter households received over $243 million in assistance, had their evictions stopped, and had their court records made confidential. This program is now closed.

Housing Stability Services

The Housing Stability Services (HSS) Program has been developed to help support housing stability and eviction diversion services benefitting income-eligible Texas renters affected due to or during the COVID-19 pandemic. HSS aims to benefit income-eligible renter households or households experiencing or at risk of homelessness. ERA funds are distributed to local communities or nonprofits throughout the state in order to provide eligible Texans with a variety of services that help households maintain or obtain stable housing. Service categories include: legal, outreach, shelter, community, and services offered at permanent supportive housing properties.

A total of approximately $ $213,345,621.02 has been allocated to the HSS Program. Under TDHCA's HSS program, TDHCA has awarded ERA1 and ERA2 funds to 56 non-profits, local communities, and other eligible entities. Twenty-eight contracts and one MOU were executed with ERA1 funds, and 46 contracts and one MOU were executed with ERA2 funds.

All ERA1 program funds were expended by the December 29, 2022 deadline, and the final report was submitted to Treasury on April 27, 2023. Over 50,000 households and over 583,000 meals were served through ERA1 HSS.

Through ERA2 a total of $147,304,481.24 million has been obligated, and 34,223 households have been served to date. The ERA2 HSS program will run through the Treasury deadline of September 30, 2025.

One of these entities served through HSS is the Texas Access to Justice Foundation (TAJF), which works in close partnership with the Supreme Court of Texas and the Texas Office of Court Administration. TAJF has been awarded approximately $44.5 million to deliver legal services through a network of ten subcontracted legal service providers in Texas, primarily legal aid providers, who are providing three main services:

No-cost Legal Services Activities and Brief Services throughout Texas, including representation in court and/or administrative proceedings, with emphasis on areas with the highest rates of eviction and/or highest rates of renters living in poverty;

Housing Stability Clinics staffed with attorneys, support staff and pro bono volunteers, as appropriate, to assist eligible households by providing essential housing information and legal advice; and

Assistance in completing applications for housing assistance programs, including the Texas Rent Relief Program and Texas Eviction Diversion Program when available.

Other Affordable Rental Housing

On July 27, 2022, Treasury released guidance through its Frequently Asked Questions document confirming that a grantee may use any of its ERA2 funds that are unobligated on October 1, 2022, for “affordable rental housing and eviction prevention purposes, as defined by the Secretary, so long as the grantee has obligated at least 75% of its ERA2 funds eligible expenses.” Funds used for this must serve households with up to 50% of Area Median Income and the property must have a land use restriction agreement (LURA) preserving the federal affordability period for twenty years. The state affordability period will be for a period of at least ten additional years.

TDHCA has dedicated up to $11,500,000 in ERA2 funds for the Multifamily Division to be used through the Multifamily Direct Loans (MFDL) program for affordable multifamily development and administrative costs.

Total ERA Funding by Program

Program	Funds	Percent
Texas Rent Relief Program	$2,468,510,308	91.65%
Housing Stabilization Services	$213,345,621	7.92%
Other Affordable Rental Housing	$11,500,000	0.43%
Total	$ 2,693,355,929	100%

HOMEOWNER ASSISTANCE FUND (TXHAF) and HAF SUBRECIPIENT ACTIVITIES

The Department received $842,214,006 in funding from the American Rescue Plan Act of 2021. The U.S. Department of the Treasury (Treasury) administers the program at the federal level. HAF funds are used to fund two programs in two divisions – the Texas Homeowner Assistance Fund (TXHAF) and other HAF Subrecipient Activities.

Texas Homeowner Assistance Fund

The Texas Homeowners Assistance (TXHAF) Program provides financial assistance to qualified Texas homeowners who have fallen behind on their mortgage and related expenses due to the COVID-19 pandemic.

TXHAF provides eligible homeowners with up to $65,000 of assistance for past due mortgages, past due property taxes, insurance, Homeowner Association (HOA) fees, and utilities. Assistance is structured as a non-recourse grant to the homeowner. Payments are made directly to the mortgage servicer, property charge payee, or utility provider.

This program covers past due mortgage payments, up to three months of future mortgage payments, property taxes, insurance, homeowner/condo association fees, past due utility payments, and up to three months of prospective utility payments. Eligible utility payments include electricity, natural gas, propane, water, and wastewater.

Funds may also be used to pay property charges coming due in the 90 days following program approval.

The portal for applying to this program is now closed. Payments for existing applicants continue to be processed.

HAF Subrecipient Activities

TxHAF Subrecipient Activities Division was allotted a total of $30,500,000 from the TxHAF funds. These funds are used to help support income eligible homeowners affected by the COVID-19 pandemic with stabilizing their housing situation. The program provides funds to Private Nonprofit Organizations with 501(c) status, Public Housing Authorities, Units of General Local Government, and Regional Councils of Governments who provide one or more of the three eligible types of assistance: 1) serve as an Intake Center to assist households in applying for TxHAF funds, 2) provide Housing Counseling Services, and/or 3) provide Legal Services related to Homeownership. TxHAF Subrecipient Activities Division issued 35 contracts, awarding $26,711,156 in program funds to 32 eligible entities to assist income eligible households.

SECTION 6: PUBLIC PARTICIPATION

The Texas Department of Housing and Community Affairs (TDHCA or the Department) strives to obtain public input to make informed decisions regarding the development of policy, the design of programs, and the use and allocation of limited resources. This section outlines how the public contributes to the preparation of the SLIHP and includes information about the public comment process.

This section of the SLIHP includes the following information per Tex. Gov't Code §2306.072 and §2306.0721:

- An explanation of efforts and activities that ensure the participation and involvement of individuals of low income and their community-based institutions in Department programming and planning as required by Tex. Gov't Code §2306.072(c)(3-4).
- A summary of public comments received in regards to the State of Texas Low Income Housing Plan and Annual Report as required by Tex. Gov't Code §2306.0721(c)(13).

This section is organized as follows:

- Community Involvement: Discusses interagency collaboration and engagement of stakeholders on specific issues.
- Participation in TDHCA Programs: Discusses efforts to ensure that individuals of low income and community-based institutions participate in TDHCA programs.
- Public Participation in Program Planning: Discusses affirmative efforts to ensure the involvement of individuals of low income and community-based institutions in the allocation of funds and the planning process.
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Preparation of the SLIHP: Information on the SLIHP preparation and a summary of public comment.

COMMUNITY INVOLVEMENT

TDHCA's participation in numerous committees, workgroups, and councils keep the Department apprised of additional resources for affordable housing and community affairs related activities. Relationships with federal, state, and local government entities ensure that agencies in the state of Texas coordinate housing and services to most efficiently and effectively serve all Texans. This collaboration results in recommendations on how to improve the coordination of the Department's services to serve lower income Texans, including special needs populations. The Department addresses and incorporates these recommendations into its programs and outreach as appropriate throughout the year. Furthermore, the recommendations incorporated in TDHCA's programs are consistent with planning documents, such as the Consolidated Plan, that the Department submits to the U.S. Department of Housing and Urban Development (HUD). In addition to this collaboration, TDHCA's involvement in the community allows the Department to closely monitor and proactively pursue available federal funding opportunities to ensure that Texas can access additional affordable housing funds.

TDHCA has staff committed to several State advisory workgroups and committees. Many of these committees and workgroups include members from the public and private sectors. These groups include, but are not limited to:

Workgroup/Committees	Lead agency
Community Reinvestment Workgroup	Texas Comptroller
Community Resource Coordination Groups (CRCG)	Texas Health and Human Services
Colonia Residents Advisory Committee (C-RAC)	TDHCA
Disability Advisory Workgroup (DAW)	TDHCA
Housing and Health Services Coordination Council (HHSCC)	TDHCA
Interagency Coordinating Group	OneStar Foundation
Joint Housing Solutions Working Group (JHSWG)	TDHCA
Reentry Task Force	Texas Department of Criminal Justice
Statewide Behavioral Health Coordinating Council (SBHCC)	Texas Health and Human Services
Texas Interagency Council for the Homeless (TICH)	TDHCA
Texas Fair Housing Workgroup	TDHCA
Texas Coordinating Council for Veteran Services	Texas Veterans Commission
Weatherization Assistance Program Planning Advisory Committee (WAP PAC)	TDHCA

TDHCA's workgroups and coordination groups for which it is the lead agency are discussed in this section, listed alphabetically.

Colonia Residents Advisory Committee (C-RAC)

C-RAC is a committee of colonias residents appointed by the TDHCA Governing Board, which advises the Department on the needs of colonias residents and the types of programs and activities, which should be undertaken through the Colonia Self-Help Center (CSHC) Program. In consultation with C-RAC and the units of local government that administers the CSHC Program, the Department designates up to five colonias in each county as eligible beneficiaries of the CSHC Program. Each county nominates two candidates to be members of the C-RAC who are residents of a colonia in the county the member represents to serve on the committee for four years. The C-RAC reviews the county proposals and may make recommendations on contracts for the CHSC Program to the Department before the proposal is considered for an award by the TDHCA Governing Board.

Disability Advisory Workgroup (DAW)

TDHCA believes that consultation with community advocates, funding recipients, potential applicants for funding, and subject matter experts from other state agencies is an essential prerequisite to the development of effective policies, programs and rules. Providing services and housing to persons with disabilities presents unique challenges and opportunities. In order to augment TDHCA's formal public comment process, a workgroup is utilized, convened periodically, affording staff the opportunity to interact with and receive input more informally and in greater detail from various stakeholders and to get feedback on designing and planning more successful programs for persons with disabilities. TDHCA maintains the DAW to provide ongoing guidance to the Department on how TDHCA's programs can most effectively serve persons with disabilities. These meetings are open attendance and advertised through the TDHCA website, social media, and email lists. Anyone may join TDHCA email lists by visiting

http://maillist.tdhca.state.tx.us/list/subscribe.html?lui=f9mu0g2g&mContainer=2&mOwner=G382s2w2r2p.

Housing and Health Services Coordination Council (HHSCC)

HHSCC is codified in Texas Government Code §2306.1091. The purpose of HHSCC is to increase state efforts to offer Service-Enriched Housing (SEH) through increased coordination of housing and health services. HHSCC 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 health services.

HHSCC is composed of 17 members: eight members appointed by the Governor, and nine State agency representative members. The Executive Director of TDHCA serves as the HHSCC Chair and TDHCA staff supports HHSCC activities. A list of HHSCC members can be found on TDHCA's website here: http://www.tdhca.state.tx.us/hhscc/members.htm

Council members meet quarterly and provide direction to the staff to prepare a Biennial Report of Findings and Recommendations that is submitted to the Legislative Budget Board and the Office of the Governor on August 1 each even numbered year. This Report along with a Biennial Plan is available to the public on the TDHCA website at http://www.tdhca.state.tx.us/hhscc. Meetings are open to the public. Notice is given to the public in the *Texas Register*, on TDHCA's Web Site, through an email list, and social media. Anyone may join TDHCA email lists by visiting this site: http://maillist.tdhca.state.tx.us/list/subscribe.html?lui=f9mu0g2g&mContainer=2&mOwner=G382s2w2r2p.

Joint Housing Solutions Working Group

The Joint Housing Solutions Working Group is a network of local, state, and federal agencies, philanthropic organizations, and other related stakeholder groups who share information, identify challenges, and propose solutions responsive to the needs of disaster survivors. The frequency of meetings for the main group diminishes during "blue sky" periods; however, the group continues to meet to stay current on all disaster recovery related issues.

Texas Interagency Council for the Homeless (TICH)

The TICH was created in 1989 to coordinate the State's homeless resources and services, and its charge was reinforced by the 84th Texas Legislature (2015) Senate Bill (SB) 607. The TICH consists of representatives from nine state agencies that serve persons who are experiencing homelessness or are 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 TICH receives no direct funding and has no full-time staff, but receives facilitation and advisory support from TDHCA. The TICH's major mandates include:

- evaluating and helping coordinate the delivery of services for persons experiencing homelessness 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; and
- maintaining a central resource and information center for persons experiencing homelessness.

The TICH submits annual progress reports to the governing bodies of the agencies represented on the council. The TICH membership and its administrative support staff are also in the process of developing and updating a state plan to address the needs of persons experiencing homelessness. All previous annual reports as well as the future state plan when it is released are available off the TICH website at: https://www.tdhca.state.tx.us/tich/index.htm

Texas Fair Housing Workgroup

The Texas State Fair Housing Workgroup was convened in May 2014 by TDHCA to encourage resource and idea sharing between the Texas Department of Agriculture, TDHCA, Texas Workforce Commission, Texas Department of State Health Services, and Texas General Land Office, all of which receive HUD funds for housing-related activities. The group meets as needed and discusses topics such as fair housing training, Limited English Proficiency (LEP) provisions, public participation, complaint direction, monitoring provisions, website improvements, and other relevant topics that assist state agencies in furthering fair housing choice and improving agency coordination and sharing of resources. It is expected that the group will meet in early 2024 as preparation begins on an updated State of Texas Analysis of Impediments to Fair Housing Choice.

Weatherization Assistance Program Planning Advisory Committee (WAP PAC)

The Weatherization Assistance Program Policy Advisory Council (PAC) is a four member council which represents organizations and agencies by providing balance, background, and sensitivity with respect to solving the problems of low-income persons, including weatherization and energy conservation problems.

For each program's state plan (i.e., LIHEAP, DOE WAP, CSBG, and LIHWAP), the network of subrecipients as well as the public are invited to participate and comment on each plan to make improvements to each of the programs. Public participation can occur in writing or verbally at a public hearing.

Additionally, the Weatherization Assistance Program Policy Advisory Council (PAC) currently has four slots and is representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including weatherization and energy conservation problems.

The PAC meets annually at the end of the public hearing period to discuss the DOE plan and comments received. Two of the slots, filled by the PAC members from Combined Community Action and the Greater East Texas Community Action Program, represent the low-income, elderly, and disabled population. The third slot, filled by the PAC member from the Health and Human Services Commission, represents the low-income, elderly and persons with disabilities. A fourth slot representing Native Americans is occupied by a member of the Ysleta Del Sur Pueblo Tigua Indian Reservation.

PARTICIPATION IN TDHCA PROGRAMS

Texas is economically, geographically, and demographically diverse. In recognition of the state's diverse housing needs, TDHCA establishes its criteria for distributing funds based on the priorities laid-out in TDHCA's governing statute. It is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need across the state.

Below are the approaches taken by TDHCA to achieve this end.

- Throughout the year, TDHCA staff reaches out to interested parties at informational workshops, roundtables, conferences, and real estate, lending, and property events across the state to share information about TDHCA programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact TDHCA for further technical assistance in accessing TDHCA programs.
- The Division of Policy and Public Affairs performs two key functions through two intertwined sections: legislative affairs and communications/marketing. The Legislative Affairs section is TDHCA's main link between the Department and the Office of the Governor, members of the Texas Legislature and Texas Congressional delegation, state and federal agencies, and housing and community service organizations throughout the state. It is responsible for assisting the Department's leadership in the development and implementation of policy related to legislative mandates. The Communications/Marketing section is responsible for

producing news releases and outreach and educational materials, responding to inquiries from the news media and coordinating TDHCA's social media activities

- The Public Comment Center is designed to enhance public participation by making the public comment process easier and more transparent for those interested in commenting on Department rules and programs. The Public Comment Center can be found at http://www.tdhca.state.tx.us/public-comment.htm.
- The TDHCA website, through its provision of timely information to consumers, is one of the Department's most successful outreach tools. It is also a key resource for affordable housing and community services programs, and fair housing information and resources. The Help for Texans online database provides a statewide resource for individuals and households seeking assistance. The Help for Texans online database provides contact information for housing and housing-related programs funded or operated by TDHCA and other housing service providers. Help for Texans is available at http://www.tdhca.state.tx.us/texans.htm.
- TDHCA also operates voluntary email distribution lists, where subscribed individuals and entities can receive email updates on general TDHCA information, program-specific announcements, compliance related communications, and trainings. TDHCA maintains a Fair Housing email list to encourage public participation from community-based, legal aid, fair housing enforcement, housing advocacy, and other external groups. The email list also provides a way for individuals who are not a member of a stakeholder organization to learn about and engage with Fair Housing topics.
- TDHCA uses online forums and surveys to encourage topical discussions and gather feedback on proposed policies, rules, plans, reports, or other activities. Forums and/or surveys have been used to gather input on the Housing Tax Credit Program's Qualified Allocation Plan, the Regional Allocation Formula, the legislatively required Report on Homelessness Among Veterans, the proposed policy changes for the Amy Young Barrier Removal Program, and the rules for a variety of TDHCA programs.
- TDHCA is involved with a wide variety of committees and workgroups, listed in the Community Involvement section at the beginning of this chapter, which serve as valuable resources to gather input from people working at the local level. These groups share information on affordable housing needs and available resources so that TDHCA can prioritize these needs.
- Department staff will continue to engage stakeholders, including developers, residents, nonprofits, advocates, and other governmental entities, throughout FY 2024. Opportunities for engagement will include both online discussion forums and public roundtables and hearings (virtually as needed). For example, the Multifamily Finance Division staff will engage stakeholders especially as it relates to writing the 2024 multifamily rules for the Multifamily Direct Loan and Housing Tax Credit programs. In addition to creating an online forum in which stakeholders can register their opinions on ideas and on questions posted by staff, Multifamily Finance Division staff will continue to hold public roundtables, where particular aspects of the rules can be discussed in an open setting.

PUBLIC PARTICIPATION IN PROGRAM PLANNING

The Department values and relies on community input to direct resources to meet its goals and objectives. In an effort to provide the public with an opportunity to more effectively give input on the Department's policies, rules, planning documents, and programs, the Department holds round tables, public hearings, and program workshops throughout the year. Furthermore, TDHCA's Governing Board accepts public comment on program and policy agenda items at monthly Board Meetings. The Board offers an opportunity for comment to be heard on any topic at the end of each Board meeting.

The Department ensures that all programs follow the public participation and public hearing requirements as outlined in the Texas Government Code and in federal program requirements. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. TDHCA staff coordinates translation services, the provision of auxiliary aids, and other accommodations as requested to ensure equal access and opportunity to the public. The Department maintains voluntary email distribution lists, which it uses to notify all interested parties of public hearing and public comment periods. Additionally, pertinent information is posted as an announcement in the *Texas Register*, on TDHCA's website, Twitter feed, and Facebook page. The Department seeks to ensure the involvement of individuals of lower incomes in the allocation of funds and in the planning process by organizing regular meetings that include community-based institutions and consumers, workgroups, and councils listed in the Action Plan. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, or email.

PREPARATION OF THE SLIHP

Tex. Gov't Code §2306.0722 mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the SLIHP. As this is a working document, there is no time at which the SLIHP is static. Throughout the year, research was performed to analyze housing needs across the State. Focus meetings were held to discuss ways to prioritize funds to meet specific needs, and public comment was received at program-level public hearings as well as at Governing Board Meetings.

The Department met with various organizations concerning the prioritization and allocation of the Department's resources and all forms of public input were taken into account in its preparation. Several program areas conducted virtual workgroups, roundtables, online forums, and public hearings in order to receive input that impacted policy and shaped the direction of TDHCA programs.

PUBLIC COMMENT PERIOD AND PUBLIC HEARING

A 32-day public comment period for the SLIHP will be held from Friday, December 22, 2023, through Monday, January 22, 2024, at 5:00 p.m. Austin local time. A public hearing will be held on Tuesday, January 9, 2024, at 2:00 p.m. Barbara Jordan State Office Building, 1601 Congress Ave. Room 2.042, Austin, TX 78711.

SECTION 7: 2024-2025 COLONIA ACTION PLAN

This section of the SLIHP includes the following information per Tex. Gov't Code §2306.0721:

A biennial action plan for colonias, which discusses housing and community development needs in the colonias, describes TDHCA's policy goals, and summarizes the strategies and programs designed to meet these goals and describes projected outcomes to support the improvement of living conditions of colonia residents as required by Tex. Gov't Code §2306.0721(c)(12)(A-B).

This section is organized as follows:

- Policy Goals
- Overview
- Population and Poverty
- Housing
- Colonia Beneficiaries
- Colonia Self-Help Centers
- Office of Colonia Initiatives

POLICY GOALS

In 1996, TDHCA established the Office of Colonia Initiatives (OCI) to administer and coordinate efforts to enhance living conditions in colonias along the 150-mile Texas-Mexico border region. OCI's fundamental goal is to improve the living conditions of colonia residents and to educate the public regarding the services offered by the Department.

The OCI was created to do the following:

- Expand housing opportunities to colonia residents living along the Texas-Mexico border.
- Increase knowledge and awareness of programs and services available through the Department.
- Implement initiatives that promote improving the quality of life of colonia residents and border communities.
- Train and increase the capacity of organizations that serve the targeted colonia population.
- Develop cooperative working relationships between other state, federal and local organizations to leverage resources and exchange information.
- Promote comprehensive planning of communities along the Texas-Mexico border to meet current and future community needs.

OVERVIEW

The US-Mexico border region has hundreds of rural subdivisions called colonias, which are characterized by high levels of poverty and substandard living conditions. Several different definitions of colonias are used by various funding sources and agencies due to differing mandates. Generally, these definitions include the concepts that colonias are rural and lacking services such as public water and wastewater systems, paved streets, drainage and safe and sanitary housing. Colonias are mostly unincorporated communities located along the US-Mexico border in the states of California, Arizona, New Mexico and Texas, with the vast majority located in Texas.

Many colonias have been in existence for more than 50 years. A few colonia developments began as small communities of farm laborers employed by a single rancher or farmer while others originated as town sites established by land speculators as early as the 1900s. A majority of the colonias, however, emerged in the 1950s as developers discovered a large market of aspiring homebuyers who could not afford to purchase in cities or who did not have access to conventional financing mechanisms.

POPULATION AND POVERTY

An estimated 500,000 people live in 2,294 colonias in Texas, of which more than 40% live below the poverty line, and an additional 20% live at or just above the poverty line (Federal Reserve Bank of Dallas, April 2015). Additional information regarding colonia population estimates can be found in the Housing Analysis section of this document (Section 2). Based on a 2014 assessment by the Texas Office of the Secretary of State's Colonia Initiatives Program, six Texas counties (El Paso, Maverick, Webb, Starr, Hidalgo, and Cameron) have the largest population of colonias and are home to an estimated 369,500 people (Texas Office of the Secretary of State, 2014). Population numbers in this assessment were validated in several ways: by 2010 census data, by city and county figures, and (in some cases) by colonia ombudspersons conducting site visits.

The American Community Survey's 2016-2020 data placed the median household income for Texas at $63,826. Median household income for the Texas-Mexico border counties range under the statewide figure greatly, from $22,716 in Presidio County, to $50,296 in Webb County. Median Owner-occupied home values for the Texas-Mexico border counties also varies greatly under the statewide figure of $187,200, from $54,500 in Hudspeth County, to $135,000 in Webb County.

The particular need for affordable housing in the border region can be largely attributed to the poverty level of the rapidly growing population. Counties along the Texas-Mexico border shoulder some of the highest poverty rates in the state. According to 2016-2020 American Community Survey, the poverty level in the State of Texas is 14.2%, while the four counties with the greatest number of colonias have the following poverty rates: Zapata 24.3%, Willacy 22.7%, Starr 30.8%, and Hidalgo 25.5%.

HOUSING

Many colonias are located along the border region, usually beyond the city limits. The classic hallmarks of colonias include limited infrastructure and a high level of substandard housing, including self-built homes, structures not primarily intended for residential use, and homes with extensions and modifications, often added on a self-help basis, which may not be secure or safe. Since 1995, colonias are required to have infrastructure per the State's model subdivision rules. These post-1995 colonias are often larger subdivisions, although they share some of the worst housing characteristics in common with the colonias expansion of the 1980s (Ward et al., 2012).

Owner-builder construction in the colonias faces even more obstacles. First, federal rules, such as those that govern the HOME Investment Partnerships Program, prohibit the use of affordable housing funds to acquire land unless the affordable structure is built within 12 months. Second, lenders are typically reluctant to lend funds for owner-builder construction because these borrowers may have little or no collateral. Third, owner-builders may not be sufficiently skilled and may end up building substandard housing without appropriate supervision or guidance. Thus, Colonia Self-Help Centers are afforded the opportunity to participate in the Texas Bootstrap Loan Program through the Texas HTF, and the OCI will provide direct guidance and technical assistance in the application and administration of these funds for the Centers.

COLONIA BENEFICIARIES

The following table displays the total number of beneficiaries served by the Department's Colonia Self-Help Center (SHC) Program for open contracts as of September 2023. This data is reported by participating counties and provides a representation of the acute need for housing-related assistance. Each administrator conducts its own needs assessment, holds a public hearing and establishes the activities to be performed under the Colonia SHC Program. Approximately 88% of beneficiaries are of low- to moderate-income. OCI anticipates that the number of beneficiaries served in the table below will be similar throughout the remainder of the 2024-2025 biennium.

Colonia Self-Help Centers Open Contracts as of September 2023

County	Total Population Beneficiaries	Moderate-Income Beneficiaries
Cameron/Willacy	3,955	2,986
El Paso	3,513	3,337
Hidalgo	2,320	1,458
Maverick	5,158	4,126
Nueces	1,145	1,070
Starr	1,746	1,746
Val Verde	4,938	4,938
Webb	2,282	2,282
Total	25,057	21,943

The activities performed under the Colonia SHC Program include homeownership classes, operating a tool lending library, construction skills classes, solid waste cleanup campaigns, technology access, utility connections, rehabilitation, reconstruction and new construction. OCI anticipates that the percentages of funding by activity in the table below will be similar throughout the remainder of the 2024-2025 biennium.

Colonia Self-Help Center Activities for Open Contracts as of September 2023

Activity	Funding	Percentage
Administration	$1,312,500	15%
Construction	$6,600,000	75%
Public Service	$837,500	10%
Total	$8,750,000	100%

TDHCA, through its OCI, administers the Colonia Self-Help Center (SHC) program designed to improve the lives of colonia residents. This action plan outlines how the CSHC program and various initiatives are being implemented for FY 2024 and 2025.

FY 2024 – FY 2025 Colonia Self-Help Center Funding

Program	Funding for FY 2022	Funding for FY 2023	Estimated Funding for FY 2024
Colonia Self-Help Center Program	$1,735,693	$1,720,198	$1,720,198

COLONIA SELF-HELP CENTERS

Tex. Gov't Code §§2306.581 - §2306.590, as amended, directed TDHCA to establish Colonia SHCs in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso, and Nueces counties. The Colonia Self-Help Center Program also allows the Department to establish a Colonia SHC in a county designated as an economically distressed area, such as in Maverick and Val Verde counties. Each county identifies five colonias to receive concentrated assistance. The operation of the Colonia SHCs may be managed by a local nonprofit organization, local community action agency, local unit of government, or local public housing authority that has demonstrated the capacity to operate a center.

The Colonia SHCs provide concentrated on-site technical assistance to low- and very low-income individuals and families. Assistance includes housing, community development, infrastructure improvements, outreach and education housing rehabilitation; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; infrastructure constructions and access; contract for deed conversions; and capital access for mortgages to improve the quality of life for colonia residents. The OCI provides technical assistance to the counties and Colonia SHCs.

The Colonia SHC Program serves 40 colonias. The total number of beneficiaries for all SHCs is approximately 25,057 residents. The Department contracts with the counties, who then subcontract with nonprofit organizations to administer the Colonia SHC Program or specific activities offered under the Program. The counties oversee the implementation of contractual responsibilities and ensure accountability. County officials conduct a needs assessment to prioritize needed services within the colonias and then publish a Request for Proposal (RFP) in search of capable entities to provide these services.

The Colonia Resident Advisory Committee (C-RAC) is a committee of colonia residents appointed by the TDHCA Governing Board which advises the Department on the needs of colonia residents and the types of programs and activities which should be undertaken by the Colonia SHCs. In consultation with C-RAC and the appropriate unit of local government, the Department designates up to five colonias in each county to receive concentrated attention from the Colonia SHCs. Each county nominates two colonia residents who reside in colonias from the same county as the Colonia SHC to serve on the committee. The C-RAC reviews the county proposals and may make recommendations on contracts before they are considered for award by the Board.

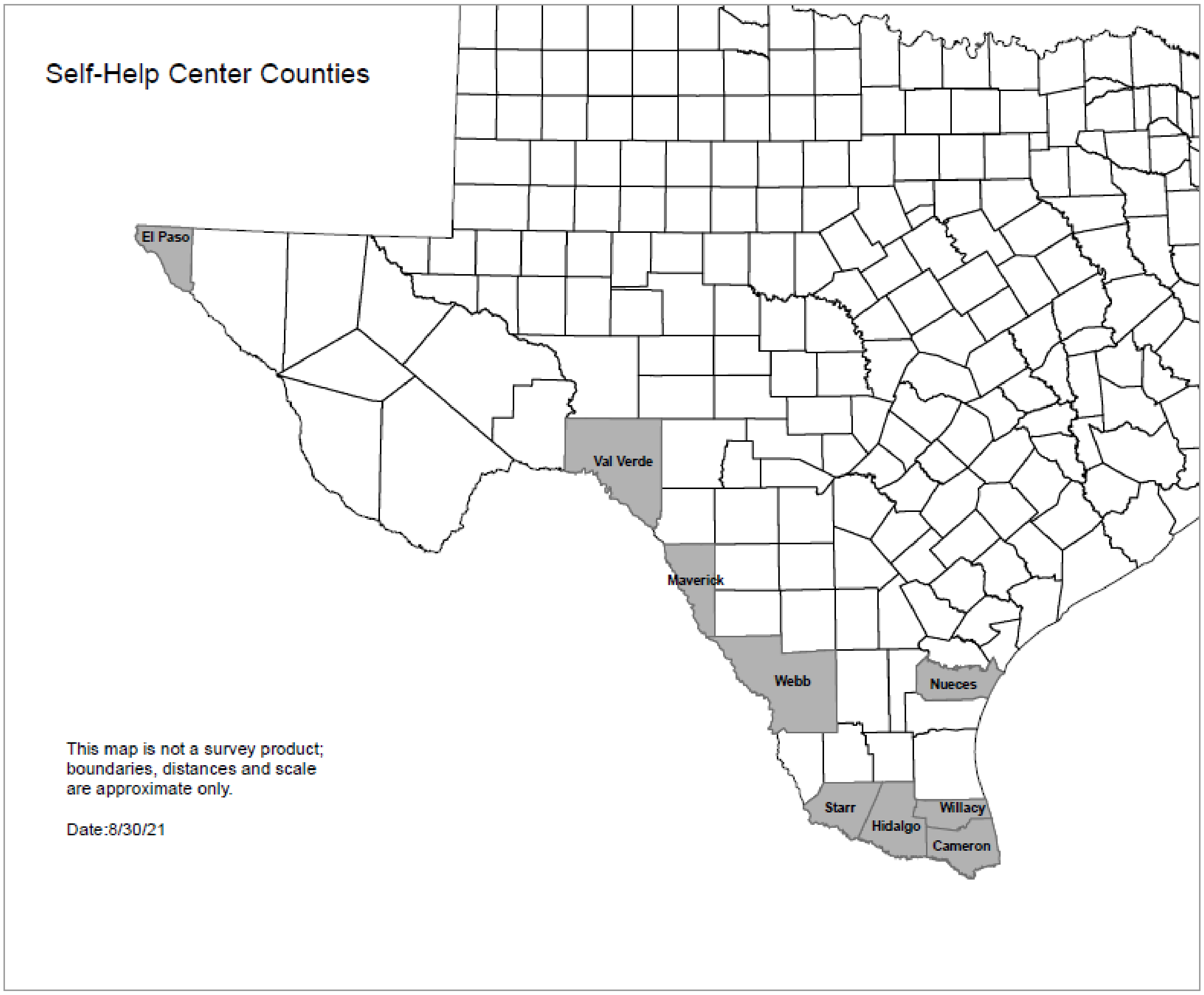
The operations of the Colonia SHCs are funded by HUD through the Texas Community Development Block Grant (CDBG) Program 2.5% set-aside, which is approximately $1.7 million per year. The CDBG funds are transferred to the Department through a memorandum of understanding with the Texas Department of Agriculture. Only units of local government are eligible to receive CDBG funds and the Department enters into contracts with each participating unit of general local government to implement the Colonia SHC Program. The Department provides administrative and general oversight to ensure programmatic and contract compliance. Colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

OFFICE OF COLONIA INITIATIVES

OCI includes dedicated staff who work closely with CSHCs and other organizations along the Texas-Mexico border to act as a liaison between nonprofit organizations and units of local government. The OCI provides technical assistance to nonprofits, for-profits, units of local government, community organizations and colonia residents along the 150-mile Texas-Mexico border region.

For organizations, this includes providing guidance on program rules, reviewing funding draw submissions, analyzing policies and procedures, conducting workshops and trainings, performing inspections, reviewing loan applications and assuring general compliance with any program requirements. For colonia residents, this includes providing information and resources related to TDHCA programs and referrals to other housing programs, social services, manufactured housing, debt and financial counseling, legal, homeownership and directory assistance to other local, state and national programs. Lastly, the OCI and the Colonia SHCs will provide 3,600 targeted technical assistance to individual colonia residents through the Colonia SHC Program as a whole.

Colonia Self-Help Centers



SECTION 8: TSAHC 2024 ACTION PLAN

TSAHC's approved plan will appear in the final version of the 2024 SLIHP

Appendix A: Legislative Requirements for the State Of Texas Low Income Housing Plan and Annual Report

SEC. 2306.072. ANNUAL LOW INCOME HOUSING REPORT

(a) Not later than March 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.

(b) Not later than the 30th day after the date the board receives and approves the report, the board shall submit the report to the governor, lieutenant governor, speaker of the House of Representatives, and member of any legislative oversight committee.

(c) The report must include:

- **(1)** a complete operating and financial statement of the department;
- **(2)** a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
  - **(A)** a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
  - **(B)** the ethnic and racial composition of individuals and families applying for and receiving assistance from each housing-related program operated by the department;
  - **(C)** the department's progress in meeting the goals established in the previous housing plan, including goals established with respect to the populations described by Section 2306.0721(c)(1); and
  - **(D)** recommendations on how to improve the coordination of department services to the populations described by Section 2306.0721(c)(1);
- **(3)** an explanation of the efforts made by the department to ensure the participation of individuals of low income and their community-based institutions in department programs that affect them;
- **(4)** a statement of the evidence that the department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
- **(5)** a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions;
- **(6)** an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains 20 or more living units:
  - **(A)** the street address and municipality or county in which the property is located;
  - **(B)** the telephone number of the property management or leasing agent
  - **(C)** the total number of units, reported by bedroom size;
  - **(D)** the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually;
  - **(E)** the rent for each type of rental unit, reported by bedroom size;
  - **(F)** the race or ethnic makeup of each project;
  - **(G)** the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;
  - **(H)** the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;

- **(I)** a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United States Department of Justice; and
- **(J)** a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered through the normal monitoring activities and procedures that include meeting occupancy requirement or rent restrictions imposed by deed restriction or financing agreements;

(7) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states; and

(8) a statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available date, of average rents reported by county.

SEC. 2306.0721. LOW INCOME HOUSING PLAN

(a) Not later than March 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.

(b) Not later than the 30th day after the date the board receives and approves the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.

(c) The plan must include:

(1) an estimate and analysis of the size and the different housing needs of the following populations in each uniform state service region:

- **(A)** individuals and families of moderate, low, very low, and extremely low income;
- **(B)** individuals with special needs;
- **(C)** homeless individuals;
- **(D)** veterans;
- **(E)** farmworkers;
- **(F)** youth who are aging out of foster care;
- **(G)** Homeless youth, as defined by Section 2306.1101, and other individuals older than 18 years of age and younger than 25 years of age who are homeless; and
- **(H)** elderly individuals;

(2) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;

(3) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(4) a description of state programs that govern the use of all available housing resources;

(5) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(6) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to ensure the full use by the state of all available federal resources for those services in each uniform state service region;

(7) strategies to provide housing for individuals and families with special needs in each uniform state service region;

(8) a description of the department's efforts to encourage in each uniform state service region the construction of housing units that incorporate energy efficient construction and appliances;
(9) an estimate and analysis of the housing supply in each uniform state service region
(10) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;
(11) strategies for meeting rural housing needs;
(12) a biennial action plan for colonias that:
(A) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to the policy goals;
(B) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of the state;
(13) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and
(13-a) information regarding foreclosures of residential property in this state, including the number and geographic location of those foreclosures.

(d) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.

(e) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan.

(f) The director may subdivide the uniform state serve regions as necessary for purposes of the state low income housing plan.

(g) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).

SEC. 2306.0722. PREPARATION OF PLAN AND REPORT

(a) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, residents of low income housing, and members of the Colonia Resident Advisory Committee. The department shall obtain the comments and suggestions of the representatives, officials, residents, and members about the prioritization and allocation of the department's resources in regard to housing.
(b) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:
(1) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
(2) set priorities for the available housing resources to help the neediest individuals;
(3) evaluate the success of publicly supported housing programs

(4) survey and identify the unmet housing needs of individuals the department is required to assist;
(5) ensure that housing programs benefit an individual without regard to the individual's race, ethnicity, sex, or national origin;
(6) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
(7) develop housing programs through an open, fair, and public process;
(8) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);
(9) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the Unites States Department of Housing and Urban Development;
(10) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;
(11) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
(12) use the following standardized categories to describe the income of program applicants and beneficiaries:
   i. 0 to 30 percent of area median income adjust for family size;
   ii. more than 30 to 60 percent of area median income adjusted for family size;
   iii. more than 60 to 80 percent of area median income adjusted for family size;
   iv. more than 80 to 115 percent of area median income adjusted for family size; or
   v. more than 115 percent of area median income adjusted for family size;
(13) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies; and
(14) provide the needs assessment information compiled for report and plan to the Texas State Affordable Housing Corporation.

SEC. 2306.0723. PUBLIC PARTICIPATION REQUIREMENTS

The Department shall consider the annual low income housing report to be a rule and in developing the report shall follow rulemaking procedures required by Chapter 2001.

SEC. 2306.0724. FAIR HOUSING SPONSOR REPORT

(a) The Department shall require the owner of each housing development that receives financial assistance from the Department and that contains 20 or more living units to submit an annual fair housing sponsor report. The report must include the relevant information necessary for the analysis required by Section 2306.072(c)(6). In compiling the information for the report, the owner of each housing development shall use data current as of January 1 of the reporting year.
(b) The Department shall adopt rules regarding the procedure for filing the report.
(c) The Department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.
(d) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the Department:
   (1) denial of a request for additional funding; or

(2) an administrative penalty in an amount not to exceed $1,000, assessed in the manner provided for an administrative penalty under Section 2306.6023.

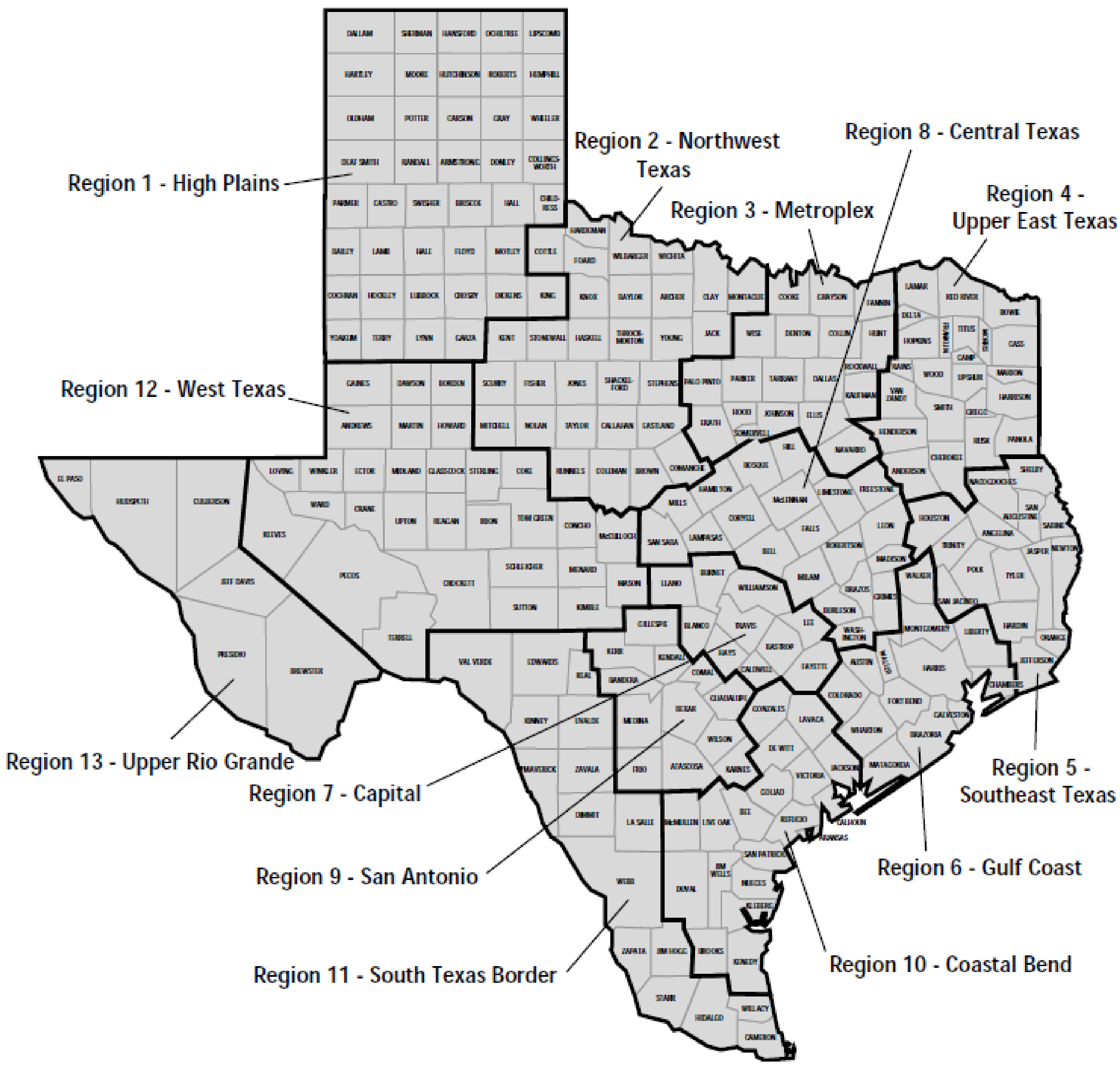
Appendix B: Housing Analysis Regional Tables

The following notes apply to all Housing Analysis Regional Tables.

- Due to limitations of available data, only civilian, non-institutionalized persons with a disability are counted for each region's persons with disability population count. Statistics for total civilian non-institutionalized population are pulled from the 2017-2021 ACS, Table S1810 and available at the state or county level on the Census Bureau's FactFinder website (factfinder.census.gov).
- The figures reported for Persons with HIV/AIDS do not include those unaware of their HIV infection, or those who tested positive for HIV solely through an anonymous HIV test. In addition, 3,946 counted in Texas Department of Criminal Justice facilities, Federal Prison facilities, and Federal Immigration and Customs Enforcement facilities are not attributed to a geographic area and are only present in the total statewide figure.
- Veteran populations are compared to civilian population 18 years old and over. Statistics for total civilian population 18 years and over are pulled from the 2017-2021 ACS, Table S2101 and available at the state or county level on the Census Bureau's FactFinder website (factfinder.census.gov).
- Housing units reported in the 'Other' category under Physical Housing Characteristics of Housing Units can include any living quarters occupied as a housing unit that does not fit in the other categories. Examples that fit in the 'Other' category are houseboats, railroad cars, campers and vans.

For reference, a map and list of all Texas counties grouped by region with urban/rural designation has been included preceding the Housing Analysis Regional Tables.

13 State Service Regions of Texas



TDHCA Counties by Region with 2024 Urban/Rural Designation

Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8	Region 9	Region 10	Region 11	Region 12	Region 13
Armstrong	Archer	Collin	Anderson	Angelina	Austin	Bastrop	Bell	Atascosa	Aransas	Cameron	Andrews	Brewster
Bailey	Baylor	Cooke	Bowie	Hardin	Brazoria	Blanco	Bosque	Bandera	Bee	Dimmit	Borden	Culberson
Briscoe	Brown	Dallas	Camp	Houston	Chambers	Burnet	Brazos	Bexar	Brooks	Edwards	Coke	El Paso
Carson	Callahan	Denton	Cass	Jasper	Colorado	Caldwell	Burleson	Comal	Calhoun	Hidalgo	Concho	Hudspeth
Castro	Clay	Ellis	Cherokee	Jefferson	Fort Bend	Fayette	Coryell	Frio	DeWitt	Jim Hogg	Crane	Jeff Davis
Childress	Coleman	Erath	Delta	Nacogdoches	Galveston	Hays	Falls	Gillespie	Duval	Kinney	Crockett	Presidio
Cochran	Comanche	Fannin	Franklin	Newton	Harris	Lee	Freestone	Guadalupe	Goliad	La Salle	Dawson	
Collingsworth	Cottle	Grayson	Gregg	Orange	Liberty	Llano	Grimes	Karnes	Gonzales	Maverick	Ector	
Crosby	Eastland	Hood	Harrison	Polk	Matagorda	Travis	Hamilton	Kendall	Jackson	Real	Gaines	
Dallam	Fisher	Hunt	Henderson	Sabine	Montgomery	Williamson	Hill	Kerr	Jim Wells	Starr	Glasscock	
Deaf Smith	Foard	Johnson	Hopkins	San Augustine	Walker		Lampasas	Medina	Kenedy	Uvalde	Howard	
Dickens	Hardeman	Kaufman	Lamar	San Jacinto	Waller		Leon	Wilson	Kleberg	Val Verde	Irion	
Donley	Haskell	Navarro	Marion	Shelby	Wharton		Limestone		Lavaca	Webb	Kimble	
Floyd	Jack	Palo Pinto	Morris	Trinity			Madison		Live Oak	Willacy	Loving	
Garza	Jones	Parker	Panola	Tyler			McLennan		McMullen	Zapata	Martin	
Gray	Kent	Rockwall	Rains				Milam		Nueces	Zavala	Mason	
Hale	Knox	Somervell	Red River				Mills		Refugio		McCulloch	
Hall	Mitchell	Tarrant	Rusk				Robertson		San Patricio		Menard	
Hansford	Montague	Wise	Smith				San Saba		Victoria		Midland	
Hartley	Nolan		Titus				Washington				Pecos	
Hemphill	Runnels		Upshur								Reagan	
Hockley	Scurry		Van Zandt								Reeves	
Hutchinson	Shackelford		Wood								Schleicher	
King	Stephens										Sterling	
Lamb	Stonewall										Sutton	
Lipscomb	Taylor										Terrell	
Lubbock	Throckmorton										Tom Green	
Lynn	Wichita										Upton	
Moore	Wilbarger										Ward	
Motley	Young										Winkler	
Ochiltree												
Oldham												
Parmer												
Potter												
Randall												
Roberts												
Sherman												
Swisher												
Terry												
Wheeler												
Yoakum												

Legend:
Urban County
Rural County

Region 1		Rural	Urban	Total	Source
Individuals		285,573	579,946	865,519	2017-2021 ACS, DP05
Households	Owner	68,934	130,791	199,725	2017-2021 ACS, DP04
	Renter	29,027	90,100	119,127	
Elderly Persons (65 years+)		42,567	76,513	119,080	2017-2021 ACS, DP05
Persons with Disabilities		36,778	69,049	105,827	2017-2021 ACS, S1810
Persons with HIV/AIDS		266	1063	1,329	Texas DSHS, 2022
Incidents of Family Violence		1,489	8,078	9,567	Texas DPS, 2023
Veterans		12,462	29,898	42,360	2017-2021 ACS, S2101
Youth Aging out of Foster Care		27	43	70	Texas DFPS, 2023
Individuals Below 125% Poverty		11,563	29,710	41,273	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	12,393	30,265	42,658	2016-2020 CHAS, 8
	30-50%AMFI	12,607	26,780	39,387	
	50-80%AMFI	20,197	37,305	57,502	
	80-100%AMFI	11,222	21,280	32,502	
	Over100%AMFI	48,125	94,950	143,075	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	252	639	891	2016-2020 CHAS, 3
	30-50%AMFI	255	465	720	
	50-80%AMFI	224	290	514	
	80-100%AMFI	85	150	235	
	Over100%AMFI	455	555	1,010	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	7,633	23,065	30,698	2016-2020 CHAS, 8
	30-50%AMFI	4,984	18,035	23,019	
	50-80%AMFI	3,774	13,030	16,804	
	80-100%AMFI	1,175	3,035	4,210	
	Over100%AMFI	886	3,525	4,411	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	583	1,754	2,337	2016-2020 CHAS, 10
	30-50%AMFI	755	1,159	1,914	
	50-80%AMFI	1,170	1,688	2,858	
	80-100%AMFI	529	734	1,263	
	Over100%AMFI	1,236	1,770	3,006	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	123,750	245,785	369,535	2017-2021 ACS, DP04
	1unit	100,041	174,570	274,611	
	2units	2,165	6,870	9,035	
	3or4units	3,303	8,253	11,556	
	5to19units	3,908	22,119	26,027	
	20+units	1,594	19,087	20,681	
	Mobilehome	12,525	14,512	27,037	
	Other	214	374	588	
Housing Occupancy	OccupiedUnits	97,961	220,891	318,852	2017-2021 ACS, DP04
	VacantUnits	25,789	24,894	50,683	
Subsidized Multifamily Units	Total	5,705	12,441	17,017	
	TDHCAUnits	1,783	5,681	7,464	TDHCA Central Database, 2022
	HUDUnits	631	1,250	1,881	HUD, 2021
	PHAUnits	999	418	1,417	HUD, 2021
	USDAUnits	1069	60	1.129	USDA, 2022
	HCVs	1,223	5,032	6,255	HUD, 2021
Foreclosures		67	312	379	RealtyTrac, 2022

Region 2		Rural	Urban	Total	Source
Individuals		257,450	290,879	548,329	2017-2021 ACS, DP05
Households	Owner	72,705	65,829	138,534	2017-2021 ACS, DP04
	Renter	24,666	41,428	66,094	
Elderly Persons (65 years+)		51,915	42,343	94,258	2017-2021 ACS, DP05
Persons with Disabilities		47,046	39,921	86,967	2017-2021 ACS, S1810
Persons with HIV/AIDS		228	410	638	Texas DSHS, 2022
Incidents of Family Violence		1,492	3,161	4,653	Texas DPS, 2023
Veterans		16,856	22,747	39,603	2017-2021 ACS, S2101
Youth Aging out of Foster Care		20	32	52	Texas DFPS, 2023
Individuals Below 125% Poverty		46,796	54,411	101,207	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	11,810	14,470	26,280	2016-2020 CHAS, 8
	30-50%AMFI	14,419	13,020	27,439	
	50-80%AMFI	17,805	20,100	37,905	
	80-100%AMFI	11,129	10,345	21,474	
	Over100%AMFI	46,045	46,655	92,700	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	568	440	1,008	2016-2020 CHAS, 3
	30-50%AMFI	340	275	615	
	50-80%AMFI	269	310	579	
	80-100%AMFI	84	75	159	
	Over100%AMFI	313	134	447	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	7,614	10,375	17,989	2016-2020 CHAS, 8
	30-50%AMFI	6,029	7,610	13,639	
	50-80%AMFI	3,134	5,925	9,059	
	80-100%AMFI	1,012	1,170	2,182	
	Over100%AMFI	937	1,685	2,622	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	353	435	788	2016-2020 CHAS, 10
	30-50%AMFI	370	423	793	
	50-80%AMFI	518	304	822	
	80-100%AMFI	291	324	615	
	Over100%AMFI	1,197	739	1,936	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	128,168	122,938	251,106	2017-2021 ACS, DP04
	1unit	101,863	91,362	193,225	
	2units	3,453	3,505	6,958	
	3or4units	2,352	5,041	7,393	
	5to19units	2,861	11,293	14,154	
	20+units	1,562	5,231	6,793	
	Mobilehome	15,652	6,308	21,960	
	Other	425	198	623	
Housing Occupancy	OccupiedUnits	97,371	107,257	204,628	2017-2021 ACS, DP04
	VacantUnits	30,797	15,681	46,478	
Subsidized Multifamily Units	Total	7,130	7,772	14,902	
	TDHCAUnits	1,837	3,007	4,844	TDHCA Central Database, 2023
	HUDUnits	566	732	1,298	HUD, 2022
	PHAUnits	2,714	1,161	3,875	HUD, 2022
	USDAUnits	991	142	1,133	USDA, 2023
	HCVs	1,022	2,730	3,752	HUD, 2022
Foreclosures		67	149	216	RealtyTrac, 2022

Region 3		Rural	Urban	Total	Source
Individuals		268,858	7,677,545	7,946,403	2017-2021 ACS, DP05
Households	Owner	71,436	1,646,477	1,717,913	2017-2021 ACS, DP04
	Renter	27,473	1,097,651	1,125,124	
Elderly Persons (65 years+)		50,950	874,005	924,955	2017-2021 ACS, DP05
Persons with Disabilities		38,975	734,805	773,780	2017-2021 ACS, S1810
Persons with HIV/AIDS		321	34,684	35,005	Texas DSHS, 2022
Incidents of Family Violence		1,399	52,861	54,260	Texas DPS, 2023
Veterans		17,318	342,275	359,593	2017-2021 ACS, S2101
Youth Aging out of Foster Care		12	204	216	Texas DFPS, 2023
Individuals Below 125% Poverty		46,076	1,130,335	1,176,411	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	10,700	303,120	313,820	2016-2020 CHAS, 8
	30-50%AMFI	11,605	306,870	318,475	
	50-80%AMFI	16,305	462,370	478,675	
	80-100%AMFI	10,165	283,640	293,805	
	Over100%AMFI	47,620	1,308,895	1,356,515	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	348	6,455	6,803	2016-2020 CHAS, 3
	30-50%AMFI	78	4,479	4,557	
	50-80%AMFI	223	4,278	4,501	
	80-100%AMFI	148	1,660	1,808	
	Over100%AMFI	313	5,029	5,342	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	7,450	233,600	241,050	2016-2020 CHAS, 8
	30-50%AMFI	6,465	212,705	219,170	
	50-80%AMFI	5,184	190,105	195,289	
	80-100%AMFI	1,094	58,785	59,879	
	Over100%AMFI	2,159	69,250	71,409	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	574	22,789	23,363	2016-2020 CHAS, 10
	30-50%AMFI	537	25,672	26,209	
	50-80%AMFI	714	29,063	29,777	
	80-100%AMFI	197	13,552	13,749	
	Over100%AMFI	1,334	28,714	30,048	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	118,489	2,957,332	3,075,821	2017-2021 ACS, DP04
	1unit	86,686	1,962,018	2,048,704	
	2units	2,431	38,660	41,091	
	3or4units	2,703	96,744	99,447	
	5to19units	4,066	385,497	389,563	
	20+units	3,512	369,735	373,247	
	Mobilehome	18,739	102,136	120,875	
	Other	352	2,542	2,894	
Housing Occupancy	OccupiedUnits	98,909	2,744,128	2,843,037	2017-2021 ACS, DP04
	VacantUnits	19,580	213,204	232,784	
Subsidized Multifamily Units	Total	4,673	149,619	154,292	
	TDHCAUnits	1,425	82,626	84,051	TDHCA Central Database, 2023
	HUDUnits	826	8,876	9,702	HUD, 2022
	PHAUnits	660	4,758	5,418	HUD, 2022
	USDAUnits	585	2,142	2,727	USDA, 2023
	HCVs	1,177	51,217	52,394	HUD, 2022
Foreclosures		486	4,299	4,785	RealtyTrac, 2022

Region 4		Rural	Urban	Total	Source
Individuals		579,401	567,333	1,146,734	2017-2021 ACS, DP05
Households	Owner	157,743	136,817	294,560	2017-2021 ACS, DP04
	Renter	53,296	68,085	121,381	
Elderly Persons (65 years+)		112,395	94,037	206,432	2017-2021 ACS, DP05
Persons with Disabilities		93,063	74,875	167,938	2017-2021 ACS, S1810
Persons with HIV/AIDS		1,372	1,428	2,800	Texas DSHS, 2022
Incidents of **Family** Violence		3,342	4,069	7,411	Texas DPS, 2023
Veterans		38,325	32,153	70,478	2017-2021 ACS, S2101
Youth Aging out of Foster Care		33	17	50	Texas DFPS, 2023
Individuals Below 125% Poverty		113,890	110,947	224,837	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	30,275	22,675	52,950	2016-2020 CHAS, 8
	30-50%AMFI	30,120	20,190	50,310	
	50-80%AMFI	42,975	29,385	72,360	
	80-100%AMFI	24,200	16,520	40,720	
	Over100%AMFI	113,155	83,890	197,045	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	1,281	509	1,790	2016-2020 CHAS, 3
	30-50%AMFI	809	309	1,118	
	50-80%AMFI	612	313	925	
	80-100%AMFI	116	229	345	
	Over100%AMFI	676	515	1,191	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	19,539	16,165	35,704	2016-2020 CHAS, 8
	30-50%AMFI	14,965	12,235	27,200	
	50-80%AMFI	10,868	9,289	20,157	
	80-100%AMFI	2,690	2,430	5,120	
	Over100%AMFI	3,201	2,988	6,189	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	1,356	905	2,261	2016-2020 CHAS, 10
	30-50%AMFI	1,255	715	1,970	
	50-80%AMFI	1,982	1,250	3,232	
	80-100%AMFI	835	648	1,483	
	Over100%AMFI	3,443	1,690	5,133	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	256,162	240,920	497,082	2017-2021 ACS, DP04
	1unit	185,300	167,118	352,418	
	2units	4,613	8,460	13,073	
	3or4units	5,289	7,839	13,128	
	5to19units	6,753	16,381	23,134	
	20+units	4,038	8,788	12,826	
	Mobilehome	48,712	31,695	80,407	
	Other	1,457	639	2,096	
Housing Occupancy	OccupiedUnits	211,039	204,902	415,941	2017-2021 ACS, DP04
	VacantUnits	45,123	36,018	81,141	
Subsidized Multifamily Units	Total	11,298	13,798	25,096	
	TDHCAUnits	4,152	5,952	10,104	TDHCA Central Database, 2023
	HUDUnits	1,042	1,729	2,771	HUD, 2022
	PHAUnits	1,911	381	2,292	HUD, 2022
	USDAUnits	1,815	444	2,259	USDA, 2023
	HCVs	2,378	5,292	7,670	HUD, 2022
Foreclosures		191	391	582	RealtyTrac, 2022

Region 5		Rural	Urban	Total	Source
Individuals		372,266	397,924	770,190	2017-2021 ACS, DP05
Households	Owner	96,977	97,577	194,554	2017-2021 ACS, DP04
	Renter	38,475	46,378	84,853	
Elderly Persons (65 years+)		70,088	59,526	129,614	2017-2021 ACS, DP05
Persons with Disabilities		70,413	60,954	131,367	2017-2021 ACS, S1810
Persons with HIV/AIDS		760	1,223	1,983	Texas DSHS, 2022
Incidents of Family Violence		2,341	4,719	7,060	Texas DPS, 2023
Veterans		25,199	21,672	46,871	2017-2021 ACS, S2101
Youth Aging out of Foster Care		14	16	30	Texas DFPS, 2023
Individuals Below 125% Poverty		91,175	81,781	172,956	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	20,070	22,740	42,810	2016-2020 CHAS, 8
	30-50%AMFI	21,130	17,920	39,050	
	50-80%AMFI	24,810	25,885	50,695	
	80-100%AMFI	14,425	14,620	29,045	
	Over100%AMFI	60,820	65,610	126,430	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	716	505	1,221	2016-2020 CHAS, 3
	30-50%AMFI	436	184	620	
	50-80%AMFI	269	310	579	
	80-100%AMFI	90	110	200	
	Over100%AMFI	401	310	711	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	13,745	14,525	28,270	2016-2020 CHAS, 8
	30-50%AMFI	10,600	9,280	19,880	
	50-80%AMFI	6,564	6,539	13,103	
	80-100%AMFI	1,559	1,985	3,544	
	Over100%AMFI	1,449	1,424	2,873	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	1,210	704	1,914	2016-2020 CHAS, 10
	30-50%AMFI	1,173	689	1,862	
	50-80%AMFI	1,315	739	2,054	
	80-100%AMFI	648	305	953	
	Over100%AMFI	2,048	1,225	3,273	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	178,930	169,426	348,356	2017-2021 ACS, DP04
	1unit	118,489	121,868	240,357	
	2units	3,452	3,012	6,464	
	3or4units	3,779	4,168	7,947	
	5to19units	5,673	17,695	23,368	
	20+units	3,861	5,291	9,152	
	Mobilehome	42,790	16,564	59,354	
	Other	886	828	1,714	
Housing Occupancy	OccupiedUnits	135,452	143,955	279,407	2017-2021 ACS, DP04
	VacantUnits	43,478	25,471	68,949	
Subsidized Multifamily Units	Total	9,392	17,680	27,072	
	TDHCAUnits	3,069	7,180	10,249	TDHCA Central Database, 2023
	HUDUnits	983	3,356	4,339	HUD, 2022
	PHAUnits	1,620	665	2,285	HUD, 2022
	USDAUnits	863	145	1,008	USDA, 2023
	HCVs	2,857	6,334	9,191	HUD, 2022
Foreclosures		132	324	456	RealtyTrac, 2022

Region 6		Rural	Urban	Total	Source
Individuals		205,122	7,018,822	7,223,944	2017-2021 ACS, DP05
Households	Owner	47,299	1,496,086	1,543,385	2017-2021 ACS, DP04
	Renter	23,998	951,891	975,889	
Elderly Persons (65 years+)		33,586	787,408	820,994	2017-2021 ACS, DP05
Persons with Disabilities		25,454	664,510	689,964	2017-2021 ACS, S1810
Persons with HIV/AIDS		329	33,760	34,089	Texas DSHS, 2022
Incidents of Domestic Violence		1,527	69,496	71,023	Texas DPS, 2023
Veterans		11,122	260,672	271,794	2017-2021 ACS, S2101
Youth Aging out of Foster Care		7	200	207	Texas DFPS, 2023
Individuals Below 125% Poverty		40,507	1,234,886	1,275,393	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	11,125	308,535	319,660	2016-2020 CHAS, 8
	30-50%AMFI	8,575	285,025	293,600	
	50-80%AMFI	13,155	396,160	409,315	
	80-100%AMFI	6,920	238,930	245,850	
	Over100%AMFI	30,905	1,167,795	1,198,700	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	454	6,475	6,929	2016-2020 CHAS, 3
	30-50%AMFI	214	3,709	3,923	
	50-80%AMFI	185	3,490	3,675	
	80-100%AMFI	28	1,420	1,448	
	Over100%AMFI	245	5,385	5,630	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	7,495	235,090	242,585	2016-2020 CHAS, 8
	30-50%AMFI	4,689	195,010	199,699	
	50-80%AMFI	3,625	162,810	166,435	
	80-100%AMFI	1,020	47,574	48,594	
	Over100%AMFI	1,240	60,375	61,615	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	340	27,930	28,270	2016-2020 CHAS, 10
	30-50%AMFI	534	24,704	25,238	
	50-80%AMFI	725	29,249	29,974	
	80-100%AMFI	222	12,609	12,831	
	Over100%AMFI	1,095	26,448	27,543	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	87,618	2,689,038	2,776,656	2017-2021 ACS, DP04
	1unit	58,265	1,774,362	1,832,627	
	2units	2,240	30,179	32,419	
	3or4units	2,770	71,042	73,812	
	5to19units	6,028	333,639	339,667	
	20+units	2,959	353,538	356,497	
	Mobilehome	15,064	121,534	136,598	
	Other	292	4,744	5,036	
Housing Occupancy	OccupiedUnits	71,297	2,447,977	2,519,274	2017-2021 ACS, DP04
	VacantUnits	16,321	241,061	257,382	
Subsidized Multifamily Units	Total	3,915	121,842	125,757	
	TDHCAUnits	1,593	75,533	77,126	TDHCA Central Database, 2023
	HUDUnits	777	11,637	12,414	HUD, 2022
	PHAUnits	369	3,195	3,564	HUD, 2022
	USDAUnits	522	1,471	1,993	USDA, 2023
	HCVs	654	30,006	30,660	HUD, 2022
Foreclosures		76	5,932	6,008	RealtyTrac, 2022

Region 7		Rural	Urban	Total	Source
Individuals		122,821	2,234,300	2,357,121	2017-2021 ACS, DP05
Households	Owner	37,431	509,204	546,635	2017-2021 ACS, DP04
	Renter	9,347	353,313	362,660	
Elderly Persons (65 years+)		31,130	245,439	276,569	2017-2021 ACS, DP05
Persons with Disabilities		20,460	205,493	225,953	2017-2021 ACS, S1810
Persons with HIV/AIDS		155	7,110	7,265	Texas DSHS, 2022
Incidents of Family Violence		744	15,809	16,553	Texas DPS, 2023
Veterans		9,912	109,661	119,573	2017-2021 ACS, S2101
Youth Aging out of Foster Care		7	65	72	Texas DFPS, 2023
Individuals Below 125% Poverty		17,704	288,221	305,925	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	4,555	95,285	99,840	2016-2020 CHAS, 8
	30-50%AMFI	4,810	88,550	93,360	
	50-80%AMFI	8,090	144,430	152,520	
	80-100%AMFI	4,830	85,565	90,395	
	Over100%AMFI	23,980	382,495	406,475	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	128	2,025	2,153	2016-2020 CHAS, 3
	30-50%AMFI	120	1,295	1,415	
	50-80%AMFI	59	1,250	1,309	
	80-100%AMFI	105	719	824	
	Over100%AMFI	209	2,025	2,234	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	2,995	76,185	79,180	2016-2020 CHAS, 8
	30-50%AMFI	2,660	65,095	67,755	
	50-80%AMFI	2,373	58,970	61,343	
	80-100%AMFI	1,129	15,925	17,054	
	Over100%AMFI	1,162	19,935	21,097	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	98	6,854	6,952	2016-2020 CHAS, 10
	30-50%AMFI	150	5,644	5,794	
	50-80%AMFI	428	7,255	7,683	
	80-100%AMFI	209	3,295	3,504	
	Over100%AMFI	648	6,830	7,478	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	65,406	920,939	986,345	2017-2021 ACS, DP04
	1unit	49,682	578,927	628,609	
	2units	830	21,643	22,473	
	3or4units	1,337	29,155	30,492	
	5to19units	1,676	109,816	111,492	
	20+units	1,176	135,355	136,531	
	Mobilehome	10,418	44,401	54,819	
	Other	287	1,642	1,929	
Housing Occupancy	OccupiedUnits	46,778	862,517	909,295	2017-2021 ACS, DP04
	VacantUnits	18,628	58,422	77,050	
Subsidized Multifamily Units	Total	2,438	58,726	61,164	
	TDHCAUnits	1,148	44,384	45,532	TDHCA Central Database, 2023
	HUDUnits	142	4,423	4,565	HUD, 2022
	PHAUnits	265	1,028	1,293	HUD, 2022
	USDAUnits	439	535	974	USDA, 2023
	HCVs	444	8,356	8,800	HUD, 2022
Foreclosures		44	849	893	RealtyTrac, 2022

Region 8		Rural	Urban	Total	Source
Individuals		564,061	677,490	1,241,551	2017-2021 ACS, DP05
Households	Owner	140,160	125,562	265,722	2017-2021 ACS, DP04
	Renter	65,344	112,542	177,886	
Elderly Persons (65 years+)		99,728	69,842	169,570	2017-2021 ACS, DP05
Persons with Disabilities		84,358	83,145	167,503	2017-2021 ACS, S1810
Persons with HIV/AIDS		420	1,492	1,912	Texas DSHS, 2022
Incidents of Family Violence		1,376	7,109	8,485	Texas DPS, 2023
Veterans		34,660	68,447	103,107	2017-2021 ACS, S2101
Youth Aging out of Foster Care		19	60	79	Texas DFPS, 2023
Individuals Below 125% Poverty		115,165	142,784	257,949	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	12,245	48,185	60,430	2016-2020 CHAS, 8
	30-50%AMFI	13,275	39,890	53,165	
	50-80%AMFI	19,080	57,140	76,220	
	80-100%AMFI	10,080	32,515	42,595	
	Over100%AMFI	49,880	151,110	200,990	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	406	639	1,045	2016-2020 CHAS, 3
	30-50%AMFI	337	585	922	
	50-80%AMFI	221	365	586	
	80-100%AMFI	102	224	326	
	Over100%AMFI	444	839	1,283	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	8,289	37,555	45,844	2016-2020 CHAS, 8
	30-50%AMFI	6,384	29,645	36,029	
	50-80%AMFI	4,205	22,945	27,150	
	80-100%AMFI	956	5,990	6,946	
	Over100%AMFI	1,297	6,803	8,100	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	575	2,009	2,584	2016-2020 CHAS, 10
	30-50%AMFI	852	2,255	3,107	
	50-80%AMFI	765	2,355	3,120	
	80-100%AMFI	373	1,649	2,022	
	Over100%AMFI	1,569	3,105	4,674	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	248,927	269,552	518,479	2017-2021 ACS, DP04
	1unit	179,296	173,238	352,534	
	2units	7,073	14,342	21,415	
	3or4units	6,400	18,591	24,991	
	5to19units	13,518	29,252	42,770	
	20+units	9,148	16,527	25,675	
	Mobilehome	32,692	17,061	49,753	
	Other	800	541	1,341	
Housing Occupancy	OccupiedUnits	205,504	238,104	443,608	2017-2021 ACS, DP04
	VacantUnits	43,423	31,448	74,871	
Subsidized Multifamily Units	Total	5,916	19,542	25,458	
	TDHCAUnits	2,002	7,192	9,194	TDHCA Central Database, 2023
	HUDUnits	400	1,814	2,214	HUD, 2022
	PHAUnits	1,606	1,892	3,498	HUD, 2022
	USDAUnits	1,015	589	1,604	USDA, 2023
	HCVs	893	8,055	8,948	HUD, 2022
Foreclosures		259	474	733	RealtyTrac, 2022

Region 9		Rural	Urban	Total	Source
Individuals		231,289	2,410,556	2,641,845	2017-2021 ACS, DP05
Households	Owner	63,465	538,681	602,146	2017-2021 ACS, DP04
	Renter	20,007	330,622	350,629	
Elderly Persons (65 years+)		46,939	308,376	355,315	2017-2021 ACS, DP05
Persons with Disabilities		30,779	335,336	366,115	2017-2021 ACS, S1810
Persons with HIV/AIDS		279	7,642	7,921	Texas DSHS, 2022
Incidence of Family Violence		1,289	21,521	22,810	Texas DPS, 2023
Veterans		18,291	184,019	202,310	2017-2021 ACS, S2101
Youth Aging out of Foster Care		18	159	177	Texas DFPS, 2023
Individuals Below 125% Poverty		38,266	441,315	479,581	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	8,420	105,160	113,580	2016-2020 CHAS, 8
	30-50%AMFI	9,055	89,860	98,915	
	50-80%AMFI	12,990	137,280	150,270	
	80-100%AMFI	9,205	79,905	89,110	
	Over100%AMFI	42,105	373,425	415,530	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	289	2,410	2,699	2016-2020 CHAS, 3
	30-50%AMFI	214	1,450	1,664	
	50-80%AMFI	153	1,459	1,612	
	80-100%AMFI	89	250	339	
	Over100%AMFI	273	1,950	2,223	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	5,345	75,970	81,315	2016-2020 CHAS, 8
	30-50%AMFI	4,235	60,840	65,075	
	50-80%AMFI	3,413	55,895	59,308	
	80-100%AMFI	1,319	15,594	16,913	
	Over100%AMFI	1,665	20,600	22,265	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	562	6,669	7,231	2016-2020 CHAS, 10
	30-50%AMFI	792	5,964	6,756	
	50-80%AMFI	615	7,845	8,460	
	80-100%AMFI	477	3,540	4,017	
	Over100%AMFI	1,965	8,065	10,030	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	100,024	945,874	1,045,898	2017-2021 ACS, DP04
	1unit	69,016	652,632	721,648	
	2units	1,406	15,053	16,459	
	3or4units	2,156	38,442	40,598	
	5to19units	2,495	114,555	117,050	
	20+units	1,152	81,546	82,698	
	Mobilehome	23,209	42,642	65,851	
	Other	590	1,004	1,594	
Housing Occupancy	OccupiedUnits	83,472	869,303	952,775	2017-2021 ACS, DP04
	VacantUnits	16,552	76,571	93,123	
Subsidized Multifamily Units	Total	3,254	60,722	63,976	
	TDHCAUnits	1,516	32,601	34,117	TDHCA Central Database, 2023
	HUDUnits	390	4,439	4,829	HUD, 2022
	PHAUnits	399	6,553	6,952	HUD, 2022
	USDAUnits	331	145	476	USDA, 2023
	HCVs	618	16,984	17,602	HUD, 2022
Foreclosures		144	2,322	2,466	RealtyTrac, 2022

Region 10		Rural	Urban	Total	Source
Individuals		264,021	513,474	777,495	2017-2021 ACS, DP05
Households	Owner	65,341	115,173	180,514	2017-2021 ACS, DP04
	Renter	27,241	72,699	99,940	
Elderly Persons (65 years+)		47,234	76,091	123,325	2017-2021 ACS, DP05
Persons with Disabilities		41,054	70,013	111,067	2017-2021 ACS, S1810
Persons with HIV/AIDS		377	877	1,254	Texas DSHS, 2022
Incidence of Family Violence		1,850	7,101	8,951	Texas DPS, 2023
Veterans		14,898	33,912	48,810	2017-2021 ACS, S2101
Youth Aging out of Foster Care		12	27	39	Texas DFPS, 2023
Individuals Below 125% Poverty		57,348	108,137	165,485	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	13,029	28,295	41,324	2016-2020 CHAS, 8
	30-50%AMFI	10,004	24,240	34,244	
	50-80%AMFI	14,699	33,475	48,174	
	80-100%AMFI	8,179	19,700	27,879	
	Over100%AMFI	37,280	90,635	127,915	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	377	1,330	1,707	2016-2020 CHAS, 3
	30-50%AMFI	302	430	732	
	50-80%AMFI	376	614	990	
	80-100%AMFI	53	190	243	
	Over100%AMFI	321	685	1,006	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	7,719	19,780	27,499	2016-2020 CHAS, 8
	30-50%AMFI	4,579	14,035	18,614	
	50-80%AMFI	2,789	12,725	15,514	
	80-100%AMFI	677	3,665	4,342	
	Over100%AMFI	871	3,648	4,519	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	794	1,373	2,167	2016-2020 CHAS, 10
	30-50%AMFI	646	1,329	1,975	
	50-80%AMFI	991	2,384	3,375	
	80-100%AMFI	480	950	1,430	
	Over100%AMFI	1,394	2,520	3,914	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	123,608	218,690	342,298	2017-2021 ACS, DP04
	1unit	91,229	150,915	242,144	
	2units	2,796	6,747	9,543	
	3or4units	3,919	11,947	15,866	
	5to19units	4,878	24,277	29,155	
	20+units	2,094	11,978	14,072	
	Mobilehome	17,908	12,219	30,127	
	Other	784	607	1,391	
Housing Occupancy	OccupiedUnits	92,582	187,872	280,454	2017-2021 ACS, DP04
	VacantUnits	31,026	30,818	61,844	
Subsidized Multifamily Units	Total	6,925	14,598	21,523	
	TDHCAUnits	2,068	6,148	8,216	TDHCA Central Database, 2023
	HUDUnits	902	2,646	3,548	HUD, 2022
	PHAUnits	1,427	965	2,392	HUD, 2022
	USDAUnits	610	194	804	USDA, 2023
	HCVs	1,918	4,645	6,563	HUD, 2022
Foreclosures		75	459	534	RealtyTrac, 2022

Region 11		Rural	Urban	Total	Source
Individuals		210,598	1,610,963	1,821,561	2017-2021 ACS, DP05
Households	Owner	45,682	314,474	360,156	2017-2021 ACS, DP04
	Renter	19,226	161,369	180,595	
Elderly Persons (65 years+)		29,606	183,542	213,148	2017-2021 ACS, DP05
Persons with Disabilities		34,294	200,456	234,750	2017-2021 ACS, S1810
Persons with HIV/AIDS		272	3,043	3,315	Texas DSHS, 2022
Incidents of Family Violence		1,565	13,907	15,472	Texas DPS, 2023
Veterans		8,208	37,106	45,314	2017-2021 ACS, S2101
Youth Aging out of Foster Care		7	37	44	Texas DFPS, 2023
Individuals Below 125% Poverty		72,510	549,497	622,007	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	18,015	86,640	104,655	2016-2020 CHAS, 8
	30-50%AMFI	13,600	68,995	82,595	
	50-80%AMFI	13,755	78,110	91,865	
	80-100%AMFI	7,484	41,965	49,449	
	Over100%AMFI	30,020	171,515	201,535	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	598	2,685	3,283	2016-2020 CHAS, 3
	30-50%AMFI	149	1,500	1,649	
	50-80%AMFI	173	1,155	1,328	
	80-100%AMFI	255	375	630	
	Over100%AMFI	259	1,020	1,279	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	10,784	60,215	70,999	2016-2020 CHAS, 8
	30-50%AMFI	4,217	36,350	40,567	
	50-80%AMFI	2,983	21,550	24,533	
	80-100%AMFI	570	4,915	5,485	
	Over100%AMFI	368	6,455	6,823	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	1,669	14,750	16,419	2016-2020 CHAS, 10
	30-50%AMFI	1,630	9,440	11,070	
	50-80%AMFI	1,219	10,225	11,444	
	80-100%AMFI	821	4,985	5,806	
	Over100%AMFI	2,051	12,795	14,846	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	81,266	548,070	629,336	2017-2021 ACS, DP04
	1unit	60,481	371,788	432,269	
	2units	2,768	19,652	22,420	
	3or4units	2,479	27,798	30,277	
	5to19units	2,164	31,065	33,229	
	20+units	1,336	25,574	26,910	
	Mobilehome	11,807	70,104	81,911	
	Other	231	2,089	2,320	
Housing Occupancy	OccupiedUnits	64,908	475,843	540,751	2017-2021 ACS, DP04
	VacantUnits	16,358	72,227	88,585	
Subsidized Multifamily Units	Total	7,029	37,258	44,287	
	TDHCAUnits	2,130	16,358	18,488	TDHCA Central Database, 2023
	HUDUnits	418	2,876	3,294	HUD, 2022
	PHAUnits	1,352	3,670	5,022	HUD, 2022
	USDAUnits	592	934	1,526	USDA, 2023
	HCVs	2,537	13,420	15,957	HUD, 2022
Foreclosures		12	1,399	1,411	RealtyTrac, 2022

Region 12		Rural	Urban	Total	Source
Individuals		7,823	18,850	26,673	2017-2021 ACS, DP05
Households	Owner	8,124	19,845	27,969	2017-2021 ACS, DP04
	Renter	10,131	27,260	37,391	
Elderly Persons (65 years+)		6,022	16,905	22,927	2017-2021 ACS, DP05
Persons with Disabilities		30,763	73,320	104,083	2017-2021 ACS, S1810
Persons with HIV/AIDS		176	485	661	Texas DSHS, 2022
Incidents of Family Violence		1,239	6,453	7,692	Texas DPS, 2023
Veterans		117	189	306	2017-2021 ACS, S2101
Youth Aging out of Foster Care		15	20	35	Texas DFPS, 2023
Individuals Below 125% Poverty		376	340	716	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	4,774	13,309	18,083	2016-2020 CHAS, 8
	30-50%AMFI	3,241	11,325	14,566	
	50-80%AMFI	2,294	9,095	11,389	
	80-100%AMFI	578	2,525	3,103	
	Over100%AMFI	583	1,710	2,293	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	405	955	1,360	2016-2020 CHAS, 3
	30-50%AMFI	286	1,380	1,666	
	50-80%AMFI	384	1,730	2,114	
	80-100%AMFI	223	810	1,033	
	Over100%AMFI	1,044	3,100	4,144	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	7,823	18,850	26,673	2016-2020 CHAS, 8
	30-50%AMFI	8,124	19,845	27,969	
	50-80%AMFI	10,131	27,260	37,391	
	80-100%AMFI	6,022	16,905	22,927	
	Over100%AMFI	30,763	73,320	104,083	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	176	485	661	2016-2020 CHAS, 10
	30-50%AMFI	222	395	617	
	50-80%AMFI	117	189	306	
	80-100%AMFI	70	135	205	
	Over100%AMFI	1,092	2,489	3,581	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	81,395	184,265	265,660	2017-2021 ACS, DP04
	1unit	62,612	123,734	186,346	
	2units	1,339	2,045	3,384	
	3or4units	1,615	5,574	7,189	
	5to19units	2,271	18,121	20,392	
	20+units	1,466	12,834	14,300	
	Mobilehome	11,865	21,044	32,909	
	Other	227	913	1,140	
Housing Occupancy	OccupiedUnits	66,380	167,339	233,719	2017-2021 ACS, DP04
	VacantUnits	15,015	16,926	31,941	
Subsidized Multifamily Units	Total	3,649	8,979	12,628	
	TDHCAUnits	1,488	4,808	6,296	TDHCA Central Database, 2023
	HUDUnits	361	1,126	1,487	HUD, 2022
	PHAUnits	757	287	1,044	HUD, 2022
	USDAUnits	403		403	USDA, 2023
	HCVs	640	2,758	3,398	HUD, 2022
Foreclosures		33	436	469	RealtyTrac, 2022

Region 13		Rural	Urban	Total	Source
Individuals		23,381	860,485	883,866	2017-2021 ACS, DP05
Households	Owner	6,216	181,763	187,979	2017-2021 ACS, DP04
	Renter	3,198	106,423	109,621	
Elderly Persons (65 years+)		5,242	104,690	109,932	2017-2021 ACS, DP05
Persons with Disabilities		4,061	110,934	114,995	2017-2021 ACS, S1810
Persons with HIV/AIDS		31	398	429	Texas DSHS, 2022
Incidents of Family Violence		38	6,388	6,426	Texas DPS, 2023
Veterans		990	47,893	48,883	2017-2021 ACS, S2101
Youth Aging out of Foster Care		-	16	16	Texas DFPS, 2023
Individuals Below 125% Poverty		6,305	217,643	223,948	2017-2021 ACS, S1701
Households by Income Group	0-30%AMFI	2,180	41,390	43,570	2016-2020 CHAS, 8
	30-50%AMFI	1,444	36,320	37,764	
	50-80%AMFI	1,744	48,200	49,944	
	80-100%AMFI	984	26,150	27,134	
	Over100%AMFI	3,325	121,610	124,935	
Number of Units Lacking Kitchen and/or Plumbing by Income Category	0-30%AMFI	140	620	760	2016-2020 CHAS, 3
	30-50%AMFI	8	220	228	
	50-80%AMFI	4	695	699	
	80-100%AMFI	-	255	255	
	Over100%AMFI	4	625	629	
Number of Households with Housing Cost Burden by Income Category	0-30%AMFI	1,365	29,295	30,660	2016-2020 CHAS, 8
	30-50%AMFI	455	22,575	23,030	
	50-80%AMFI	225	19,890	20,115	
	80-100%AMFI	101	5,290	5,391	
	Over100%AMFI	64	5,795	5,859	
Number of Households Experiencing Overcrowding by Income Category	0-30%AMFI	164	2,850	3,014	2016-2020 CHAS, 10
	30-50%AMFI	120	2,765	2,885	
	50-80%AMFI	69	3,645	3,714	
	80-100%AMFI	25	1,350	1,375	
	Over100%AMFI	49	5,160	5,209	
Physical Housing Characteristics for Housing Units (Number of Units in Structure)	Total	13,134	314,174	327,308	2017-2021 ACS, DP04
	1unit	8,933	225,075	234,008	
	2units	376	7,932	8,308	
	3or4units	407	13,896	14,303	
	5to19units	384	31,679	32,063	
	20+units	240	17,439	17,679	
	Mobilehome	2,692	17,869	20,561	
	Other	102	284	386	
Housing Occupancy	OccupiedUnits	9,414	288,186	297,600	2017-2021 ACS, DP04
	VacantUnits	3,720	25,988	29,708	
Subsidized Multifamily Units	Total	615	28,472	29,087	
	TDHCAUnits	195	14,299	14,494	TDHCA Central Database, 2023
	HUDUnits		6,845	6,845	HUD, 2022
	PHAUnits	144	466	610	HUD, 2022
	USDAUnits	130	110	240	USDA, 2023
	HCVs	146	6,752	6,898	HUD, 2022
Foreclosures		1	643	644	RealtyTrac, 2022

Appendix C: Racial and Ethnic Composition of Households and Individuals Receiving Assistance through Community Affairs Programs or Homelessness Programs

TDHCA's Community Affairs programs and Homelessness programs allocate funding to subrecipient entities with service areas that span two or more uniform TDHCA state service regions, so racial data for these programs are reported by entity rather than by region. For the purpose of this report, all counties served will be grouped by subrecipients.

Due to the data reporting techniques of the Weatherization Assistance Program (WAP), Comprehensive Energy Assistance Program (CEAP) and Community Services Block Grant (CSBG) race and ethnicity are combined into one category, and Asian and Native Hawaiian/Other Pacific Islander are also combined into one category. Note that some entities may have served a slightly different set of counties under different contracts and may have served the same county in different periods within the fiscal year.

Negative amounts in the following tables reflect adjustments from figures previously submitted from Subrecipients to TDHCA in monthly and annual performance reports.

Racial and Ethnic Composition of Households Receiving WAP Assistance by Subrecipient Statewide, SFY 2023

WAP Subrecipient	Counties Served	Expended	Households Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Unknown	Other	Hispanic
Alamo Area Council of Governments	ATASCOSA,BANDERA,BEXAR,COMAL,FRIO,GILLESPIE,GUADALUPE,KARNES,KENDALL,KERR,MEDINA,WILSON	$1,899,074.51	138	-	2	10	28	-	6	92
BakerRipley	HARRIS	$3,287,552.74	269	-	23	167	47	1	31	-
Brazos Valley Community Action Programs	BRAZOS,BURLESON,GRIMES,LEON,MADISON,MONTGOMERY,ROBERTSON,WALKER,WALLER,WASHINGTON	$318,315.93	26	-	-	14	9	-	-	3
City of Fort Worth	TARRANT	$1,102,672.87	81	1	2	47	8	-	-	23
Combined Community Action, Inc.	AUSTIN,BASTROP,BLANCO,CALDWELL,COLORADO,FAYETTE,FORT BEND,HAYS,LEE	$652,796.72	43	-	-	16	13	-	-	14
Community Action Committee of Victoria, Texas	ARANSAS,BEE,BRAZORIA,CALHOUN,DEWITT,GOLIAD,GONZALES,JACKSON,LAVACA,LIVE OAK,MATAGORDA,MCMULLEN,REFUGIO,VICTORIA,WHARTON	$551,095.05	53	1	-	10	16	1	-	25
Community Action Corporation of South Texas	BROOKS,CAMERON,DUVAL,HIDALGO,JIM HOGG,JIM WELLS,KENEDY,KLEBERG,SAN PATRICIO,STARR,WEBB,WILLACY,ZAPATA	$2,859,896.74	218	1	1	-	1	-	-	215
Community Council of South Central Texas, Inc.	BREWSTER,CRANE,CULBERSON,DIMMIT,EDWARDS,HUDSPETH,JEFF DAVIS,KINNEY,LA SALLE,MAVERICK,PECOS,PRESIDIO,REAL,TERRELL,UVALDE,VAL VERDE,ZAVALA	$943,068.75	69	-	-	-	2	-	-	67
Concho Valley Community Action Agency	COKE,COLEMAN,CONCHO,CROCKETT,IRION,KIMBLE,MCCULLOCH,MENARD,REAGAN,RUNNELS,SCHLEICHER,STERLING,SUTTON,TOM GREEN	$466,729.89	46	-	-	1	9	-	2	34
Dallas County Department of Health and Human Services	DALLAS	$2,501,115.45	285	-	-	150	12	-	4	119
Economic Opportunities Advancement Corporation of PR XI	BOSQUE,ELLIS,FALLS,FREESTONE,HILL,JOHNSON,LIMESTONE,MCLENNAN,NAVARRO	$471,144.93	34	1	-	10	18	-	-	5

WAP Subrecipient	Counties Served	Expended	Households Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Unknown	Other	Hispanic
El Paso Community Action Program, Project Bravo, Inc.	EL PASO	$1,156,804.84	112	-	-	-	112	-	-	-
Greater East Texas Community Action Program (GETCAP)	ANDERSON,ANGELINA,CHAMBERS,CHEROKEE,GALVESTON,GREGG,HARDIN,HARRISON,HENDERSON,HOUSTON,JASPER,JEFFERSON,KAUFMAN,LIBERTY,NACOGDOCHES,NEWTON,ORANGE,PANOLA,POLK,RUSK,SABINE,SAN AUGUSTINE,SAN JACINTO,SHELBY,SMITH,TRINITY,TYLER,UPSHUR,VAN ZANDT,WOOD	$1,929,209.59	197	-	-	51	114	22	9	1
Hill Country Community Action Association, Inc.	BELL,BURNET,CORYELL,ERATH,HAMILTON,LAMPASAS,LLANO,MASON,MILAM,MILLS,SAN SABA,SOMERVELL,WILLIAMSON	$588,250.77	52	-	-	20	31	-	-	1
Nueces County Community Action Agency	NUECES	$370,470.66	33	-	-	5	5	-	-	23
Panhandle Community Services	ARMSTRONG,BRISCOE,CARSON,CASTRO,CHILDRESS,COLLINGSWORTH,DALLAM,DEAF SMITH,DONLEY,GRAY,HALL,HANSFORD,HARTLEY,HEMPHILL,HUTCHINSON,LIPSCOMB,MOORE,OCHILTREE,OLDHAM,PARMER,POTTER,RANDALL,ROBERTS,SHERMAN,SWISHER,WHEELER	$478,028.72	40	-	-	10	6	-	-	24
Rolling Plains Management Corporation	ARCHER,BAYLOR,BROWN,CALLAHAN,CLAY,COMANCHE,COTTLE,EASTLAND,FOARD,HARDEMAN,HASKELL,HOOD,JACK,JONES,KENT,KNOX,MONTAGUE,PALO PINTO,PARKER,SHACKELFORD,STEPHENS,STONEWALL,TAYLOR,THROCKMORTON,WICHITA,WILBARGER,WISE,YOUNG	$1,210,257.44	113	1	-	8	88	2	2	12
South Plains Community Action Association, Inc.	BAILEY,COCHRAN,CROSBY,DICKENS,FLOYD,GARZA,HALE,HOCKLEY,KING,LAMB,LUBBOCK,LYNN,MOTLEY,TERRY,YOAKUM	$518,287.07	41	-	-	6	5	-	-	30

WAP Subrecipient	Counties Served	Expended	Households Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Unknown	Other	Hispanic
Texoma Council of Governments	BOWIE,CAMP,CASS,COLLIN,COOKE,DELTA,DENTON,FANNIN,FRANKLIN,GRAYSON,HOPKINS,HUNT,LAMAR,MARION,MORRIS,RAINS,RED RIVER,ROCKWALL,TITUS	$1,109,993.08	126	1	2	29	89	-	-	5
Travis County	TRAVIS	$544,450.42	51	-	3	18	12	1	-	17
West Texas Opportunities, Inc.	ANDREWS,BORDEN,DAWSON,ECTOR,FISHER,GAINES,GLASSCOCK,HOWARD,LOVING,MARTIN,MIDLAND,MITCHELL,NOLAN,REEVES,SCURRY,UPTON,WARD,WINKLER	$510,870.16	39	-	-	6	5	-	-	28

*The WAP program does not report race and ethnicity separately.This may result in a lower number of Hispanic households served reported.

Racial and Ethnic Composition of Households Receiving CEAP Assistance by Subrecipient Statewide, FY 2023

CEAP Subrecipient	Counties Served	Expended	Households Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	Hispanic	White	Other
Aspermont Small Business Development Center, Inc.	HASKELL,JONES,KENT,KNOX,STONEWALL,THROCKMORTON	$1,655,338.32	885	417	90	352	14	9	3
BakerRipley	BRAZORIA,GALVESTON,HARRIS	$38,715,017.20	18,762	2,381	11,331	468	1,770	17	2,795
Bexar County Community Resources	BEXAR	$19,381,267.02	9,037	650	1,134	7,037	190	-	26
Big Bend Community Action Committee, Inc.	BREWSTER,CULBERSON,HUDSPETH,JEFF DAVIS,PRESIDIO	$642,857.46	1,071	148	11	899	5	7	1
Brazos Valley Community Action Programs	BRAZOS,BURLESON,GRIMES,LEON,MADISON,MONTGOMERY,ROBERTSON,WALKER,WALLER,WASHINGTON	$5,269,122.85	4,344	1,381	2,314	619	-	7	23
Central Texas Opportunities, Inc. dba Cornerstone Community AA	BROWN,CALLAHAN,COLEMAN,COMANCHE,EASTLAND,MCCULLOCH,RUNNELS	$2,124,496.74	981	649	60	219	44	7	2
City of Fort Worth	TARRANT	$13,667,703.66	7,226	1,602	4,405	602	434	21	162
City of Lubbock	LUBBOCK	$1,318,101.46	1,022	144	373	476	17	7	5
Combined Community Action, Inc.	AUSTIN,BASTROP,COLORADO,FAYETTE,FORT BEND,LEE	$3,707,212.64	2,454	934	1,364	-	99	8	49

CEAP Subrecipient	Counties Served	Expended	Households Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	Hispanic	White	Other
Community Action Committee of Victoria, Texas	ARANSAS,CALHOUN, DE WITT,GOLIAD,GONZALES,JACKSON,LAVACA,REFUGIO,VICTORIA	$2,897,003.18	1,877	1,362	446	-	57	8	4
Community Action Corporation of South Texas	BEE,BROOKS,CAMERON,DUVAL,JIM WELLS,SAN PATRICIO,WILLACY	$10,776,274.14	8,624	73	48	8,396	71	24	12
Community Action Inc. of Central Texas	BLANCO,CALDWELL, HAYS	$1,555,162.05	977	633	111	197	26	8	2
Community Council of South Central Texas, Inc.	ATASCOSA,BANDERA,COMAL,DIMMIT,EDWARDS,FRIO,GILLESPIE,GUADALUPE,KARNES,KENDALL,KERR,KINNEY,LA SALLE,LIVE OAK,MAVERICK,MCMULLEN,MEDINA,REAL,UVALDE,VAL VERDE,WILSON,ZAVALA	$8,966,707.84	4,329	569	134	3,592	20	10	4
Community Council of South Central Texas, Inc.	BREWSTER,CULBERSON,HUDSPETH,JEFF DAVIS,PRESIDIO	$768,956.40	427	16	2	403	3	3	-
Community Services of Northeast Texas, Inc.	BOWIE,CAMP,CASS, DELTA,FRANKLIN,HOPKINS,LAMAR,MARION,MORRIS,RAINS,RED RIVER,TITUS	$4,825,066.03	2,875	882	1,950	-	35	3	5

CEAP Subrecipient	Counties Served	Expended	Households Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	Hispanic	White	Other
Concho Valley Community Action Agency	COKE,CONCHO,CROCKETT,IRION,KIMBLE,MENARD,REAGAN,SCHLEICHER,STERLING,SUTTON,TOM GREEN	$2,819,967.88	1,645	531	133	932	44	5	-
Dallas County Department of Health and Human Services	DALLAS	$12,642,774.58	6,646	1,148	5,337	-	50	8	103
Economic Action Committee of The Gulf Coast	MATAGORDA,WHARTON	$1,164,447.58	943	476	458	-	4	1	4
Economic Opportunities Advancement Corporation of PR XI	BOSQUE,ELLIS,FALLS,FREESTONE,HILL,LIMESTONE,MCLENNAN,NAVARRO	$4,276,275.52	2,405	625	1,356	367	46	6	5
El Paso Community Action Program, Project Bravo, Inc.	EL PASO	$9,979,266.25	9,519	154	165	9,081	55	30	34
Greater East Texas Community Action Program (GETCAP)	ANDERSON,ANGELINA,CHAMBERS,CHEROKEE,GREGG,HARDIN,HENDERSON,HOUSTON,JEFFERSON,KAUFMAN,LIBERTY,NACOGDOCHES,ORANGE,POLK,RUSK,SAN JACINTO,SMITH,TRINITY,VAN ZANDT,WOOD	$10,059,235.61	5,068	1,267	3,644	-	73	7	77

CEAP Subrecipient	Counties Served	Expended	Households Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	Hispanic	White	Other
Hidalgo County, Texas-County of Hidalgo Community Service Agency	HIDALGO	$10,676,385.20	8,663	8,472	30	-	152	5	4
Hill Country Community Action Association, Inc.	BELL,CORYELL,HAMILTON,LAMPASAS,LLANO,MASON,MILAM,MILLS,SAN SABA	$3,467,446.09	1,952	1,203	626	-	106	6	11
Kleberg County Human Services	KENEDY,KLEBERG	$1,336,341.61	471	23	17	427	4	-	-
Nueces County Community Action Agency	NUECES	$2,171,670.29	1,856	153	182	1,480	31	7	3
Opportunities for Williamson and Burnet Counties	BURNET,WILLIAMSON	$1,618,723.47	1,075	672	249	-	120	7	27
Panhandle Community Services	ARMSTRONG,BRISCOE,CARSON,CASTRO,CHILDRESS,COLLINGSWORTH,DALLAM,DEAF SMITH,DONLEY,GRAY,HALL,HANSFORD,HARTLEY,HEMPHILL,HUTCHINSON,LIPSCOMB,MOORE,OCHILTREE,OLDHAM,PARMER,POTTER,RANDALL,ROBERTS,SHERMAN,SWISHER,WHEELER	$5,886,464.23	3,544	1,645	469	1,399	20	6	5
Pecos County Community Action Agency	CRANE,PECOS,TERRELL	$776,368.47	479	38	-	420	21	-	-

CEAP Subrecipient	Counties Served	Expended	Households Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	Hispanic	White	Other
Rolling Plains Management Corporation	ARCHER,BAYLOR,CLAY,COTTLE,FOARD,HARDEMAN,JACK,MONTAGUE,SHACKELFORD,STEPHENS,TAYLOR,WICHITA,WILBARGER,YOUNG	$4,751,473.85	2,610	1,574	678	261	72	11	14
South Plains Community Action Association, Inc.	BAILEY,COCHRAN,CROSBY,DICKENS,FLOYD,GARZA,HALE,HOCKLEY,KING,LAMB,LYNN,MOTLEY,TERRY,YOAKUM	$4,762,362.63	2,886	2,599	260	-	21	5	1
South Texas Development Council	JIM HOGG,STARR,ZAPATA	$2,589,502.54	1,345	567	-	765	-	5	8
Texas Neighborhood Services	ERATH,HOOD,JOHNSON,PALO PINTO,PARKER,SOMERVELL,WISE	$3,203,360.35	2,743	2,513	152	33	35	7	3
Texoma Council of Governments	COLLIN,COOKE,DENTON,FANNIN,GRAYSON,HUNT,ROCKWALL	$6,837,706.20	3,933	1,509	1,655	327	236	28	178
Travis County	TRAVIS	$8,683,082.08	7,784	1,714	3,214	2,301	418	46	91
Tri-County Community Action, Inc.	HARRISON,JASPER,NEWTON,PANOLA,SABINE,SAN AUGUSTINE,SHELBY,TYLER,UPSHUR	$3,340,388.03	2,196	558	1,602	5	30	1	-
Webb County Community Action Agency	WEBB	$3,790,349.51	2,407	422	2	1,974	7	-	2

CEAP Subrecipient	Counties Served	Expended	Households Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	Hispanic	White	Other
West Texas Opportunities, Inc.	ANDREWS,BORDEN,DAWSON,ECTOR,FISHER,GAINES,GLASSCOCK,HOWARD,LOVING,MARTIN,MIDLAND,MITCHELL,NOLAN,REEVES,SCURRY,UPTON,WARD,WINKLER	$5,487,598.43	2,913	588	476	1,786	55	5	3

*The CEAP program does not report race and ethnicity separately.This ma y result in a lower number of Hispanic households served reported.

Racial and Ethnic Composition of Individuals Receiving CSBG Assistance by Subrecipient, Statewide FY 2023

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
Adults and Youth United Development Association, Inc.	EL PASO	$51,000.20	62	35	-	-	27	-	-	27	35
Aspermont Small Business Development Center, Inc.	HASKELL,JONES,KENT,KNOX,STONEWALL,THROCKMORTON	$202,071.96	2,176	13	12	174	1,417	435	-	1,054	1,110
Big Bend Community Action Committee, Inc.	BREWSTER,CULBERSON,HUDSPETH,JEFF DAVIS,PRESIDIO	$91,009.26	1,406	8	2	19	1,368	4	3	1,232	173
Brazos Valley Community Action Programs	BRAZOS,BURLESON,CHAMBERS,GRIMES,LEON,LIBERTY,MADISON,MONTGOMERY,ROBERTSON,WALKER,WALLER,WASHINGTON	$1,340,316.59	10,370	26	48	5,567	4,435	39	-	1,971	8,398

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
Cameron and Willacy Counties Community Projects, Inc.	CAMERON,WILLACY	$948,659.59	2,055	-	3	22	2,026	-	-	2,021	34
Central Texas Opportunities, Inc. dba Cornerstone Community AA	BROWN,CALLAHAN,COLEMAN,COMANCHE,EASTLAND,MCCULLOCH,RUNNELS	$248,180.25	2,897	7	12	176	2,440	158	12	783	2,092
City of Austin, Austin Public Health	TRAVIS	$1,005,858.99	1,241	8	9	518	608	53	-	629	612
City of Fort Worth	TARRANT	$1,399,497.60	20,063	51	494	12,628	4,509	1,586	362	3,753	16,516
City of San Antonio, The Department of Human Services	BEXAR	$2,562,088.54	26,386	278	187	4,056	18,216	2,462	330	21,050	5,601
Combined Community Action, Inc.	AUSTIN,BASTROP,COLORADO,FAYETTE,FORT BEND,LEE,WHARTON	$956,408.59	3,984	8	80	2,138	1,460	176	-	940	3,044
Community Action Committee of Victoria, Texas	ARANSAS,CALHOUN,DE WITT,GOLIAD,GONZALES,JACKSON,LAVACA,REFUGIO,VICTORIA	$432,476.09	4,181	17	305	842	2,758	137	14	2,656	1,522

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
Community Action Corporation of South Texas	BEE,BROOKS,DUVAL,JIM WELLS,KENEDY,KLEBERG,SAN PATRICIO	$273,415.12	15,663	52	25	91	15,151	274	-	15,329	334
Community Action Inc. of Central Texas	BLANCO,CALDWELL,HAYS	$297,329.42	2,877	11	21	381	2,401	3	1	1,957	921
Community Action Social Services & Education, Inc.	MAVERICK	$169,241.31	340	-	-	-	338	2	-	338	2
Community Council of Greater Dallas, Inc.	DALLAS	$3,557,821.96	2,083	(3)	17	1,386	491	102	33	511	1,523
Community Council of South Central Texas, Inc.	ATASCOSA,BANDERA,COMAL,DIMMIT,EDWARDS,FRIO,GILLESPIE,GUADALUPE,KARNES,KENDALL,KERR,KINNEY,LA SALLE,LIVE OAK,MCMULLEN,MEDINA,REAL,UVALDE,VAL VERDE,WILSON,ZAVALA	$576,752.10	9,376	24	10	284	8,925	-	-	8,053	1,323

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
Community Council of South Central Texas, Inc.	UVALDE	$196,535.11	33	-	-	1	32	-	-	29	4
Community Services of Northeast Texas, Inc.	BOWIE,CAMP,CASS,DELTA,FRANKLIN,HOPKINS,LAMAR,MARION,MORRIS,RAINS,RED RIVER,TITUS	$446,163.84	4,894	16	6	3,109	1,572	71	2	216	4,675

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
Community Services, Inc.	ANDERSON,COLLIN,DENTON,ELLIS,HENDERSON,HUNT,KAUFMAN,NAVARRO,ROCKWALL,VAN ZANDT	$2,086,653.40	1,070	-	3	581	437	18	105	165	905
Concho Valley Community Action Agency	COKE,CONCHO,CROCKETT,IRION,KIMBLE,MENARD,REAGAN,SCHLEICHER,STERLING,SUTTON,TOM GREEN	$294,806.81	3,633	15	-	265	3,082	4	-	2,357	1,276
Economic Action Committee of The Gulf Coast	MATAGORDA	$168,973.52	1,405	2	7	645	735	1	3	568	839
Economic Opportunities Advancement Corporation of PR XI	BOSQUE,FALLS,FREESTONE,HILL,LIMESTONE,MCLENNAN	$444,043.01	6,232	6	26	3,861	1,951	103	109	1,512	4,795

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
El Paso Community Action Program, Project Bravo, Inc.	EL PASO	$1,543,138.97	25,493	94	85	583	24,370	58	-	24,376	1,117
Family Service Association of San Antonio, Inc.	ATASCOSA,BANDERA,BEXAR,COMAL,DIMMIT,FRIO,KARNES,KENDALL,LA SALLE,MEDINA,REAL,UVALDE,WILSON,ZAVALA	$84,263.77	30	-	-	-	30	-	-	30	-
Greater East Texas Community Action Program (GETCAP)	ANGELINA,CHEROKEE,GREGG,HOUSTON,NACOGDOCHES,POLK,RUSK,SAN JACINTO,SMITH,TRINITY,WOOD	$978,621.48	10,609	18	166	7,420	2,598	49	-	695	9,914
GUADALUPE ECONOMIC SERVICES CORP	LUBBOCK	$267,670.65	34	-	-	20	12	2	-	15	19

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
Gulf Coast Community Services Association, Inc.	BRAZORIA,GALVESTON,HARRIS	$5,883,723.13	3,031	7	23	2,054	671	176	1	784	2,247
Hidalgo County, Texas-County of Hidalgo Community Service Agency	HIDALGO	$2,441,339.79	10,184	7	30	42	10,011	89	1	9,997	186
Hill Country Community Action Association, Inc.	BELL,CORYELL,HAMILTON,LAMPASAS,LLANO,MASON,MILAM,MILLS,SAN SABA	$685,108.37	5,695	14	49	2,439	2,594	245	-	1,354	4,341
Nueces County Community Action Agency	NUECES	$634,615.17	4,258	20	20	600	3,544	34	15	3,420	817
Opportunities for Williamson and Burnet Counties	BURNET,WILLIAMSON	$378,290.17	3,837	25	98	1,204	2,012	201	115	1,265	2,434

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
Opportunity Center for the Homeless	EL PASO	$65,871.58	313	-	-	-	313	-	-	313	-
Panhandle Community Services	ARMSTRONG,BRISCOE,CARSON,CASTRO,CHILDRESS,COLLINGSWORTH,DALLAM,DEAF SMITH,DONLEY,GRAY,HALL,HANSFORD,HARTLEY,HEMPHILL,HUTCHINSON,LIPSCOMB,MOORE,OCHILTREE,OLDHAM,PARMER,POTTER,RANDALL,ROBERTS,SHERMAN,SWISHER,WHEELER	$731,608.34	8,593	48	63	1,529	6,749	57	6	4,327	4,266

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
Pecos County Community Action Agency	CRANE,PECOS,TERRELL	$153,728.58	1,253	-	-	5	1,244	-	-	1,123	126
Rolling Plains Management Corporation	ARCHER,BAYLOR,CLAY,COTTLE,FOARD,HARDEMAN,JACK,MONTAGUE,SHACKELFORD,STEPHENS,TAYLOR,WICHITA,WILBARGER,YOUNG	$535,629.28	5,873	34	37	1,477	3,272	718	4	1,811	4,027
South East Texas Regional Planning Commission	HARDIN,JEFFERSON,ORANGE	$549,353.10	295	3	-	176	86	12	2	40	256
South Plains Community Action Association, Inc.	BAILEY,COCHRAN,CROSBY,DICKENS,FLOYD,GARZA,HALE,HOCKLEY,KING,LAMB,LYNN,MOTLEY,TERRY,YOAKUM	$320,303.54	6,099	3	5	408	5,580	33	2	4,944	1,151
South Texas Development Council	JIM HOGG,STARR,ZAPATA	$219,605.61	4,180	6	-	-	4,173	1	-	4,162	18

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
Texas Native Health	COLLIN,DALLAS,DENTON,ELLIS,HOOD,JOHNSON,KAUFMAN,PARKER,ROCKWALL,TARRANT,WISE	$-	-	-	-	-	-	-	-	-	-
Texas Neighborhood Services	ERATH,HOOD,JOHNSON,PALO PINTO,PARKER,SOMERVELL,WISE	$442,689.57	31	-	-	3	28	-	-	1	30
Texoma Council of Governments	COOKE,FANNIN,GRAYSON	$281,794.98	11,114	92	359	5,155	4,462	486	56	1,380	9,704
Tri-County Community Action, Inc.	HARRISON,JASPER,NEWTON,PANOLA,SABINE,SAN AUGUSTINE,SHELBY,TYLER,UPSHUR	$500,599.15	4,562	6	5	3,115	1,253	142	-	142	4,420
Webb County Community Action Agency	WEBB	$768,795.27	9,369	1	4	4	9,349	7	944	10,112	51

CSBG Subrecipient	Counties Served	Expended	Individuals Served	American Indian/Alaskan Native	Asian/Pacific Islander	Black	White	Other/Unknown	Hispanic	Non-Hispanic	Ethnicity Unknown
West Texas Opportunities, Inc.	ANDREWS,BORDEN,DAWSON,ECTOR,FISHER,GAINES,GLASSCOCK,HOWARD,LOVING,MARTIN,MIDLAND,MITCHELL,NOLAN,REEVES,SCURRY,UPTON,WARD,WINKLER	$597,427.40	9,178	18	329	1,369	6,931	14	-	6,329	2,849

Racial and Ethnic Composition of Individuals Receiving ESG Assistance by Subrecipient Statewide, FY 2023

ESG Subrecipient	Counties Served	Amount Drawn*	Beneficiaries	American Indian/Alaskan Native	Asian	Black	Native Hawaiian/ Pacific Islander	White	Race Unknown	Hispanic	Non Hispanic	Ethnicity Unknown
Abigail's Arms Cooke County Family Crisis Center	COOKE	$78,346.38	114	2	1	20	1	74	16	43	69	2
Advocacy Outreach	BASTROP	$41,112.63	36	2	-	24	-	17	-	8	28	-
Alliance of Community Assistance Ministries, Inc.	MONTGOMERY, FORT BEND, HARRIS	$146,198.20	54	-	-	38	2	14	-	19	35	-
Ark-Tex Council of Governments	CASS, DELTA, HOPKINS, MORRIS, BOWIE, FRANKLIN, TITUS, RED RIVER, LAMAR	$171,249.09	222	8	-	175	-	38	1	8	214	-
Bay Area Turning Point, Inc.	FORT BEND, HARRIS, MONTGOMERY, GALVESTON, CHAMBERS, BRAZORIA	$278,019.12	422	9	6	277	-	87	43	93	312	17
Beat AIDS Coalition Trust	BEXAR	$208,077.93	188	3	-	81	-	104	-	64	124	-
Bridge Steps dba The Bridge	COLLIN, DALLAS	$706,751.00	141	1	7	101	-	30	2	5	136	-
Brighter Tomorrows, Inc.	COLLIN, DALLAS	$12,153.95	-	-	-	-	-	-	-	-	-	-
Brown County Home Solutions	BROWN	$13,505.24	43	-	-	5	-	38	-	5	38	-
Catholic Charities of Dallas, Inc.	DALLAS	$51,585.41	-	-	-	-	-	-	-	-	-	-
Catholic Charities of the Archdiocese of Galveston-Houston	FORT BEND, MONTGOMERY, HARRIS	$416,066.89	201	-	-	108	-	93	-	89	112	-
Catholic Charities of the Rio Grande Valley	CAMERON	$775,799.56	173	-	-	3	-	170	-	165	8	-
Center for Transforming Lives	TARRANT	$37,586.94	51	-	7	23	-	21	-	13	38	-
Christian Community Action	DENTON	$72,978.05	40	-	-	23	-	15	2	6	34	-
City House, Inc.	DALLAS, COLLIN	$49,306.48	61	-	4	32	-	25	-	9	52	-

ESG Subrecipient	Counties Served	Amount Drawn*	Beneficiaries	American Indian/Alaskan Native	Asian	Black	Native Hawaiian/ Pacific Islander	White	Race Unknown	Hispanic	Non Hispanic	Ethnicity Unknown
City of Amarillo	POTTER, ARMSTRONG, RANDALL	$269,447.21	140	3	-	25	1	111	-	31	109	-
CitySquare	DALLAS	$10,964.35	201	2	-	124	-	77	-	21	180	-
Community Action Committee of Victoria, Texas	ARANSAS, DE WITT, GOLIAD, LAVACA, JACKSON, REFUGIO, CALHOUN, GONZALES, VICTORIA	$313,585.35	325	-	-	119	1	205	-	137	188	-
Concho Valley Community Action Agency	COKE, IRION, SUTTON, CONCHO, MENARD, SCHLEICHER, STERLING, TOM GREEN, KIMBLE, CROCKETT	$520,829.22	37	-	-	17	-	26	-	12	25	-
Corpus Christi Hope House, Inc.	NUECES	$71,958.00	161	-	-	39	-	122	-	98	63	-
Covenant House Texas	HARRIS	$73,904.71	91	-	1	76	-	14	-	10	81	-
Denton County Friends of the Family, Inc.	DENTON	$248,547.67	142	2	3	52	1	43	41	39	76	27
El Paso Center for Children, Inc.	EL PASO	$190.68	8	-	-	-	-	8	-	7	1	-
El Paso Coalition for the Homeless	EL PASO	$14,192.41	11	-	-	7	-	4	-	4	7	-
El Paso Human Services, Inc.	EL PASO	$175,659.33	152	1	1	25	-	124	1	120	32	-
Families In Crisis, Inc.	BELL	$331,852.48	1,384	11	5	795	3	563	9	144	1,238	2
Family Crisis Center, Inc.	WILLACY, CAMERON	$102,829.55	139	-	-	6	-	133	-	108	31	-
Family Eldercare, Inc.	TRAVIS	$380,252.97	36	-	-	19	-	17	-	7	29	-
Family Endeavors, Inc.	BEXAR	$192,892.20	-	-	-	-	-	-	-	-	-	-

ESG Subrecipient	Counties Served	Amount Drawn*	Beneficiaries	American Indian/Alaskan Native	Asian	Black	Native Hawaiian/ Pacific Islander	White	Race Unknown	Hispanic	Non Hispanic	Ethnicity Unknown
Family Endeavors, Inc.	MILLS, ROCKWALL, SAN AUGUSTINE, SAN SABA, SMITH, GAINES, LA SALLE, LOVING, PECOS, PRESIDIO, HALE, HOCKLEY, DUVAL, VAN ZANDT, KARNES, MATAGORDA, MAVERICK, NAVARRO, SCURRY, TYLER, HENDERSON, HOWARD, CRANE, EDWARDS, UVALDE, COMAL, KENDALL, MCCULLOCH, MIDLAND	$1,971,753.62	18	-	-	-	-	18	-	-	18	-
Family Gateway, Inc.	COLLIN, DALLAS	$120,943.00	224	7	-	146	-	83	-	57	167	-
Family Violence Prevention Services, Inc.	BEXAR	$240,893.58	1,113	1	12	250	3	847	-	734	379	-
First Presbyterian Church of Dallas, Texas dba The Stewpot	DALLAS	$13,237.33	20	-	-	18	-	2	-	-	20	-
Foundation For The Homeless	TRAVIS	$113,367.40	12	-	-	6	-	6	-	7	5	-
Friendship of Women, Inc.	CAMERON	$144,837.92	271	-	-	2	-	267	2	257	14	-
Haven for Hope of Bexar County	BEXAR	$167,249.18	6,781	67	38	1,544	18	4,967	147	3,533	3,217	31

ESG Subrecipient	Counties Served	Amount Drawn*	Beneficiaries	American Indian/Alaskan Native	Asian	Black	Native Hawaiian/ Pacific Islander	White	Race Unknown	Hispanic	Non Hispanic	Ethnicity Unknown
Homeless Network of Texas dba Texas Homeless Network	ARMSTRONG, AUSTIN, BROWN, GALVESTON, GOLIAD, HANSFORD, HARDIN, HEMPHILL, HOWARD, KENDALL, KENEDY, KENT, KIMBLE, KNOX, MILLS, MOTLEY, NUECES, ORANGE, PECOS, SAN AUGUSTINE, SAN JACINTO, SOMERVELL, CHEROKEE, COLEMAN, CONCHO, COOKE, DELTA, WALKER, WILLACY, AN	$16,425.33	-	-	-	-	-	-	-	-	-	-
Hope's Door	DALLAS, COLLIN	$134,533.17	9	-	-	6	-	3	-	3	6	-
Housing Forward	COLLIN, DALLAS	$102,221.66	6	-	-	5	-	1	-	-	6	-
Houston Area Women's Center, Inc.	HARRIS, MONTGOMERY, FORT BEND	$586,281.34	364	7	1	234	-	127	-	105	259	-
HTX H.O.P.E. Haven	HARRIS, MONTGOMERY, FORT BEND	$39,540.81	680	9	16	269	2	380	4	142	538	-
La Posada Home, Inc.	EL PASO	$96,261.50	6	-	-	1	-	5	-	5	1	-
La Posada Providencia	CAMERON, HIDALGO	$184,056.52	770	-	2	23	-	745	-	747	23	-
Loaves and Fishes of the Rio Grande Valley, Inc.	WILLACY, CAMERON	$78,380.89	925	-	20	20	-	885	-	845	80	-
Magnificat Houses, Inc.	HARRIS	$95,880.00	495	14	7	299	3	183	1	59	436	-
Maurice Barnett Geriatric Wellness Center, Inc.	COLLIN	$161,585.37	56	-	-	21	-	34	1	2	54	-
Metrocrest Services, Inc.	DALLAS	$187,421.27	22	-	-	19	-	3	-	3	19	-
Mid-Coast Family Services, Inc.	GONZALES, VICTORIA, REFUGIO, LAVACA, DE WITT, CALHOUN, GOLIAD, JACKSON	$555,353.46	878	2	-	258	2	621	-	406	472	-

ESG Subrecipient	Counties Served	Amount Drawn*	Beneficiaries	American Indian/Alaskan Native	Asian	Black	Native Hawaiian/ Pacific Islander	White	Race Unknown	Hispanic	Non Hispanic	Ethnicity Unknown
Montrose Counseling Center	HARRIS, FORT BEND, MONTGOMERY	$165,060.74	40	-	-	22	-	18	-	18	22	-
NorTex Regional Planning Commission	STEPHENS, THROCKMORTON, WILBARGER, COTTLE, WICHITA, CLAY, FOARD, WISE, ARCHER, YOUNG, MONTAGUE, PALO PINTO, CHILDRESS, JACK, BAYLOR, HARDEMAN	$126,094.36	139	-	1	67	-	71	-	25	114	-
Panhandle Community Services	DEAF SMITH, OCHILTREE, HEMPHILL, SHERMAN, WHEELER, CASTRO, MOORE, OLDHAM, POTTER, SWISHER, BRISCOE, PARMER, CARSON, HANSFORD, GRAY, COLLINGSWORTH, HALL, HARTLEY, HUTCHINSON, DONLEY, LIPSCOMB, ARMSTRONG, DALLAM	$239,104.53	73	-	-	3	-	71	-	50	23	-
Project Vida	EL PASO	$176,205.73	87	-	-	23	-	77	-	71	16	-
Resource and Crisis Center of Galveston County, Inc.	GALVESTON	$43,711.94	370	1	6	184	-	161	18	60	299	11
SA Christian Hope Resource Center DBA SA Hope Center	BEXAR	$96,136.64	69	-	-	-	-	67	2	65	4	-
SafeHaven of Tarrant County	TARRANT	$175,152.98	1,490	46	12	1,004	8	386	44	296	1,146	48
Salvation Army (Amarillo)	RANDALL	$215,918.88	113	2	-	36	-	75	2	29	79	5
Salvation Army (Arlington)	TARRANT	$30,924.88	75	-	6	61	-	8	-	6	69	-

ESG Subrecipient	Counties Served	Amount Drawn*	Beneficiaries	American Indian/Alaskan Native	Asian	Black	Native Hawaiian/ Pacific Islander	White	Race Unknown	Hispanic	Non Hispanic	Ethnicity Unknown
Salvation Army (Coastal Bend)	BEE, KLEBERG, NUECES, JIM WELLS, LIVE OAK, SAN PATRICIO	$301,326.19	1,662	23	4	272	9	1,354	-	896	762	4
Salvation Army (Dallas)	DALLAS	$2,398.91	-	-	-	-	-	-	-	-	-	-
Salvation Army (Denton)	DENTON	$74,349.00	257	-	-	130	-	127	-	19	238	-
Salvation Army (Fort Worth) Mabee Center	TARRANT	$621,044.05	1,148	-	3	797	1	347	-	273	875	-
Salvation Army (Grayson County)	COOKE, FANNIN, GRAYSON	$216,740.47	1,210	26	-	380	-	787	17	128	1,050	32
Salvation Army (Houston)	FORT BEND, HARRIS, MONTGOMERY	$274,729.33	883	3	-	688	7	167	18	129	750	4
Salvation Army (Temple)	CORYELL, BELL, HAMILTON, LAMPASAS	$504,420.25	552	9	2	337	4	224	-	86	466	-
Salvation Army (Waco)	MCLENNAN, HILL, FREESTONE, FALLS, BOSQUE, LIMESTONE	$171,276.16	1,030	27	6	456	5	529	7	198	816	16
San Antonio Metropolitan Ministry Inc.	BEXAR	$58,436.44	30	-	-	8	-	22	-	8	22	-
Sarah's House	HARRIS	$62,493.04	122	1	-	79	-	36	6	18	100	4
SEARCH Homeless Services	HARRIS	$128,732.59	253	3	-	198	1	51	-	13	240	-
Shared Housing Center, Inc.	DALLAS	$87,891.73	39	-	-	33	-	6	-	6	33	-
Shelter Ministries of Dallas, dba Austin Street Center	COLLIN, DALLAS	$236,847.45	2,323	26	19	1,570	14	615	79	202	2,120	1
Spring Branch Community Health Center	MONTGOMERY, HARRIS, FORT BEND	$871,122.36	98	9	-	44	1	35	9	49	46	3
Tarrant County Hands of Hope	TARRANT	$46,489.69	187	-	-	94	-	93	-	19	168	-
Tarrant County Homeless Coalition	PARKER, TARRANT	$251,284.67	-	-	-	-	-	-	-	-	-	-

ESG Subrecipient	Counties Served	Amount Drawn*	Beneficiaries	American Indian/Alaskan Native	Asian	Black	Native Hawaiian/ Pacific Islander	White	Race Unknown	Hispanic	Non Hispanic	Ethnicity Unknown
Texas Council on Family Violence	BAYLOR, BORDEN, BREWSTER, DE WITT, RED RIVER, RUSK, CAMP, CASTRO, CLAY, COMAL, GOLIAD, GONZALES, HOCKLEY, HUTCHINSON, JACK, JEFF DAVIS, JOHNSON, KENT, ANGELINA, AUSTIN, MCCULLOCH, MONTAGUE, NAVARRO, NOLAN, STERLING, SWISHER, WASHINGTON, TARRANT, TERRELL,	$2,849.61	-	-	-	-	-	-	-	-	-	-
Texoma Family Shelter, Inc.	GRAYSON, COOKE	$85,923.27	67	1	-	31	-	35	-	1	66	-
The Bridge Over Troubled Water, Inc.	HARRIS	$56,882.00	65	-	-	24	-	35	6	28	37	-
The Family Place, Inc.	COLLIN, DALLAS	$252,509.49	1,762	19	15	1,086	-	481	161	507	1,249	6
The Other Ones Foundation Inc.	TRAVIS	$544,737.03	185	3	1	15	-	59	107	34	60	91
The SAFE Alliance	TRAVIS	$181,386.12	631	-	-	332	-	243	56	244	382	5
Tracy Andrus Foundation	HARRISON, SABINE, SAN AUGUSTINE, SHELBY	$19,777.65	26	-	-	22	-	4	-	-	26	-
Twin City Mission, Inc.	BURLESON, ROBERTSON, BRAZOS, LEON, GRIMES, MADISON, MILAM	$196,265.77	1,304	1	-	556	11	686	50	195	1,100	9
Under 1 Roof	COLLIN, DALLAS	$201,211.10	88	-	-	77	-	11	-	5	83	-
United Way of Denton County, Inc.	DENTON	$301,198.37	-	-	-	-	-	-	-	-	-	-
Wesley Community Center, Inc.	HARRIS, FORT BEND, MONTGOMERY	$65,300.88	28	-	-	19	-	9	-	8	20	-
West Houston Assistance Ministries, Inc.	HARRIS	$67,874.16	187	-	-	131	-	54	2	56	131	-

ESG Subrecipient	Counties Served	Amount Drawn*	Beneficiaries	American Indian/Alaskan Native	Asian	Black	Native Hawaiian/ Pacific Islander	White	Race Unknown	Hispanic	Non Hispanic	Ethnicity Unknown
Youth and Family Alliance dba Lifeworks	TRAVIS	$657,224.66	112	-	-	73	1	34	4	38	73	1

***ESG subrecipients report based on the amount drawn. The amount of money drawn in a state fiscal year does not directly correlate to the number of individuals served during the same state fiscal year.**

Racial and Ethnic Composition of Individuals Receiving HHSP Assistance by Subrecipient Statewide, FY 2023

HHSP Subrecipient	Counties Served	Expended	Individuals Served	American Indian or Alaskan Native	Asian	Black	Pacific Islander or Native Hawaiian	White	Unknown /Other	Hispanic	Non Hispanic	Ethnicity Unknown
City of Arlington	TARRANT	$193,678.41	46	-	-	41	-	4	2	1	45	-
City of Austin	HAYS, TRAVIS, WILLIAMSON	$254,713.02	142	1	2	47	-	69	49	77	65	-
City of Corpus Christi	NUECES	$247,409.96	310	12	-	58	-	200	92	169	102	39
City of Dallas	COLLIN, DALLAS, DENTON	$940,241.06	677	16	6	473	2	155	74	69	608	-
City of El Paso	EL PASO	$197,621.62	237	-	1	21	-	215	1	204	33	-
City of Fort Worth	TARRANT, PARKER, DENTON	$747,991.88	131	-	-	91	-	40	-	17	114	-
City of Houston	FORT BEND, HARRIS, MONTGOMERY	$326,724.07	231	6	-	167	-	58	6	22	209	-
City of Plano	COLLIN	$24,343.25	11	-	-	11	-	-	-	-	11	-
City of San Antonio	COMAL, ATASCOSA, BEXAR	$320,444.35	450	5	3	120	-	313	26	242	190	18
Haven for Hope of Bexar County	BEXAR, COMAL, ATASCOSA	$1,014,504.79	3,105	15	17	774	6	2,197	230	1,819	1,285	1

Appendix D: Bibliography

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Appendix E: Acronyms

ACRONYM	NAME
ACS	American Community Survey
AFFH	Affirmatively Furthering Fair Housing
AI	Analysis of Impediments to Fair Housing Choice
AIDS	Acquired Immunodeficiency Syndrome
AMFI	Area Median Family Income
AMI	Area Median Income
ARP	American Rescue Plan
AYBR	Amy Young Barrier Removal
BRB	Bond Review Board
CAA	Community Action Agencies
CAA	Consolidated Appropriations Act
CARES/CV	Coronavirus Aid, Relief, and Economic Security Act
CDBG	Community Development Block Grant
CEAP	Comprehensive Energy Assistance Program
CFD	Contract for Deed
CHAS	Comprehensive Housing Affordability Strategy
CHDO	Community Housing Development Organization
CoC	Continuum of Care
CPD	Community Planning and Development
C-RAC	Colonia Resident Advisory Committee
CRCG	Community Resource Coordination Groups
CSBG	Community Service Block Grant
DAW	Disability Advisory Workgroup
DFPS	Texas Department of Family Protective Services
DOE	U.S. Department of Energy
DSHS	Texas Department of State Health Services
EDA	Economically Distressed Areas
EDAP	Economically Distressed Areas Program
EH Fund	Ending Homelessness Fund
EHCV	Emergency Housing Choice Voucher
ELI	Extremely Low Income
ENTERP	Emergency Nutrition and Temporary Emergency Relief Program
ESG	Emergency Solutions Grant
ERA	Emergency Rental Assistance Program
FY	Fiscal Year (referring to State Fiscal Year)
FHA	Federal Housing Administration
FHAP	Fair Housing Assistance Program

ACRONYM	NAME
FHIP	Fair Housing Initiative Program
Fannie Mae	Federal National Mortgage Association
Freddie Mac	Federal Home Loan Mortgage Corporation
FMR	Fair Market Rent
FYSB	Family and Youth Services Bureau
GOBPP	Governor's Office of Budget, Planning and Policy
HAF	Homeowner Assistance Fund
HAMFI	HUD Area Median Family Income
HANC	Homebuyer Assistance with New Construction
HB	House Bill
HBA	Homebuyer Assistance
HCV	Section 8 Housing Choice Voucher
HERA	Housing and Economic Recovery Act
HFC	Housing Finance Corporation
HH	Household
HHSCC	Housing and Health Services Coordination Council
HHSP	Homeless Housing and Services Program
HIC	Housing Inventory Count
HICP	Homeless Individual Camping Plans
HIV	Human Immunodeficiency Virus
HMIS	Homeless Management Information Systems
HOME	HOME Investment Partnerships Program
HOME-ARP	HOME American Rescue Plan
HOPWA	Housing Opportunities for Persons with AIDS
HRA	Homeowner Rehabilitation Assistance
HSR	Housing Sponsor Report
HSS	Housing Stability Services
HTC	Housing Tax Credit
HTF	Housing Trust Fund
HUD	U.S. Department of Housing and Urban Development
IA	Individual Assistance
ICE	Federal Immigration and Customs Enforcement
IND	Individual
IRS	Internal Revenue Service
JHSWG	Joint Housing Solutions Working Group
LBB	Legislative Budget Board
LEP	Limited English Proficiency
LI	Low Income
LIHEAP	Low Income Home Energy Assistance Program

ACRONYM	NAME
LIHTC	Low Income Housing Tax Credit
LIHWAP	Low Income Household Water Assistance Program
MCC	Mortgage Credit Certificate
MCTH	My Choice Texas Home
MF Bond	Multifamily Bond
MF Direct Loan	Multifamily Direct Loan
MFTH	My First Texas Home
MI	Moderate Income
MSA	Metropolitan Statistical Areas
MSFW	Migrant Seasonal Farmworker
NHTF	National Housing Trust Fund
NOFA	Notice of Funding Availability
NOHP	Nonprofit Owner-Builder Housing Provider
NSP	Neighborhood Stabilization Program
NSP1 PI	Neighborhood Stabilization Program Round 1 Program Income
OCI	Office of Colonia Initiatives
OMB	U.S. Office of Management and Budget
PAB	Private Activity Bond
PAL	Preparation for Adult Living
PHA	Public Housing Authority
PMSA	Primary Metropolitan Statistical Area
PWD	Persons with Disabilities
PY	HUD Program Year (2/1 - 1/31)
QAP	Qualified Allocation Plan
RAF	Regional Allocation Formula
RF	Repayment Funds
RFP	Request for Proposal
SEH	Service-Enriched Housing
SB	Senate Bill
SBHCC	Statewide Behavioral Health Coordinating Council
Section 811 PRA	Section 811 Project Rental Assistance
SFD	Single Family Development
SFY	State Fiscal Year
SHC	Self-Help Center
SILC	Texas State Independent Living Council
SLIHP	State Low Income Housing Plan and Annual Report
TAC	Texas Administrative Code
TBRA	Tenant-Based Rental Assistance
TCAP	Tax Credit Assistance Program

ACRONYM	NAME
TCAP RF	Tax Credit Assistance Program Repayment Funds
TDA	Texas Department Agriculture
TDCJ	Texas Department of Criminal Justice
TDHCA	Texas Department of Housing and Community Affairs
TEDP	Texas Eviction Diversion Program
TEMAP	Texas Emergency Mortgage Assistance Program
TERAP	Texas Emergency Rental Assistance Program
Texas HHS	Texas Health and Human Services
THN	Texas Homeless Network
TICH	Texas Interagency Council for the Homeless
TRRP	Texas Rent Relief Program
TSAHC	Texas State Affordable Housing Corporation
TSHEP	Texas Statewide Homebuyer Education Program
TVC	Texas Veterans Commission
TWC	Texas Workforce Commission
TWDB	Texas Water Development Board
TXHBU	Texas Homebuyer U
TX MCC	Texas Mortgage Credit Certificate
USDA	U.S. Department of Agriculture
USHHS	U.S. Department of Health and Human Services
VA	U.S. Department of Veterans Affairs
VASH	Veterans Affairs Supportive Housing
VAWA	Violence Against Women Act
VLI	Very Low Income
WAP	Weatherization Assistance Program
WAP PAC	Weatherization Assistance Program Planning Advisory Committee

File #: 453 **Agenda Date:** 12/7/2023 **Agenda #:** 27.

Presentation, discussion, and possible action on recommendation to debar multiple parties for conduct relating to The Jones (HTC 93063 / CMTS 1137), and the adoption of an Agreed Final Order assessing an administrative penalty

RECOMMENDED ACTION

WHEREAS, The Jones, owned by 2107 Lincoln Drive, LLC, has uncorrected compliance findings relating to the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, WMV 2107 Lincoln Drive GP, LLC, William Mitchell Voss, Indio International, LP, Double SB Ventures, Inc., and Seth Bame, control The Jones;

WHEREAS, The Jones scored a 49 out of 100 during a TDHCA Uniform Physical Condition Standards ("UPCS") Inspection conducted on June 22, 2022, a violation of 10 TAC §10.621 and Tex. Gov't Code §2306.002, which require developments to be decent, safe, sanitary, in good repair, and suitable for occupancy;

WHEREAS, noncompliance from the 2022 UPCS inspection is considered resolved, but is eligible for an administrative penalty;

WHEREAS, The Jones scored a 43 out of 100 during a TDHCA Uniform Physical Condition Standards ("UPCS") Inspection conducted on August 29, 2023, a violation of 10 TAC §10.621 and Tex. Gov't Code §2306.002, which require developments to be decent, safe, sanitary, in good repair, and suitable for occupancy;

WHEREAS, noncompliance from the 2023 UPCS inspection is considered partially resolved, but it is not eligible for an administrative penalty because it is within the corrective action period until January 1, 2024;

WHEREAS, Tex. Gov't Code §2306.0504(c)(1) addresses debarment and states that the Department shall debar a person from participation in a Department program if the person materially or repeatedly violates any condition imposed by the Department in connection with the administration of a Department program;

WHEREAS, 10 TAC §2.401 defines violations that are considered material and repeated violations that require mandatory debarment;

WHEREAS, in accordance with 10 TAC §2.401(d)(1), controlling a Development that has, on more than one occasion, scored 50 or less on a Uniform Physical Condition Standards ("UPCS") inspection, is grounds for mandatory debarment of the responsible parties;

WHEREAS, all members of 2107 Lincoln Drive, LLC participated in an informal conference with the Enforcement Committee on November 2, 2023, regarding their referrals for debarment and an administrative penalty;

WHEREAS, 2107 Lincoln Drive, LLC has agreed, subject to Board approval, to enter into an Agreed Final Order, assessing an administrative penalty of $20,000.00 for the 2022 UPCS noncompliance;

WHEREAS, on November 9, 2023, the TDHCA Executive Director issued the following debarment determination notices: (1) a 10-year debarment term for Indio International, LP, Double SB Ventures, Inc., and Seth Bame; and (2) a 5-year debarment term for WMV 2107 Lincoln Drive GP, LLC and William Mitchell Voss, with the possibility for the 5-year term to be probated after 2 years;

WHEREAS, on November 14, 2023, Indio International, LP, Double SB Ventures, Inc., and Seth Bame appealed their debarment determination to the Board;

WHEREAS, WMV 2107 Lincoln Drive GP, LLC and William Mitchell Voss did not appeal their debarment determination;

WHEREAS, staff has based the above debarment term recommendations on the Department's rules for debarment and an assessment of each and all of the material factors identified at 10 TAC §2.401(j) that are to be considered in determining a recommended period of debarment, applied specifically to the facts and circumstances present in this case; and

WHEREAS, staff has based the above recommendation for an Agreed Final Order for an administrative penalty on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors 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 three Orders, including: (1) a Final Order of Debarment for a term of 10 years for Indio International, LP, Double SB Ventures, Inc., and Seth Bame; (2) a Final Order of Debarment for a term of 5 years for WMV 2107 Lincoln Drive GP, LLC and William Mitchell Voss, with the possibility for the term to be probated after two years; and (3) an Agreed Final Order assessing an administrative penalty of $20,000.00 against 2107 Lincoln Drive, LLC, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, are hereby adopted as the order of this Board.

BACKGROUND

WMV 2107 Lincoln Drive GP, LLC, William Mitchell Voss, Indio International, LP, Double SB Ventures, Inc., and Seth Bame control The Jones, an apartment complex composed of 224 units, located in Arlington, Tarrant County (the "Property"). The Property is subject to a Land Use Restriction Agreements ("LURA") signed by a prior owner in 1995, to acquire, rehabilitate, and operate the Property in consideration for an allocation of Low Income Housing Tax Credits awarded by TDHCA. The LURA has a 30-year term, expiring December 31, 2023. Current ownership purchased the property on September 30, 2020. A Uniform Physical Condition Standards ("UPCS") inspection performed on August 1, 2019 scored an 85 out of 100.

I. Violations Subject to Debarment: Controlling a Development that has, on more than one occasion, scored 50 or less on a UPCS inspection, is a violation of 10 TAC §10.621 and Tex. Gov't Code §2306.002, which requires developments to be decent, safe, sanitary, in good repair, and suitable for occupancy.

a. The June 22, 2022 UPCS inspection scored a 49 out of 100. See Attachment 1.

b. The August 29, 2023 UPCS inspection scored a 43 out of 100. See Attachment 2.

This is considered a material violation requiring mandatory debarment of Responsible Parties in Control of the Development, per 10 TAC §2.401(d)(1) and Tex. Gov't Code §2306.0504 (see Attachment 3 for excerpts). A UPCS score is not susceptible to correction, therefore, it is appropriate to consider debarment now even though the corrective action deadline for noncompliance identified during 2023 UPCS inspection is January 1, 2024.

Debarment will bar the responsible parties from future participation in Department programs for a specified term, preventing them from applying for new funding opportunities or purchasing further properties monitored by the Department. It will not cause them to lose their current properties or prohibit them from participating in any existing engagements funded through the Department, nor does it limit their responsibilities or duties at their current properties. In essence, debarment is a fitting remedy for poor property management, giving time to focus on fixing existing problems with the remaining portfolio before being allowed to add to it.

II. Violations Subject to Administrative Penalties: The 2022 UPCS noncompliance outlined in white and yellow at Attachment 1 is eligible for an administrative penalty. All noncompliance for the 2022 UPCS inspection is considered resolved. The 2023 UPCS noncompliance at Attachment 2 was not referred for an administrative penalty because the corrective action deadline is January 1, 2024. Partial corrections were received early for the 2023 UPCS inspection, however, and Attachment 2 reflects the current status.

III. Responsible Parties in Control for whom debarment is recommended are indicated in bold: TDHCA staff analyzed the organizational chart and the associated operating agreements to determine the Responsible Parties in Control, as defined at 10 TAC §2.102 (12) and 10 TAC §11.1(30), respectively (see Attachment 3 for excerpts). An organizational chart for 2107 Lincoln Drive, LLC is at Attachment 4. The Executive Director has determined that the Responsible Parties for the current referrals under consideration include:

1. William Mitchell Voss is the president of 2107 Lincoln Drive, LLC, and the sole member manager of **WMV 2107 Lincoln Drive GP, LLC**, the managing member of 2107 Lincoln Drive

Investors, LLC, the administrative member for 2107 Lincoln Drive Owner, LLC, the sole member of 2107 Lincoln Drive, LLC. WMV 2107 Lincoln Drive GP, LLC and William Mitchell Voss are collectively referred to as "Windmass"; and

2. Seth Bame is the sole shareholder for **Double SB Ventures, Inc.**, the general partner of **Indio International, LP**, a member of 2107 Lincoln Drive Investors, LLC, the administrative member for 2107 Lincoln Drive Owner, LLC, the sole member of 2107 Lincoln Drive, LLC. Indio International, LP, Double SB Ventures, Inc., and Seth Bame are collectively referred to as "Indio". Double SB Ventures, Inc. and Seth Bame also control Indio Partners LP, the property management company for the Property. Indio Partners LP is not subject to debarment since they are not part of the ownership structure. Property management is changing to Capstone Real Estate Services this month.

IV. Factors Considered to Determine Recommended Debarment Term: On November 9, 2023, the TDHCA Executive Director issued the following debarment determination notices: (1) a 10-year debarment term for Indio International, LP, Double SB Ventures, Inc., and Seth Bame; and (2) a 5-year debarment term for WMV 2107 Lincoln Drive GP, LLC and William Mitchell Voss, with the possibility for the 5-year term to be probated after 2 years. There is no required minimum or maximum debarment term. Pursuant to 10 TAC §2.401(j), the recommended period of debarment was based upon the following material factors:

1. Repeated occurrences: The Property scored below 50 out of 100 on two UPCS inspections, scoring 49 on June 22, 2022 and 43 on August 29, 2023. There is no prior enforcement history, aside from a 2020 file monitoring penalty referral shortly after acquisition, which related to a review conducted under prior ownership; all noncompliance from that review was corrected informally by Indio.

2. Seriousness of underlying issues: Units are required to be in decent, safe, and habitable condition. Issues are serious any time a property scores this low, and especially when it happens twice. There are a large number of health and safety violations that pose a hazard to the health and safety of the public, and there are a large number of violations within a unit. Current ownership purchased the property on September 30, 2020. A Uniform Physical Condition Standards ("UPCS") inspection performed on August 1, 2019 scored an 85 out of 100, demonstrating a significant decline in conditions between that date and the June 22, 2022 UPCS inspection.

3. **Presence or absence of corrective action**: This factor varies by Responsible Party.

   a. **Indio:** Corrective submissions were late, unsupervised, and repeatedly failed to meet minimum documentation guidelines, despite technical support from TDHCA staff. They replaced onsite and regional staff in 2022, but continued poor supervision practices and failed to improve general physical standards at the property in between inspections.

   b. **Windmass:** They failed to adequately oversee the property or supervise property management. In October 2023, they started working to replace Indio, both as property management and in the ownership structure, and they hired Capstone Real Estate Services as a compliance consultant. In their presentation to the Enforcement Committee during the informal conference on November 2, 2023, they stated that they have spent $2.7 million to upgrade the property since September 2020, including 92 fully renovated units, re-siding the entire property, replacing all windows, refurbishing the laundry facility, replacing landscaping, fixing water leaks, and performing deferred maintenance (See Attachment 5). They also built a new clubhouse building. However, most of these improvements were to common areas and exterior improvements, and there are 132 un-renovated units, keeping the overall UPCS score low in 2023. They intend to invest an additional $2.3 million in capital expenditures during 2024, including renovation of remaining units and full re -roofing, however, the LURA expires on December 31, 2023, and there is no safe harbor period for existing tenants. It is unlikely they will receive the benefit of these planned improvements.

4. **Other material factors:** This factor varies by Responsible Party.

   a. **Indio**: They were included in the organizational structure to ensure compliance, and had responsibility for all day-to-day activities. Windmass and the limited partner mistakenly thought they could pay less attention to the property due to that ownership stake and control authority. Indio failed to communicate to the other members regarding noncompliance and the need for capital improvements. They also failed to adequately supervise their staff. Indio is being removed from all TDHCA properties that they manage, including another property where they are part owner.

   b. **Windmass**: Windmass had primary oversight control under the organizational documents. They invested in improvements as described above, but failed to improve the general unit conditions, and the breakdown in communication among the owner members was primarily theirs since they were responsible for overseeing property management. They should have identified problems with property management and the general property condition sooner.

   c. **Other properties controlled or managed by Indio and/or Windmass**:

      i. 600 East (Bond MF014 / CMTS 2519). A 204-unit property in Arlington, Tarrant County. It has the same ownership and management structure as The Jones. Bonds have been paid off, and the LURA will expire on December 1, 2033. The January 26, 2023 UPCS inspection was referred for an administrative penalty, and had a score of 55 out of 100. The only unresolved noncompliance relates to the property exterior, and the Enforcement Committee accepted a corrective plan with a deadline of January 31, 2024. Another inspection will be conducted after June 2024, to assess whether conditions have improved, or whether enforcement action is needed. The Enforcement Committee hopes that the enforcement actions taken for The Jones will lead to improvements at 600 East.

      ii. The Heights at Post Oak Apartments, Phase I (HTC 93074 / CMTS 1144) and The Heights at Post Oak Apartments, Phase II (HTC 95007 / CMTS 1316). A

2-phase property in Houston, Harris County, with 940 units, collectively. Both phases are managed by Indio Partners, LP, however, neither Windmass nor Indio are part of the ownership structure. The investment limited partners for The Jones and The Heights at Post Oak are both affiliates of Fundamental Advisors LP. Both phases of The Heights at Post Oak were foreclosed by the mortgage lender in March 2023, and purchased at foreclosure by an affiliate of Fundamental Advisors LP. They have agreed to sign an Agreement to Comply to clarify their continuing intent to comply with these LURAs.

V. **Additional Factors Considered to Determine an Appropriate Administrative Penalty Amount:** In addition to the above factors, the Enforcement Committee also considered the amount necessary to deter future violations. While debarment can consider different levels of responsibility for each individual Responsible Party in Control, an administrative penalty is against the owning entity, 2107 Lincoln Drive, LLC, and cannot be apportioned to a specific member. The Property's LURA will expire December 31, 2023, so there is nothing to prevent future noncompliance. Additionally, the score was very low, there are many deficiencies on the inspection report, and there is an associated debarment referral. This supports a significant administrative penalty assessment, but not the maximum potential amount because the 2022 UPCS noncompliance was the owner's first administrative penalty referral and all noncompliance has been resolved. Additionally, although owners are responsible for timely correcting all identified noncompliance regardless of the cause, the Enforcement Committee did recognize that tenants caused some of the health and safety deficiencies on the report, and those can be difficult to remedy long-term. For example, the noncompliance for three blocked fire exits relates to three tenants placing bulky furniture in front of windows. The Enforcement Committee recommends an administrative penalty of $20,000.

VI. **Debarment Appeal:** Seth Bame, Double SB Ventures, Inc, and Indio International, LP submitted a debarment appeal on November 14, 2023, requesting reconsideration. A copy of that appeal is included at Attachment 6.

Accordingly, after consideration of all appropriate factors, including those set out in TEX. GOV'T CODE §2306.0504 and 10 TEX. ADMIN. CODE §2.401, the Enforcement Committee and Executive Director recommend three orders:

1. A Final Order of Debarment for a term of 10 years for Indio International, LP, Double SB Ventures, Inc., and Seth Bame;

2. A Final Order of Debarment for a term of 5 years for WMV 2107 Lincoln Drive GP, LLC and William Mitchell Voss, with the possibility for the term to be probated after two years; and

3. An Agreed Final Order assessing an administrative penalty of $20,000.00 against 2107 Lincoln Drive, LLC.

Attachments:

1. 2022 UPCS inspection Report
2. 2023 UPCS inspection Report
3. Excerpts from 10 TAC §2.102, 10 TAC §11.1(30), 10 TAC §2.401(d)(1), and Tex. Gov’t Code §2306.0504
4. Organizational chart
5. Informal Conference Presentation by Windmass
6. November 14, 2023 Appeal Letter from Seth Bame

Attachment 1: 2022 UPCS Report

Corrected timely and not eligible for an administrative penalty = Grey

Not corrected timely and therefore eligible for an administrative penalty:

- Corrected 11/1/2023 = Yellow
- Corrected before 11/1/2023 = White

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Corrected date
Site			Retaining Walls	Damaged/Falling/Leaning	L3	near boiler #1 bldg 2105	11/1/2023
Common Areas	Bldg 2101a	Doors	Laundry Room	Damaged Hardware/Locks	L3	laundry room doors locked-vandalized	11/1/2023
Building Exterior	Bldg 2107		Roofs	Missing/Damaged Components from Downspout/Gutter	L3	downspout not connected	11/1/2023
Common Areas	Bldg 2113	Walls	Closet/Utility/Mechanical	Damaged	L2	siding cut	11/1/2023
Site			Grounds	Erosion/Rutting Areas	L3	near building foundations: 2103, 2101 near sidewalk 1016	photo submitted
Site			Grounds	Overgrown/Penetrating Vegetation	L2	vegetation growing in gutters:, bldg 2101, 2113	photo submitted
Site			Health & Safety	Hazards - Tripping	L3	near 1016, btwn bldgs 707 and 709, near #1030	photo submitted
Site			Mailbox/Signs	Mailbox Missing/Damaged	L3	mailboxes damaged	photo submitted
Site			Market Appeal	Graffiti	L1	breezeway at 2071	10/17/2022

Site			Parking/Drives	Cracks/Settlement/Heaving/Loose Materials/Potholes	L2	near Bldgs 2117& 2115	10/21/2022 Invoice
Building Systems	Bldg 2100		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewage backing up into tub of 1034	10/24/2022 Invoice
Unit	Bldg 2100	Unit 1034	Bathroom	Plumbing - Clogged Drains	L3	tub backing up with sewage	10/24/2022
Unit	Bldg 2100	Unit 1034	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible at top of entry when closed	10/13/2022
Unit	Bldg 2100	Unit 1034	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	dresser blocks window	10/13/2022
Unit	Bldg 2100	Unit 1034	Walls	Mold/Mildew/Water Stains/Water Damage	L1	visible at baseboards/evidence of water intrusion	10/13/2022
Building Exterior	Bldg 2101		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	downspout broken & gutter clogged	10/13/2022 (work order)
Building Systems	Bldg 2101		Electrical System	Missing Covers	L3	1131 a/c disconnect interior cover missing, exposed wires.	10/22/2022
Common Areas	Bldg 2101	Health & Safety	Health & Safety	Garbage and Debris - Outdoors	L3	patio with 5 bags of trash outside (2130?)	10/22/2022
Unit	Bldg 2101	Unit 1131	Doors	Damaged Hardware/Locks	L3	glass sliding door-does not lock (handle does not lock)	10/17/2022
Unit	Bldg 2101	Unit 1131	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Blocked by desk	10/22/2022
Building Systems	Bldg 2101a		Fire Protection	Missing/Damaged/Expired Extinguishers	L3	laundry room missing extinguisher	10/12/2022

Common Areas	Bldg 2101a	Ceiling	Patio/Porch/Balcony	Holes/Missing Tiles/Panels/Cracks	L3	at balcony ceiling over 2010	6/14/2023
Unit	Bldg 2101a	Unit 1011	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	under kitchen sink	10/12/22 work order
Unit	Bldg 2101a	Unit 1012	Ceiling	Peeling/Needs Paint	L2	large patch in bathroom needs texture and paint	10/20/2022
Unit	Bldg 2101a	Unit 2012	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal inoperable	10/22/2022
Building Systems	Bldg 2103		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewer leak	10/22/2022
Common Areas	Bldg 2103	Ceiling	Halls/Corridors/Stairs	Holes/Missing Tiles/Panels/Cracks	L1	sag at breezeway ceiling near 2120	10/11/2022
Common Areas	Bldg 2103	Health & Safety	Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	L3	breezeway exterior light at 1121-wires exposed	10/22/2022
Unit	Bldg 2103	Unit 1123-vacant used as storage	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L3	missing	10/28/2022
Unit	Bldg 2103	Unit 1123-vacant used as storage	Kitchen	Refrigerator-Missing/Damaged/Inoperable	L3	missing	10/28/2022
Unit	Bldg 2103	Unit 2117	Bathroom	Plumbing - Leaking Faucet/Pipes	L1	tub leaks will not turn off	10/22/2022
Unit	Bldg 2103	Unit 2117	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	leak at disposal	10/22/2022
Unit	Bldg 2103	Unit 2117	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L2	1 burner missing	10/22/2022

Building Exterior	Bldg 2104		Walls	Missing Pieces/Holes/Spalling	L2	hole @ exterior near 1039	10/11/2022
Building Systems	Bldg 2104		Electrical System	Missing Covers	L3	a/c disconnect missing interior cover-exposed wires	10/20/2022
Unit	Bldg 2104	Unit 1044	Bathroom	Shower/Tub - Damaged/Missing	L2	tub overflow missing	10/22/2022
Unit	Bldg 2104	Unit 1044	Ceiling	Holes/Missing Tiles/Panels	L3	a/c cover missing/ceiling burned at kitchen	10/22/2022
Unit	Bldg 2104	Unit 1044	HVAC System	Not Operable	L3	burned a/c	10/20/2022
Unit	Bldg 2104	Unit 1044	Walls	Mold/Mildew/Water Stains/Water Damage	L1	water intrusion at bedroom baseboard/crack at sheetrock	10/21/2022-Work order
Building Exterior	Bldg 2105		Foundations	Spalling/Exposed Rebar	L3	exposed post-tension cable	10/11/2022
Building Exterior	Bldg 2105		Walls	Missing Pieces/Holes/Spalling	L3	hole at exterior wall near 1111	10/11/2022
Common Areas	Bldg 2105	Walls	Closet/Utility/Mechanical	Damaged	L2	large hole near boiler room floor	photo submitted
Common Areas	Bldg 2105	Ceiling	Halls/Corridors/Stairs	Bulging/Buckling	L3	breezeway support beam/lintel cracking near 2112	10/11/2022
Common Areas	Bldg 2105		Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	L3	boiler room breaker panel missing interior cover	10/3/2022
Common Areas	Bldg 2105		Health & Safety	Garbage and Debris - Outdoors	L3	3 bags of trash stored at 1109	10/12/2022
Unit	Bldg 2105	Unit 1110	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when door is closed	10/12/2022

Unit	Bldg 2105	Unit 1110	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L2	1 burner inoperable	10/12/2022
Unit	Bldg 2105	Unit 2110	Bathroom	Plumbing - Leaking Faucet/Pipes	L3	into lav cabinet-repaired during inspection	6/22/2022
Unit	Bldg 2105	Unit 2110	Ceiling	Bulging/Buckling	L3	balcony ceiling bowed	10/5/2022 RCC Invoice
Unit	Bldg 2105	Unit 2110	Health & Safety	Hazards - Sharp Edges	L3	glass on balcony	10/13/2022
Building Exterior	Bldg 2107		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	fascia damage	10/11/2022
Building Exterior	Bldg 2107		Roofs	Missing/Damaged Shingles	L1	10x10 square	10/13/2022-Invoice
Unit	Bldg 2107	Unit 2105	Outlets/Switches	Missing	L3	outlet and switch covers missing	10/13/2022
Unit	Bldg 2107	Unit 2105	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Building Systems	Bldg 2108		Electrical System	Missing Covers	L3	2045 a/c disconnect missing interior panel, exposed wires	10/12/2022 (work order?)
Unit	Bldg 2108	Unit 2045	Doors	Damaged Surface (Holes/Paint/Rusting)	L1	bedroom door separation	10/12/2022
Unit	Bldg 2108	Unit 2045	Outlets/Switches	Missing	L3	removed by painters	10/12/2022
Unit	Bldg 2108	Unit 2045	Smoke Detector	Missing/Inoperable	L3	all SD inoperable-rdi	6/22/2022
Building Exterior	Bldg 2109		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	fascia damage	10/11/2022

Building Systems	Bldg 2109		Electrical System	Missing Covers	L3	missing interior cover at a/c disconnect.	10/22/2022
Building Systems	Bldg 2109		Fire Protection	Missing/Damaged/Expired Extinguishers	L3	missing extinguisher at office	10/22/2022
Common Areas	Bldg 2109	Walls	Halls/Corridors/Stairs	Damaged	L3	breezeway wall damaged	10/11/2022
Unit	Bldg 2109	Unit 1098	Bathroom	Plumbing - Leaking Faucet/Pipes	L3	leak under bathroom sink	10/13/2022
Unit	Bldg 2109	Unit 1098	Ceiling	Mold/Mildew/Water Stains/Water Damage	L1	paint at ceiling bubbling near kitchen (possible a/c leak)	10/12/2022
Unit	Bldg 2109	Unit 1098	Doors	Damaged Hardware/Locks	L2	bedroom door broken	photo
Unit	Bldg 2109	Unit 1098	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	hole in bathroom door surface (taped)	photo
Unit	Bldg 2109	Unit 1098	Electrical	Missing Breakers/Fuses	L3	missing breaker-repaired during inspection	6/22/2022
Unit	Bldg 2109	Unit 1098	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	headboard blocks secondary window egress	10/12/2022
Unit	Bldg 2109	Unit 1098	Health & Safety	Hazards - Sharp Edges	L3	broken window	9/30/2022
Unit	Bldg 2109	Unit 1098	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal-repaired during inspection	6/22/2022
Unit	Bldg 2109	Unit 1098	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Unit	Bldg 2109	Unit 1098	Walls	Damaged	L3	at bedroom near door entry/hole at kitchen	10/13/2022

						wall	
Unit	Bldg 2109	Unit 1098	Windows	Cracked/Broken/Missing Panes	L3	window glass broken from interior	9/30/2022
Building Exterior	Bldg 2111		Health & Safety	Hazards - Sharp Edges	L3	nails protrude from foundation near 1093	10/11/2022
Building Systems	Bldg 2111		Domestic Water	Leaking Central Water Supply	L3	hose bib leaks-will not turn off	10/13/2022
Common Areas	Bldg 2111		Health & Safety	Garbage and Debris - Outdoors	L3	2 bags of trash at 2096	10/11/2022
Unit	Bldg 2111	Unit 2095	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	L3	X2 inoperable	10/11/2022
Unit	Bldg 2111	Unit 2095	Doors	Missing Door	L3	bathroom door missing	10/11/2022
Unit	Bldg 2111	Unit 2095	Health & Safety	Infestation - Insects	L3	Roaches	9/7/2022
Unit	Bldg 2112	Unit 1053	Bathroom	Lavatory Sink - Damaged/Missing	L1	x2 tub stop missing	10/11/2022
Building Exterior	Bldg 2113		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	gutter down	10/13/2022_ work order
Building Exterior	Bldg 2113		Roofs	Missing/Damaged Shingles	L1	10X10 square missing/damaged	10/13/2022
Building Exterior	Bldg 2113		Walls	Damaged Chimneys	L3	stucco deteriorated near 1060	10/11/2022-Nman Invoice
Building Systems	Bldg 2113		Sanitary System	Missing Drain/Cleanout/Manhole Covers	L3	missing sewer caps	10/13/2022
Common Areas	Bldg 2113	Doors	Closet/Utility/Mechanical	Damaged Frames/Threshold/Lintels/Trim	L3	door frame at boiler #2-frame/trim damaged	10/11/2022

Common Areas	Bldg 2113	Ceiling	Patio/Porch/Balcony	Bulging/Buckling	L3	patio ceiling bowed	10/11/2022
Unit	Bldg 2115	Unit 1090	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	10/11/2022
Unit	Bldg 2115	Unit 1090	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	L3	Repaired during inspection	6/22/2022
Unit	Bldg 2115	Unit 1090	Smoke Detector	Missing/Inoperable	L3	Repaired during inspection	6/22/2022
Unit	Bldg 2115	Unit 2090	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	bathroom door & bedroom door damage	10/12/2022
Unit	Bldg 2115	Unit 2090	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	10/6/2022
Unit	Bldg 2115	Unit 2090	Smoke Detector	Missing/Inoperable	L3	removed	10/12/2022
Unit	Bldg 2115	Unit 2090	Walls	Damaged	L2	behind bedroom door & laundry room	10/12/2022
Unit	Bldg 2115	Unit 2090	Windows	Cracked/Broken/Missing Panes	L3	broken window at entry	10/25/2022
Building Exterior	Bldg 2117		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	downspout missing	10/15/2022
Unit	Bldg 2117	Unit 1085	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	10/12/2022
Unit	Bldg 2117	Unit 1085	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal inoperable	10/12/2022
Unit	Bldg 2117	Unit 1085	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	L3	not connected	10/12/2022

Unit	Bldg 2117	Unit 1085	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Unit	Bldg 2119	Unit 1061	Bathroom	Plumbing - Clogged Drains	L3	toilet inoperable	10/17/2022
Unit	Bldg 2119	Unit 1061	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	laundry room ceiling, bathroom wall (down stairs) , lav cabinet	10/17/2022
Unit	Bldg 2119	Unit 1061	Doors	Damaged Surface (Holes/Paint/Rusting)	L1	hole in bedroom door	10/22/2022
Unit	Bldg 2119	Unit 1061	Doors	Missing Door	L2	closet door broken off hinges & bathroom closet door	10/17/2022
Unit	Bldg 2119	Unit 1061	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	laundry room ceiling	10/17/2022
Building Exterior	Bldg 700		Health & Safety	Flammable/Combustible Materials - Improperly Stored	L3	gas can stored on BBQ grill near 1080	10/17/2022
Building Exterior	Bldg 700		Windows	Cracked/Broken/Missing/Cracked Panes	L3	window boarded- broken pane	10/17/2022
Common Areas	Bldg 700		Health & Safety	Flammable/Combustible Materials - Improperly Stored	L3	oil stored on top of BBQ grill	10/17/2022
Unit	Bldg 700	Unit 1073	Outlets/Switches	Missing/Broken Cover Plates	L3	missing under Kitchen sink for disposal	10/12/2022
Unit	Bldg 700	Unit 1073	Smoke Detector	Missing/Inoperable	L3	smoke detector missing	10/12/2022
Unit	Bldg 700	Unit 1073	Stairs	Broken/Missing Hand Railing	L3	interior stair rail missing	10/22/2022
Building Exterior	Bldg 701		Roofs	Damaged Soffits/Fascia/Soffit Vents	L2	soffit separation near	photo submitted

Building Exterior	Bldg 701		Roofs	Missing/Damaged Components from Downspout/Gutter	L3	gutter torn from building roof (hanging)	10/13/2022
Building Exterior	Bldg 701		Walls	Missing Pieces/Holes/Spalling	L2	small hole at stucco near 1008 a/c disconnect	10/4/2022
Building Systems	Bldg 701		Electrical System	Missing Covers	L3	a/c disconnect missing interior cover-exposed wires @ 1008	10/22/2022
Building Systems	Bldg 701		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewer leak near 1002	10/22/2022
Building Systems	Bldg 701		Sanitary System	Missing Drain/Cleanout/Manhole Covers	L3		10/17/2022
Unit	Bldg 701	Unit 2004	Windows	Damaged/Missing Screens	L1	window screens missing	10/12/2022
Building Exterior	Bldg 705		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	northeast side of building-deteriorated	10/11/2022
Building Exterior	Bldg 705		Walls	Cracks/Gaps	L2	separation of wall and deterioration of stucco near 2014, exterior siding loose	10/11/2022
Building Exterior	Bldg 705		Walls	Missing Pieces/Holes/Spalling	L3	2 large holes near 1015 and 1013:	10/11/2022
Common Areas	Bldg 705	Stairs	Halls/Corridors/Stairs	Broken/Missing Hand Railing	L3	near 2018-balester loose	Photo submitted
Unit	Bldg 705	Unit 1016	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Building Exterior	Bldg 707		Walls	Missing Pieces/Holes/Spalling	L3	holes cut into exterior wall for plumbing repairs	10/11/2022

Unit	Bldg 707	Unit 1023	Ceiling	Holes/Missing Tiles/Panels	L2	hole at laundry room ceiling-previous a/c leak	10/12/2022
Unit	Bldg 707	Unit 1023	Ceiling	Peeling/Needs Paint	L1	bathroom ceiling	10/12/2023
Building Exterior	Bldg 708		Health & Safety	Hazards - Tripping	L3	cord across sidewalk/walkway	10/22/2022
Building Exterior	Bldg 708		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	gutter broken	Photo submitted
Common Areas	Bldg 708	Stairs	Halls/Corridors/Stairs	Broken/Damaged/Missing Steps	L3	stairwell loose/not secure	Photo submitted
Common Areas	Bldg 708	Walls	Halls/Corridors/Stairs	Damaged	L2	bowing near 2072	Photo submitted
Common Areas	Bldg 709	Ceiling	Patio/Porch/Balcony	Bulging/Buckling	L3	from balcony directly over entry of 1031	Photo submitted
Unit	Bldg 709	Unit 1031	Bathroom	Lavatory Sink - Damaged/Missing	L1	stop inoperable	10/14/2022
Unit	Bldg 709	Unit 1031	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	leak over tub	10/14/2022
Unit	Bldg 709	Unit 1031	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible	10/14/2022
Unit	Bldg 709	Unit 1031	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	@ laundry room; under kitchen sink	10/14/2022
Unit	Bldg 709	Unit 1031	Outlets/Switches	Missing/Broken Cover Plates	L3	outlet covers missing	10/14/2022
Unit	Bldg 709	Unit 1031	Walls	Mold/Mildew/Water Stains/Water Damage	L3		10/14/2022

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Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	date corrected
Site			Grounds	Erosion/Rutting Areas	L3	still visible at bldgs:701, **2101**, 2101A, **2103**, 2104, 2107 (near unit 1106), 2108, 705, 2112, 2117 and unit 1106	incomplete
Building Systems	Bldg 2100		Electrical System	Missing Breakers/Fuses	L3	at mailbox kiosk: electric outlet open-uncovered exposing electric connection.	incomplete
Unit	Bldg 2101	unit 1129	Bathroom	Lavatory Sink - Damaged/Missing	L1	pop-up assembly	incomplete
Unit	Bldg 2101	unit 1129	Kitchen	Cabinets - Missing/Damaged	L2	bottom kitchen cabinets not finished/painted	incomplete
Common Areas	Bldg 2103	Floors	Patio/Porch/Balcony	Rot/Deteriorated Subfloor	L3	unit 2122 patio slab cracked/broken/unstable	incomplete
Unit	Bldg 2103	Unit 2122	HVAC System	Not Operable	L3	missing/inoperable	incomplete
Unit	Bldg 2104	Unit 1042	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	over wasking machine	incomplete
Unit	Bldg 2104	Unit 1042	Walls	Damaged	L2	NIS: wall patch not textured or painted near washing machine & sheetrock repair needed at Primary bedroom window	incomplete
Unit	Bldg 2112-TH	Unit 1052	Lighting	Missing/Inoperable Fixture	L2	kitchen light inoperable	incomplete
Unit	Bldg 700-TH	Unit 1079	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	incomplete
Building Exterior	Bldg 701		Roofs	Damaged Soffits/Fascia/Soffit Vents	L2	soffit deterioration visible	incomplete
Unit	Bldg 701	Unit 2008	Bathroom	Lavatory Sink - Damaged/Missing	L1	pop up assembly inoperable	incomplete
Unit	Bldg 701	Unit 2008	Ceiling	Mold/Mildew/Water Stains/Water Damage	L1	bathroom at a/c air handler	incomplete
Unit	Bldg 701	Unit 2008	Doors	Damaged Frames/Threshold/Lintels/Trim	L3	main entry and **bathroom door frames damaged**	incomplete
Unit	Bldg 701	Unit 2008	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	bedroom window blocked	incomplete
Unit	Bldg 701	Unit 2008	Health & Safety	Hazards - Other	L3	X2 smoke detectors-missing/removed by resident	incomplete
Unit	Bldg 701	Unit 2008	Kitchen	Sink - Damaged/Missing	L1	kitchen faucet loose	incomplete
Unit	Bldg 705	Unit 1017	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	bedroom window blocked by dresser	incomplete
Site			Fencing and Gates	Holes/Missing Section/Damaged/Falling/Leaning (Security, Safety)	L3	6 foot wrought iron fence has several openings along street/perimeter	11/5/2023
Site			Grounds	Overgrown/Penetrating Vegetation	L3	building gutters growing vegetation	11/6/2023

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Site			Parking/Drives	Cracks/Settlement/Heaving/Loose Materials/Potholes	L2	bldgs 705 & 2112	11/5/2023
Site			Retaining Walls	Damaged/Falling/Leaning	L3	near 2103, 2105, 2107, 2108	11/7/2023
Building Exterior	Bldg 2100		Walls	Missing Pieces/Holes/Spalling	L2	stucco deteroiraed/damaged	11/6/2026
Building Exterior	Bldg 2101		Walls	Missing Pieces/Holes/Spalling	L2	Wood Deterioration at balconies, fascia, soffit visible at 1127 & 2127	11/4/2023
Building Systems	Bldg 2101		Electrical System	Missing Covers	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Unit	Bldg 2101	unit 1129	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	bathroom ceiling over shower at a/c	11/5/2023
Unit	Bldg 2101	unit 1129	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Bedroom windows blocked by a/c window units	11/5/2023
Unit	Bldg 2101	unit 1129	Health & Safety	Hazards - Other	L3	3 smoke detectors -repaired during inspection	8/29/2023
Unit	Bldg 2101	unit 1129	HVAC System	Not Operable	L3	a/c inoperable	11/5/2023
Unit	Bldg 2101	unit 1129	Kitchen	Countertops - Missing/Damaged	L2	severely damaged	11/5/2023
Unit	Bldg 2101	unit 1129	Kitchen	Plumbing - Leaking Faucet/Pipes	L3	at hot water line	11/5/2023
Unit	Bldg 2101	unit 1129	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L3	2 burners missing	11/5/2023
Building Exterior	Bldg 2101A		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	down spout damaged & splashblocks missing	11/5/2023
Building Exterior	Bldg 2101A		Walls	Cracks/Gaps	L3	stucco shows large cracks	11/4/2023
Building Systems	Bldg 2101A		Electrical System	Missing Covers	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Common Areas	Bldg 2101A	Doors	Laundry Room	Damaged Hardware/Locks	L3	laundry room is not available to residents-closed/locked-evidence of Transients	11/1/2023
Unit	Bldg 2101A	Unit 1010	Doors	Missing Door	L1	closet door off hinges/missing	11/6/2023
Building Exterior	Bldg 2103		Walls	Missing Pieces/Holes/Spalling	L2	Wood Deterioration at balconies, fascia, soffit	11/4/2023
Unit	Bldg 2103	Unit 1119	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	L3	toilet missing (on order)	11/4/2023
Unit	Bldg 2103	Unit 2120	Health & Safety	Hazards - Other	L3	X 2 smoke detectors-repaired during inspection	8/29/2023
Unit	Bldg 2103	Unit 2122	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L3	inoperable	11/7/2023
Building Exterior	Bldg 2104		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	downspout missing	11/5/2023
Building Exterior	Bldg 2104		Walls	Cracks/Gaps	L3	stucco stair support near 2039	11/5/2023

Building Systems	Bldg 2104		Electrical System	Missing Breakers/Fuses	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Common Areas	Bldg 2104	Stairs	Halls/Corridors/Stairs	Broken/Damaged/Missing Steps	L3	stairs to 2042 not supported	11/4/2023
Common Areas	Bldg 2104	Floors	Patio/Porch/Balcony	Rot/Deteriorated Subfloor	L3	unit 2040: patio concrete is broken and unstable	11/5/2023
Unit	Bldg 2104	Unit 1042	Bathroom	Lavatory Sink - Damaged/Missing	L1	pop-up assembly inoperable	11/5/2023
Unit	Bldg 2104	Unit 1042	Electrical	Missing Covers	L3	interior breaker box not secured to wall -repaired during inspection	8/29/2023
Unit	Bldg 2104	Unit 1042	Health & Safety	Hazards - Other	L3	incense burned in sheetrock wall	8/29/2023
Unit	Bldg 2104	Unit 1042	Kitchen	Refrigerator-Missing/Damaged/Inoperable	L1	fresh food seal/gasket damaged	11/7/2023
Unit	Bldg 2104	Unit 2040	Bathroom	Lavatory Sink - Damaged/Missing	L1	X2 pop-up assembly inoperable	11/7/2023
Unit	Bldg 2104	Unit 2040	Health & Safety	Hazards - Other	L3	Smoke detectors-Repaired during Inspection	8/29/2023
Unit	Bldg 2104	Unit 2040	Health & Safety	Infestation - Insects	L3	roaches	11/8/2023
Building Exterior	Bldg 2105		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	missing downspouts & splashblocks	11/5/2023
Building Systems	Bldg 2105		Electrical System	Missing Breakers/Fuses	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Building Systems	Bldg 2105		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewage leaked into boiler room	11/7/2023
Common Areas	Bldg 2105	Electrical	Closet/Utility/Mechanical	Missing Covers	L3	at boiler room-breaker box panel missing-electric connections exposed-repaired during inspection	8/29/2023
Unit	Bldg 2105	Unit 1111	Ceiling	Mold/Mildew/Water Stains/Water Damage	L1	at livingroom ceiling: evidence of leak	11/7/2023
Unit	Bldg 2105	Unit 1111	Doors	Damaged Frames/Threshold/Lintels/Trim	L3	gap at main entry door	11/7/2023
Unit	Bldg 2105	Unit 1116	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	11/7/2023
Building Exterior	Bldg 2107		Walls	Missing Pieces/Holes/Spalling	L2	Wood Deterioration at balconies, fascia, soffit building 2107	11/4/2023
Common Areas	Bldg 2107	Stairs	Halls/Corridors/Stairs	Broken/Damaged/Missing Steps	L3	stairway leading to unit 2107	11/4/2023
Unit	Bldg 2107	Unit 1106	Health & Safety	Hazards - Other	L3	smoke detector-repaired during inspection	8/29/2023
Unit	Bldg 2107	Unit 1107	Bathroom	Cabinets - Damaged/Missing	L1	second bathroom cabinet damaged	11/5/2023
Unit	Bldg 2107	Unit 1107	Bathroom	Lavatory Sink - Damaged/Missing	L1	x2 pop up assembly inoperable	11/7/2023
Unit	Bldg 2107	Unit 1107	Ceiling	Holes/Missing Tiles/Panels	L1	second bathroom ceiling NIS: cardboard patch over showerhead	11/7/2023
Unit	Bldg 2107	Unit 1107	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	inside second bathroom cabinet	11/7/2023

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Unit	Bldg 2107	Unit 1107	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	second bedroom window will not stay up/open resulting in blocked egress	11/7/2023
Unit	Bldg 2107	Unit 1107	Health & Safety	Infestation - Insects	L3	roaches	11/8/2023
Unit	Bldg 2107	Unit 1107	Walls	Damaged	L2	over second bedroom window	11/5/2023
Unit	Bldg 2107	Unit 1107	Windows	Inoperable/Not Lockable	L3	second bedroom window will not stay up/open resulting in blocked egress	11/7/2023
Building Systems	Bldg 2109		Electrical System	Missing Breakers/Fuses	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Building Exterior	Bldg 2111		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	downspout broken/not connected	11/5/2023
Building Exterior	Bldg 2112-TH		Foundations	Spalling/Exposed Rebar	L3	rebar exposed near 1053	11/4/2023
Building Exterior	Bldg 2112-TH		Roofs	Missing/Damaged Components from Downspout/Gutter	L3	gutter on ground near 1053 & downspout missing	11/5/2023
Building Exterior	Bldg 2112-TH		Roofs	Missing/Damaged Shingles	L1	drip edge missing-visible near unit 1053	11/5/2023
Building Systems	Bldg 2112-TH		Electrical System	Missing Covers	L3	open junction box	11/7/2023
Unit	Bldg 2112-TH	Unit 1052	Bathroom	Lavatory Sink - Damaged/Missing	L1	clogged & missing drain line	11/7/2023
Unit	Bldg 2112-TH	Unit 1052	Bathroom	Plumbing - Leaking Faucet/Pipes	L1	tub drips and will not turn off	11/7/2023
Unit	Bldg 2112-TH	Unit 1052	Bathroom	Shower/Tub - Damaged/Missing	L2	Primary tub peeling	11/8/2023
Unit	Bldg 2112-TH	Unit 1052	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visable when entry door is closed	11/7/2023
Unit	Bldg 2112-TH	Unit 1052	Health & Safety	Hazards - Other	L3	X4 removed by resident-Repaired during Inspection	8/29/2023
Unit	Bldg 2112-TH	Unit 1053	Electrical	Missing Covers	L3	open wires visible over interior stairs (possible removed light fixture?)	11/7/2023
Unit	Bldg 2112-TH	Unit 1053	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	under downstairs bathroom sink	11/7/2023
Building Exterior	Bldg 2113		Roofs	Missing/Damaged Shingles	L1	10 x 10 square damaged/missing shingles	11/5/2023
Building Systems	Bldg 2115		Electrical System	Missing Covers	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections; open junction box	11/7/2023
Unit	Bldg 2115	Unit 2089	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	dishwasher inoperable	11/7/2023

Unit	Bldg 2115	Unit 2089	Kitchen	Refrigerator-Missing/Damaged/Inoperable	L1	freshfood gasket/door seal damaged	11/7/2023
Unit	Bldg 2115	Unit 2089	Windows	Damaged/Missing Screens	L1	livingroom window screen missing	11/7/2023
Building Exterior	Bldg 2117-TH		Roofs	Missing/Damaged Components from Downspout/Gutter	L1	missing splashblocks	11/5/2023
Building Systems	Bldg 2117-TH		Electrical System	Missing Breakers/Fuses	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Unit	Bldg 2117-TH	Unit 1087	Bathroom	Lavatory Sink - Damaged/Missing	L1	pop up assembly inoperable	11/8/2023
Unit	Bldg 2117-TH	Unit 1087	Bathroom	Plumbing - Clogged Drains	L3	bathroom sink clogged	11/8/2023
Unit	Bldg 2117-TH	Unit 1087	Doors	Damaged Surface (Holes/Paint/Rusting)	L1	door in kitchen also sparyed with expanding foam	11/8/2023
Unit	Bldg 2117-TH	Unit 1087	Health & Safety	Hazards - Other	L3	smoke detector hanging	11/8/2023
Unit	Bldg 2117-TH	Unit 1087	Kitchen	Cabinets - Missing/Damaged	L2	base cabinets are sprayed with expanding foam	11/8/2023
Unit	Bldg 2117-TH	Unit 1087	Kitchen	Countertops - Missing/Damaged	L2	broken/misaligned near kitchen sink	11/8/2023
Unit	Bldg 2117-TH	Unit 1087	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	Dishwasher missing, NIS plywood covers space; & disposal inoperable	11/8/2023
Unit	Bldg 2117-TH	Unit 1087	Kitchen	Plumbing - Leaking Faucet/Pipes	L3	leak at washer connection	11/8/2023
Building Systems	Bldg 2119-TH		Fire Protection	Missing/Damaged/Expired Extinguishers	L3	Boiler room #2 fire extinguisher expired	11/4/2023
Building Exterior	Bldg 700-TH		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	missing downspout	11/4/2023
Building Systems	Bldg 700-TH		Electrical System	Missing Breakers/Fuses	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Unit	Bldg 700-TH	Unit 1079	Bathroom	Plumbing - Leaking Faucet/Pipes	L3	oth tubs drip constantly; can not be turned off	11/5/2023
Unit	Bldg 700-TH	Unit 1079	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	L3	downstairs toilet inoperable	11/5/2023
Unit	Bldg 700-TH	Unit 1079	Electrical	Missing Breakers/Fuses	L3	interior breaker box not secure to wall-repaired during inspection	8/29/2023
Unit	Bldg 700-TH	Unit 1079	Health & Safety	Hazards - Other	L3	smoke detector primary bedroom missing	11/7/2023
Unit	Bldg 700-TH	Unit 1079	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	dishwasher does not close/lock and leaks when used	11/7/2023
Unit	Bldg 700-TH	Unit 1079	Kitchen	Plumbing - Leaking Faucet/Pipes	L3	dishwasher does not close and lock and therefore leaks onto floor when in use	11/7/2023

Building Exterior	Bldg 701		Walls	Missing Pieces/Holes/Spalling	L2	wood balconies severly deteriorated	11/4/2023
Building Systems	Bldg 701		Electrical System	Missing Covers	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Common Areas	Bldg 701	Floors	Patio/Porch/Balcony	Rot/Deteriorated Subfloor	L3	2002 patio-no structural support-severe Deterioration-concrete cracked and moves when stepped on	11/5/2023
Unit	Bldg 701	Unit 2002	Porch/Balcony	Baluster/Side Railings Damaged	L3	loose	11/5/2023
Unit	Bldg 701	Unit 2008	Kitchen	Plumbing - Leaking Faucet/Pipes	L3	kitchen sink leak causing damage to cabinets (under sink)	11/7/2023
Unit	Bldg 701	Unit 2008	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L2	missing burner	1/4/2023
Building Exterior	Bldg 705		Health & Safety	Hazards - Tripping	L3	sidewalk behind building	11/4/2023
Building Exterior	Bldg 705		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	downspouts damaged & splashblocks missing	11/4/2023
Building Exterior	Bldg 705		Walls	Missing Pieces/Holes/Spalling	L2	stucco displays holes near wooden patio fence & gaps at corners	11/4/2023
Building Systems	Bldg 705		Electrical System	Missing Covers	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Unit	Bldg 705	Unit 1017	Health & Safety	Hazards - Other	L3	X2 smoke detectors inoperable-Repaired during Inspection	8/29/2023
Building Exterior	Bldg 707-TH		Walls	Missing Pieces/Holes/Spalling	L2	stucco displays holes near wooden patio fence	11/4/2023
Building Systems	Bldg 707-TH		Electrical System	Missing Breakers/Fuses	L3	exterior A/c Disconnects missing interior cover-open, exposed electric connections	11/7/2023
Unit	Bldg 709	Unit 2031	Bathroom	Lavatory Sink - Damaged/Missing	L1	X2 pop up assembly inoperable	11/5/2023
Unit	Bldg 709	Unit 2031	Bathroom	Shower/Tub - Damaged/Missing	L2	tub overflow missing	11/5/2023
Unit	Bldg 709	Unit 2031	Floors	Soft Floor Covering Missing/Damaged	L2	damage/stain	11/5/2023
Unit	Bldg 709	Unit 2031	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	X2 window a/c units block both bedroom windows	11/5/2023
Unit	Bldg 709	Unit 2031	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal inoperable	11/5/2023
Unit	Bldg 709	Unit 2031	Porch/Balcony	Baluster/Side Railings Damaged	L3	balluster at stairway leading to main entry door-is loose/concrete at entry is broken and unstable	11/4/2023

Attachment 3: Excerpts from 10 TAC §2.102, 10 TAC §11.1(30), 10 TAC §2.401(d)(1), and Tex. Gov't Code §2306.0504

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 2	ENFORCEMENT
SUBCHAPTER A	GENERAL
RULE §2.102	Definitions

The words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Capitalized words used herein have the meaning assigned in the specific chapters of this title that govern the program associated with the request, in Chapter 1 of this title (relating to Administration), or assigned by federal or state law.

(1) Actively Monitored Development--A Development that within the last three years has been monitored by the Department, either through a Uniform Physical Condition Standards (UPCS) inspection, an onsite or desk file monitoring review, an Affirmative Marketing Plan review, or a Written Policies and Procedures Review. UPCS inspections include inspections completed by Department staff, Department contractors and inspectors from the Real Estate Assessment Center through federal alignment efforts.

(2) Consultant--A Person who provides services or advice for a fee in a capacity other than as an employee and does not have Control.

(3) Control (including the terms Controlled and Controlling)--"Control'" is defined in §11.1 of this title (relating to General) or as identified in the specific Program rule.

(4) Debarment--A prohibition from future participation in some or all Programs administered by the Department. Except as otherwise stated in the Order, Debarment does not impact existing or ongoing participation in Department Programs, prior to the date of the Debarment, nor does it affect any continuing responsibilities or duties thereunder.

(5) Enforcement Committee ("Committee")--A Committee of employees of the Department appointed by the Executive Director. The voting members of that Committee shall be no fewer than five and no more than nine. Additionally, each voting member shall have an alternate member, also appointed by the Executive Director, in the event that the primary voting member is unavailable. The Committee may be composed of any member of any Department division, but members from the referring division may not be present during deliberations. Alternate members may serve on behalf of any voting member for purposes of assuring a quorum. The Legal Division will designate person(s) to attend meetings and advise the Committee. A Legal Division designee will serve as Secretary to the Committee.

(6) Event of Noncompliance (including the alternate term "Finding of Noncompliance")--Any event for which a Person may be found to be in noncompliance with Texas Government Code Chapters 2105 or 2306, any rule adopted thereunder, any Program Agreement requirement, or federal program requirements.

(7) Legal Requirements--All requirements, as it relates to the particular Department Program, of state, federal, or local statutes, rules, regulations, ordinances, orders, court opinions, official interpretations, policy issuances, OMB Circulars, representations to secure awards, or any similar memorialization of requirement, including contract requirements.

(8) Monitoring Event--An onsite or desk monitoring review, a Uniform Physical Condition Standards inspection, the submission of the Annual Owner's Compliance Report, Final Construction Inspection, a Written Policies and Procedures Review, or any other instance when the Department's Compliance Division or other reviewing area provides written notice to an Owner or Contact Person requesting a response by a certain date. This would include, but not be limited to, responding to a tenant complaint.

(9) Person--A legal entity including, without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability corporation, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever, and shall include any group of Persons acting in concert toward a common goal, including individual members of the group.

(10) Program--Includes any activity performed by a Subrecipient, Administrator, Contractor, Development Owner, or other Person under a Program Agreement or activities performed by a third party under a Program Agreement, including but not limited to a Subgrantee or Subcontractor.

(11) Program Agreements include:

(A) agreements between the Department and a Person setting forth Legal Requirements; and

(B) agreements between a Person subject to a Program Agreement and a third party to carry out one or more Legal Requirements.

(12) Responsible Party--Any Person subject to a Program Agreement.

(13) Vendor--A person who is procured by a subrecipient to provide goods or services in any way relating to a Department program or activity.

Source Note: The provisions of this §2.102 adopted to be effective April 1, 2021, 46 TexReg 1992

Texas Administrative Code

Next Rule>>

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 11	QUALIFIED ALLOCATION PLAN (QAP)
SUBCHAPTER A	PRE-APPLICATION, DEFINITIONS, THRESHOLD REQUIREMENTS AND COMPETITIVE SCORING
RULE §11.1	General

[...]

(30) Control (including the terms "Controlling," "Controlled by," and "under common Control with")--The power, ability, or authority, acting alone or in concert with others, directly or indirectly, to manage, direct, superintend, restrict, regulate, govern, administer, or oversee. As used herein "acting in concert" involves more than merely serving as a single member of a multi-member body. A member of a multi-member body is not acting in concert and therefore does not exercise control in that role, but may have other roles, such as executive officer positions, which involve actual or apparent authority to exercise control. Controlling entities of a partnership include the general partners, may include special limited partners when applicable, but not investor limited partners or special limited partners who do not possess other factors or attributes that give them Control. Persons with Control of a Development must be identified in the Application. Controlling individuals and entities are set forth in subparagraphs (A) - (E) of this paragraph. Multiple Persons may be deemed to have Control simultaneously.

(A) For for-profit corporations, any officer authorized by the board of directors, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, and each stock holder having a 50% or more interest in the corporation, and any individual who has Control with respect to such stockholder.

(B) For nonprofit corporations or governmental instrumentalities (such as housing authorities), any officer authorized by the board, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, the Audit committee chair, the Board chair, and anyone identified as the executive director or equivalent.

(C) For trusts, all beneficiaries that have the legal ability to Control the trust who are not just financial beneficiaries.

(D) For limited liability companies, all managers, managing members, members having a 50% or more interest in the limited liability company, any individual Controlling such members, or any officer authorized to act on behalf of the limited liability company.

(E) For partnerships, Principals include all General Partners, and Principals with ownership interest and special limited partners with ownership interest who also possess factors or attributes that give them Control.

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 2	ENFORCEMENT
SUBCHAPTER D	DEBARMENT FROM PARTICIPATION IN PROGRAMS ADMINISTERED BY THE DEPARTMENT
RULE §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. 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 the effective date of this rule, 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 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 the effective date of this rule, where the foreclosure or deed in lieu of foreclosure terminates a subordinate TDHCA LURA;

(8) Controlling a multifamily Development and allowing a change in ownership after the effective date of this rule, without Department approval;

(9) Transferring a Development, after the effective date of this rule, without regard for a Right of First Refusal requirement;

(10) Being involuntary removed, or replaced due to a default by the General Partner under the Limited Partnership Agreement, after the effective date of this rule;

(11) Refusing to comply with conditions approved by the Board that were recommended by the Executive Award Review Advisory Committee after the effective date of this rule;

(12) Having any Event of Noncompliance that occur after the effective date of this rule 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

(13) 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;

(14) Refusing to provide an amenity required by the LURA after the effective date of this rule;

(15) Failing to reserve units for Section 811 PRA participants after the effective date of this rule;

(16) Failing to notify the Department of the availability of 811 PRA units after the effective date of this rule;

(17) Taking "choice limiting" actions prior to receiving HUD environmental clearance (24 CFR §58.22);

(18) Substandard construction, as defined by the Program, and repeated failure to conduct required inspections;

(19) Repeated failure to provide eligible match. 24 CFR §92.220, 24 CFR §576.201, and as required by NOFA;

(20) Repeated failure to report program income. 24 CFR §570.500, 24 CFR §576.407(c), 2 CFR Part 215 (if applicable), and 10 TAC §20.9, or as defined by Program Rule;

(21) Participating in activities leading to or giving the appearance of "Conflict of Interest". 2 CFR Part 215 (if applicable), 24 CFR §84.42, §92.356 (if applicable), §570.489, §576.404, 10 TAC §20.9, or as defined by Program Rule;

(22) Repeated material financial system deficiencies. 24 CFR §§84.21, 84.43, 85.20, 85.22, 85.36, 92.205, 92.206, 92.350, 92.505, and 92.508 (if applicable), OMB A-110 Relocated to 2 CFR Part 215 (if applicable), OMB A-87 Relocated to 2 CFR Part 225 (if applicable), OMB A-122 Relocated to 2 CFR Part 230 (if applicable), 10 TAC §20.9 and Uniform Grant Management Standards (if applicable) and as defined by Program Rule.

(23) Repeated violations of Single Audit or other programmatic audit requirements;

(24) Failure to remain a CHDO for Department committed HOME funds;

(25) Commingling of funds, Misapplication of funds;

(26) Refusing to submit a required Audit Certification Form, Single Audit, or other programmatic audit;

(27) Refusing to timely respond to reports/provide required correspondence;

(28) Failure to timely expend funds; and

(29) 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, 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 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). 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.

(d) Material violations of a LURA. A Responsible Party 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;

(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) Fail to meet minimum set aside by the end of the first year of the credit period (HTC Developments only) after the effective date of this rule; or

(5) 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 the effective date of this rule.

(e) Repeated Violations of a LURA that shall be referred to the Committee for Debarment.

(1) A Responsible Party 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 the effective date of this rule;

(C) Refuse to submit all or parts of the Annual Owner's Compliance Report for two consecutive years after the effective date of this rule; or

(D) Gross rents exceed the highest rent allowed under the LURA or other deed restriction.

(2) Repeated violations in a portfolio. Persons 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 for mandatory will be referred for Debarment if an inspection or referral, after the effective date of this rule, indicates the following:

(A) 50% or more of the Actively Monitored Developments in the portfolio have been referred to the Enforcement Committee; 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.

(f) Debarment for violations of all other 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, multifamily 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 the effective date of this rule;

(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 §92.353, 24 CFR §93.352 and 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, and 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, and 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, and 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, and 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) Refusing to reimburse excess cash on hand;

(5) Using Department funds to demolish a homeowner's dwelling and then refusing to rebuild;

(6) 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 with written notice of the referral to the Committee, setting forth the facts and circumstances that justify the referral for Debarment consideration.

(h) The Secretary shall then offer the Responsible Party the opportunity to attend an Informal Conference with the Committee to discuss resolution of the. 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:

Cont'd...

Next Page

List of Titles | Back to List

HOME | TEXAS REGISTER | TEXAS ADMINISTRATIVE CODE | OPEN MEETINGS

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 2	ENFORCEMENT
SUBCHAPTER D	DEBARMENT FROM PARTICIPATION IN PROGRAMS ADMINISTERED BY THE DEPARTMENT
RULE §2.401	General

(1) A determination that the Department did not have sufficient information and/or that the Responsible Party 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, an agreement to dismiss the matter with no further action, an agreement to dismiss the matter with corrective action being taken, or any other action as the Committee deems appropriate, which will then be reported to the Executive Director.

(j) 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.

(k) The Executive Director shall accept, reject, or modify the Debarment recommendation by the Committee and shall provide written notice to the Responsible Party 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 may appeal the Debarment determination in writing to the Board as described in §1.7 of this title (relating to Appeals Process).

(l) 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.

(m) Until the Responsible Party's Debarment referral is fully resolved, the Responsible Party may not participate in new Department financing and assistance opportunities.

(n) 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 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.

(o) 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.

Source Note: The provisions of this §2.401 adopted to be effective November 19, 2014, 39 TexReg 8976; amended to be effective April 1, 2021, 46 TexReg 1992

Sec. 2306.0504. DEBARMENT FROM PROGRAM PARTICIPATION. (a) The department shall develop, and the board by rule shall adopt, a policy providing for the debarment of a person from participation in programs administered by the department.

(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.

(c) The department shall debar a person from participation in a department program if the person:

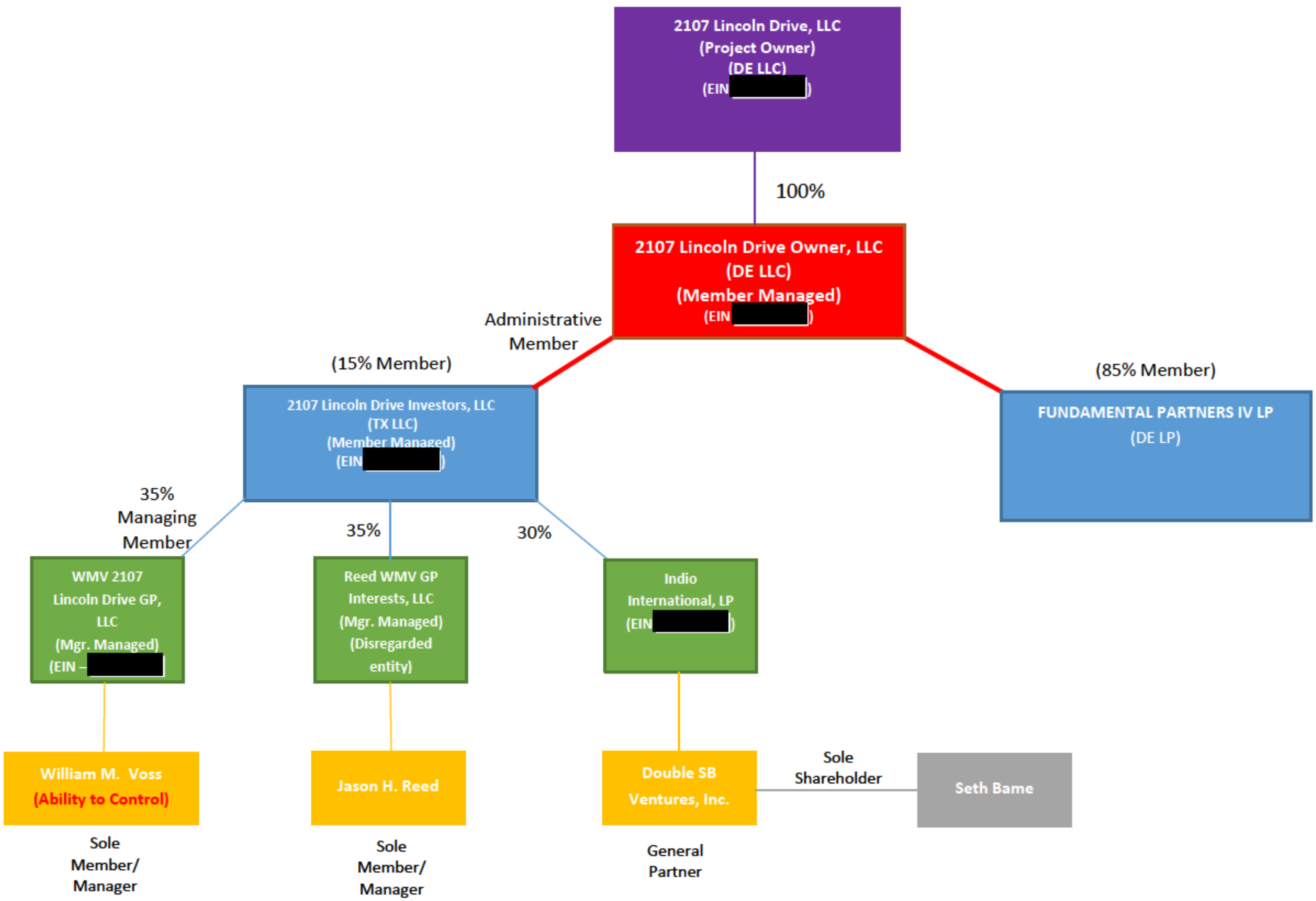
(1) materially or repeatedly violates any condition imposed by the department in connection with the administration of a department program, including a material or repeated violation of a land use restriction agreement regarding a development supported with a housing tax credit allocation; or

(2) is debarred from participation in federal housing programs by the United States Department of Housing and Urban Development.

(d) A person debarred by the department from participation in a department program may appeal the person's debarment to the board.

Added by Acts 2001, 77th Leg., ch. 1367, Sec. 8.01, eff. Sept. 1, 2001.
Transferred, redesignated and amended from Government Code, Section 2306.6721 by Acts 2013, 83rd Leg., R.S., Ch. 556 (S.B. 659), Sec. 1, eff. September 1, 2013.
Transferred, redesignated and amended from Government Code, Section 2306.6721 by Acts 2013, 83rd Leg., R.S., Ch. 1079 (H.B. 3361), Sec. 1.07, eff. September 1, 2013.

Attachment 4: Organizational Chart



Attachment 5: Informal Conference Presentation by Windmass

The Jones Apartment - TDHCA

November-2023

WindMass Capital

Executive Summary | Asset and Compliance Overview

Property: The Jones Apartments
2107 Lincoln Drive, Dallas, TX, 76011

# of Units	224
Net Rentable SF	201,656
Year Built	1977
Avg. Occupancy	85.6%
Avg. Rent / Unit	$ 1,089
Affordable	60% AMI

Original Loan & Invested Capital

Date Acquired	9/30/2020
Senior Debt	$17.025m
Equity Invested	$7.4m
Total Funding	$24.4m
Total Capex	$2.7m
Exterior Capex	$1.3m
Interior Capex	$1.4m
Units Renovated	92

New Loan & Capital Contribution

Closing Date	10/26/2023
Loan Amount	$19.4m
Additional Equity	$3.2m
Total Deal Equity	$10.7m
Total Capex	$2.2m
Exterior Capex	$1.0m
Interior Capex	$1.2m
Units to Renovate	132

Compliance Issues Identified

- **Second Score below 50 Points** due to mismanagement by Indio caused by; high turnover, multiple property managers over the past two years, and turnover at the compliance department of Indio.
- **Uncorrected physical non-compliance** including lack of repairs and lack of proof of repairs to TDHCA on items including roofs, laundry room doors, damaged gutters, damaged siding and walls, erosion, and other physical issues.
- **Low score on unit interior inspection** including health and safety hazards that need to be addressed or proven that WindMass has addressed already.
- **Lack of follow through and communication** between property management, WindMass, and TDHCA.

Plan to Achieve Compliance

- **Expected Improved performance through consultants and new property management**, WindMass engaged Capstone's compliance group and is selecting a new property management company in December 2023 with long-term systems in place that will improve communication so future issues can be addressed properly and in a timely manner.
- **Upgrade property through a new loan secured in October 2023,** WindMass budgeted capital expenditures of **$2.2m** to include additional amenities to residents such as; a pool, gym, in-unit improvements, a new roof, and remaining deferred maintenance and health and safety improvements.
- **Ownership committing $3.2m of additional capital into the deal,** The ownership group is contributing additional capital demonstrating their commitment to making this property a better community for tenants.

Plan of Correction

Exhibit 1 of the TDHCA report dated 10/03/2023 regarding the 2022 inspection noted the below highlighted items "not corrected" from the 2022 inspection. WindMass has addressed these items and has uploaded back-up via the CMTS portal. WindMass also acknowledges Exhibit 3 of the same report noting all deficiencies and has a plan of action to correct all deficiencies.

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Corrected date
Site			Retaining Walls	Damaged/Falling/Leaning	L3	near boiler #1 bldg 2105	not corrected
Common Areas	Bldg 2101a	Doors	Laundry Room	Damaged Hardware/Locks	L3	laundry room doors locked-vandalized	not corrected
Building Exterior	Bldg 2107		Roofs	Missing/Damaged Components from Downspout/Gutter	L3	downspout not connected	"Proposal" was provided rather than an invoice. Not corrected.
Common Areas	Bldg 2113	Walls	Closet/Utility/Mechai	Damaged	L2	siding cut	work order indicates an invoice from "RCC" is attached-but was not found

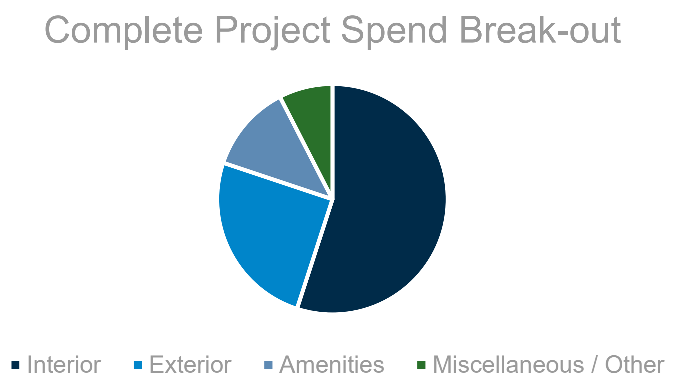
Plan of Action to Correct all Deficiencies:

1. WindMass has sent the reports and list of deficiencies to Cardiff, WindMass' affiliated construction company and directed Cardiff to complete all work by January 1, 2024, using funds from the refinance specially dedicated to remediating the deficiencies.
2. WindMass has dedicated employees (Matt Auste and Jack Bessette) to oversee this process and ensure the work is completed and submitted to TDHCA effectively.
3. WindMass has engaged Capstone to assist with all compliance and reporting, who will also help oversee the process with Cardiff and make sure no items are missed or overlooked.

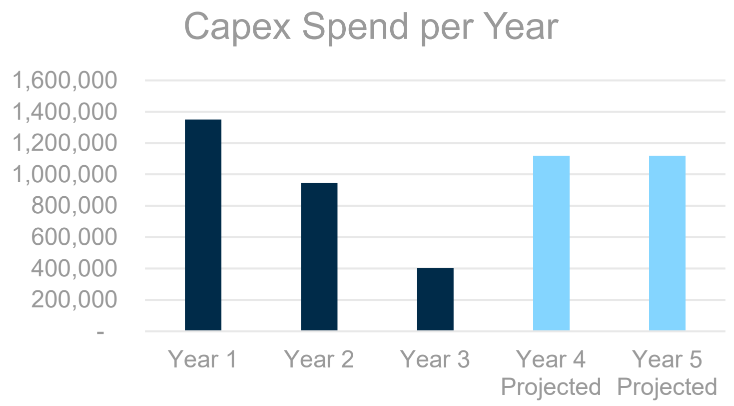
Asset Plan & Operating Strategy | Capex Plan and Spend to Date

WindMass plans to continue its commitment to improving the living conditions, amenities, safety, and aesthetics of the property to make The Jones a better community for tenants.

Capex Split



Capex Timing



Capex Work Completed

BUDGET LINE ITEM	Capex Spent	
Interior Improvements	$	1,382,000
Exterior Work	$	828,000
Community Amenity	$	225,000
Landscaping	$	130,000
Construction Management	$	135,000
Total Capital Costs	$	2,700,000
TOTAL PROJECT BUDGET	**$**	**2,700,000**

WindMass has spent $2.7m on upgrading the property since September of 2020. Completed upgrades include:

- Renovation of 92 units
- Full residing of the property
- Landscaping
- Replacement of all windows
- Refurbishment of laundry facility
- Deferred maintenance

New Capex Budget

BUDGET LINE ITEM	Amount	
Interior Improvements	$	1,332,968
Exterior Work	$	413,000
Community Amenity	$	253,515
Miscellaneous	$	38,920
Construction Management	$	198,798
Total Capital Costs	$	2,237,200
TOTAL PROJECT BUDGET	**$**	**2,237,200**

WindMass plans to invest over $2.3m of additional capex into the property in 2024 including:

- Renovation of remaining classic units
- Full re-roofing of the property
- Additional landscaping
- Addition of a pool and fitness center
- Installing ADT Smart Home Packages
- Deferred maintenance and compliance

Before and After Photos

Before

Old Exterior

Old Leasing Office

Old Signage

After

Renovated Bathroom

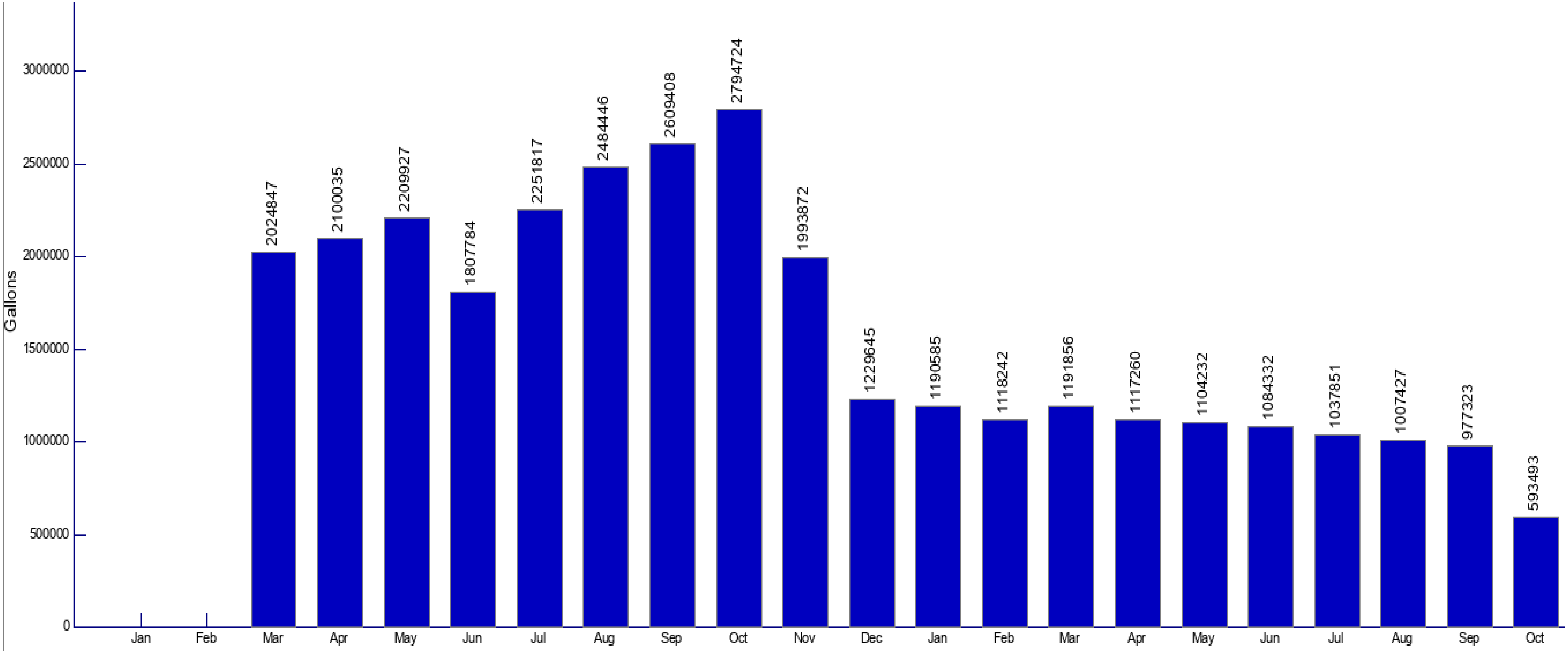
New Paint, Siding and Landscaping

New Leasing Office

Renovated Interior

Water Savings Initiative

WindMass is focused on eliminating wasteful usage of water at its properties. See below monthly chart demonstrating WindMass' successful efforts in cutting water usage by over 50% by identifying and fixing water leaks. This not only eliminates waste, but also decreases the overall water expense at The Jones.



Operating Strategy | WindMass Asset Management Experience

WindMass is an established operator in select Texas markets. With its focus on multi-family, and a proven history of successfully turning around impaired properties in a short period of time, WindMass well situated to enhance The Jones, remediate compliance issues, and generally improve the property for tenants in Arlington.

WindMass Capital

$ 1.2bn+
Of acquisitions over the past 5 years

10,376
Units acquired in North Texas & Houston

$400m+
Of Equity invested in Texas

$ 10.0bn+
In combined debt & equity financing experience

Select Case Study

The Property

- 1,656-unit multifamily community located in the Richardson submarket of Dallas, TX
- Purchased by WindMass in 2020; property was operationally impaired with high crime rates
- Occupancy as low as 70% with c. 12% bad debt; rent below market and high utility costs

The Approach

- WMC implemented a large security effort to clean up crime in the area
- Extensive capital improvement plan renovating 1,058 units with a total of $14.4m in Capex
- Additional initiatives include implementation of ADT, Valet Trash and utility cost reductions

The Outcome

- Occupancy lifted to c. 94%; bad debt & concessions reduced to c. 6%
- Rent uplift c. 40%; additional income of ADT & Valet Trash at c. $ 70 / month for c. 700 units
- Utility costs decreased by c. 19% due to water conservation efforts
- Crime reduced on property and in surrounding submarket, leading to recognition by the DoJ
- Overall, NOI quadrupled in Y2 post acquisition

Overview

The Firm

- WindMass Capital ("WindMass" or "WMC") is a privately owned commercial real estate investment company based in Dallas, Texas.
- The company's core investment strategy is to acquire, own and manage a diversified portfolio of value-add assets with optimal risk-adjusted returns.
- The geographic focus is on selected Texas markets, where both population and job growth continue to lead the nation and drive growth in real estate values.
- The group invests capital through discretionary, closed-end investment partnerships for institutions and private investors.

Highly Experienced Team

- Our team has over 50 years of combined experience underwriting, acquiring, developing, and financing projects
- The team has extensive relationships with local brokers, lenders, property managers and contractors to help execute business plans and source deals

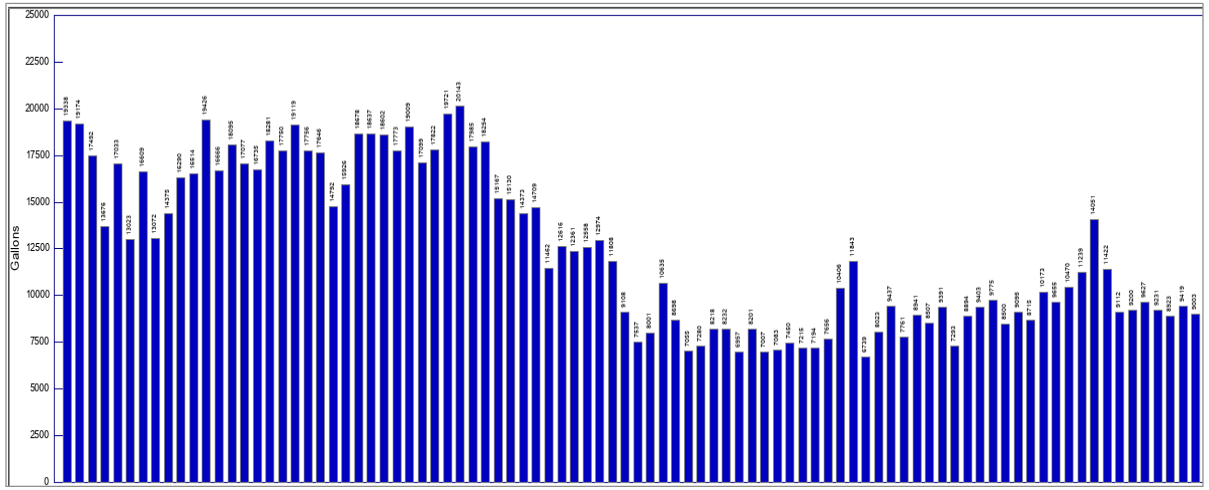
Investment Strategy

- WindMass Capital is exclusively focused on multifamily in select urban Texas submarkets; specialized in value-add multifamily projects of 150 to 2,500+ units
- WMC seeks projects that benefit from repositioning through property upgrades, capital improvements of $2.5k to $40k / unit, and better management & marketing
- WindMass also seeks to aggregate multiple projects clustered together enabling operational efficiencies or portfolio sale exits, which yields additional cashflow during the investment period and increased sale prices.

Appendix B | WindMass Detailed Case Study EEE (2/2)

The successful turnaround of the property included a substantial (c. 19%) decrease in utility costs, and a reduction in crime rate on property and in the surrounding community that was recognized by the Department of Justice.

Reduction in Water Consumption



- WindMass also put an emphasis on expense management at the Portfolio, specifically surrounding utilities. WindMass uses Water Signal, a software that allows real time monitoring of usage at each water meter. This allows WindMass to pinpoint locations of leaks and promptly fix them. The above chart shows water usage at one meter (building 9) at the Edison during Q4 of 2021.
- This building had very high water usage of nearly 20,000 gallons a day. With Water Signal, management was able to swiftly identify problems and fix leaks to cut usage in half.
- WindMass also installs efficient LED lighting, low flow faucets, toilets, and showerheads in renovated units as well as ADT smart home packages, which allow remote control of heating and cooling and enables management and tenants to better monitor and control energy usage in units. These initiatives have led utility expense to go from $154,186/month in the first six months of ownership to $125,249/month in the previous six months, an 18.8% decrease.

Recognition by the DOJ

U.S. Department of Justice
United States Attorney
Northern District of Texas

1100 Commerce Street, Third Floor
Dallas, Texas 75242-1699
Main: 214.659.8600
Fax: 214.659.8805

June 11, 2020

Mitchell Voss
WindMass Capital
100 Crescent Court, Suite 700
Dallas, TX 75201

Re: *Project Safe Neighborhood – Beacon Hill Apartments & Vineyards at the Ranch*

Dear Mr. Voss:

I wanted to write to thank you for your extraordinary work and assistance in reducing crime in the area surrounding the Beacon Hill Apartments and the Vineyards at the Ranch apartments in Northeast Dallas.

As you know, when we first met, the area surrounding these properties was by far the most violent and crime-ridden spot in the PSN target area in 2019. I routinely heard from citizens, business owners, and law enforcement regarding the brazen crime and violent activity in this neighborhood. Many has simply given up. It was because of these consistent problems that we met with you the other property owners in early January in an effort to devise a new and successful strategy.

Your leadership in that meeting and the months that followed was crucial. The other owners looked to you for guidance and followed your lead. As a team, we overcame numerous obstacles, including obtaining buy-in from neighboring properties and businesses, generating the support of law enforcement partners, and acquiring the right security staff. You were the leader in this effort and I do not think we would have succeeded without you.

We have observed a dramatic (almost unprecedented) drop in violent crime and property crime in that area since you and your team began. These are not just numbers either. A reduction in crime changes everything about the neighborhood – from the way in which neighbors interact, to how kids play, to the economy surrounding the property.

I know that this decrease is due to the collaboration between all of the stakeholders, including the police department, you, your staff, private security, and our PSN team. I view this partnership as a model for other micro-target areas in the PSN area, as well as the city. As you know, I am trying to replicate it elsewhere.

I look forward to continuing to work with you and your team in this area as we strive to make it safe for everyone who lives and works there.

Sincerely,

ERIN NEALY COX
UNITED STATES ATTORNEY

P.J. Meitl

P.J. MEITL
Assistant United States Attorney

- At acquisition, the Portfolio was in a transitional neighborhood that historically faced high crime rates.
- WMC spearheaded Project Safe Neighborhood to combat these issues. WMC worked with the city, Tier One Security, and other owners of retail and apartments to tie into a security force consisting of highly trained security officers and off-duty police officers.
- As a result, overall crime has decreased by 50%, and violent crime has decreased by 80% in the submarket.
- In addition, WMC received a letter from the Department of Justice US Attorney's office thanking and congratulating WMC on the results of their improvement project, Project Safe Neighborhood.

WindMass Capital

INDIO
MANAGEMENT

November 14, 2023

To the Board of the TDHCA,

I am writing to formally appeal the debarment recommendation regarding Seth Bame, Double SB Ventures, Inc, and Indio International, LP. My name is Seth Bame, and I serve as the Founder and CEO of Indio Management a property management company with 16,000 units across Texas. I through my various entities am one of the responsible parties for two TDHCA properties, including The Jones Apartments.

I must acknowledge the failures that have occurred in relation to our first LURA assignment, The Jones Apartments. For nearly three years we have been involved in this assignment, we have faced two failed UPCS inspections. I take full responsibility for these failures. At the outset, I lacked experience in the compliance process and failed to educate myself about the requirements of this assignment. Consequently, I was unable to implement the necessary safeguards to ensure successful inspections in the past two years.

Indio Management was founded on four core values: Uncompromising Integrity, Working Together, Caring for Others, and a Dedication to being the best. I have always taken a serious approach to addressing problems, both internal and at our properties; however we have experienced a fair amount of turnover in the last two years as we have grown and the leadership team I initially hired to oversee our daily operations did not meet the standards I set.

In January 2023, I hired an industry veteran with over 40 years of experience in apartment operations to rectify the situation. Regrettably, after just three months on the job, he was diagnosed with ALS and had to take a permanent leave of absence. In this transition, I have had to personally assume the operations role, only to discover the core values upon which I founded the company were not being upheld, and employees were not fulfilling their responsibilities, particularly with regard to properties like The Jones Apartments.

In 2022, my team failed to inform me of the scheduled inspection of the results from June 2022. I placed trust in experienced leadership to manage these responsibilities, and I was unaware of the issues that persisted. To my dismay, we failed to prepare The Jones for inspection for two consecutive years. I take full responsibility for these shortcomings, however I want you to know that this was never intentional or willful.

Since becoming educated about this compliance process, I have personally led a team of individuals who have been working tirelessly at the property to address all deferred items. We have rectified all 127 open issues from Exhibit 3, in addition to addressing several additional items that were omitted from the report but fell under the same categories. All necessary documentation has been submitted to the TDHCA, and we eagerly await approval to rectify the deficiencies.

I am appealing the debarment recommendation with the hope the TDHCA will recognize my commitment to affordable housing and property management. I am not a careless property owner/manager, I genuinely care about the conditions of the properties we own and manage. I am respectfully requesting a shorter debarment period with the possibility of probation or early removal from debarment. While I have no immediate plans to seek funding from the TDHCA, I firmly believe in the affordable housing mission and remain dedicated to maintaining clean, safe, and affordable housing for years to come.

I sincerely appreciate the time and efforts of everyone on this board, and I understand the outcome of this determination rests in your hands.

Sincerely,

Seth Bame
Founder and CEO
Indio Management

ENFORCEMENT ACTION AGAINST SETH BAME, INDIO INTERNATIONAL, LP, AND DOUBLE SB VENTURES, INC.	§ § § § § §	BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

<u>FINAL ORDER OF DEBARMENT</u>

General Remarks and official action taken:

On this 7th day of December, 2023, 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 Seth Bame, Indio International, LP, and Double SB Ventures, Inc. (collectively, "Respondent"), responsible parties for 2107 Lincoln Drive, LLC, owner of The Jones (HTC 93063 / CMTS 1137) ("Property"), for controlling a Development that scored 50 or less on two Uniform Physical Condition Standards ("UPCS") inspections.

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:

<u>FINDINGS OF FACT</u>

<u>Jurisdiction:</u>

1. During 1995, Two Northridge, Ltd. ("Prior Owner") was awarded an allocation of Low Income Housing Tax Credits by the Board to acquire, rehabilitate, and operate the Property.

2. Prior Owner signed a Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits ("LURA") regarding the Property. The LURA was effective January 18, 1995, and filed of record at Volume 11984, Page 0554 of the Official Public Records of Real Property of Tarrant County, Texas ("Records"), as re-filed at Volume 12185, Page 1912, and as amended by an Agreement to Comply with and First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits effective April 22, 2015, and filed of record at Instrument Number D215088683 of the Records.

3. 2107 Lincoln Drive, LLC purchased the Property on September 30, 2020. In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the Property and binding on all successors and assigns for the full term of

the LURA. These restrictions remain in place in accordance with Section 2 of the LURA, thereby binding Respondent to the terms of the agreement.

4. Seth Bame signed an Owner Certification & Agreement to Comply with the LURA on August 5, 2020, acknowledging that the Property remained bound to the terms of the LURA, agreeing to assume the duties imposed by the LURA, and agreeing to comply fully with the terms thereof.

5. 2107 Lincoln Drive, LLC is an organization that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

6. Seth Bame is the sole shareholder for Double SB Ventures, Inc., the general partner of Indio International, LP, a member of 2107 Lincoln Drive Investors, LLC, the administrative member for 2107 Lincoln Drive Owner, LLC, the sole member of 2107 Lincoln Drive, LLC.

7. Double SB Ventures, Inc. and Seth Bame also control Indio Partners LP, the property management company for the Property.

8. Respondent is subject to the regulatory authority of TDHCA and, for purposes of this debarment recommendation, is considered a Responsible Party in Control, as defined by 10 TAC §2.102(12) and 10 TAC §11.1(30), respectively.

Material Violations Subject To Debarment:

1. Controlling a Development that has, on more than one occasion, scored 50 or less on a Uniform Physical Condition Standards ("UPCS") inspection, is a violation of 10 TAC §10.621 and Tex. Gov't Code §2306.002, which require developments to be decent, safe, sanitary, in good repair, and suitable for occupancy. The Property scored a 49 out of 100 on its June 22, 2022 UPCS inspection, and then scored a 43 out of 100 on its August 29, 2023 UPCS inspection. Copies of the scoring summaries are at Exhibits 1 and 2.

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. Respondent is a "Responsible Party" as defined by 10 TAC §2.102(12).

3. Respondent is in a position of "Control" as defined by 10 TAC §11.1(30).

4. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance throughout the Compliance Period.

5. Pursuant to Tex. Gov't Code Chapter 2306, Subchapter DD and Tex. Gov't Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.
6. Respondent materially violated 10 TAC §10.621 and Tex. Gov't Code §2306.002 in 2022 and 2023 by scoring below 50 out of 100 on two UPCS inspections, failing to maintain the Property to a standard that is decent, safe, sanitary, in good repair, and suitable for occupancy.
7. Pursuant to Tex. Gov't. Code §2306.0504(c), the Department shall debar a person from participation in a Department program if the person materially or repeatedly violates any condition imposed by the department in connection with the administration of a debarment program, including a material or repeated violation of a LURA.

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 Respondent is barred from future participation in all programs administered by the Department for a **ten-year term ending December 7, 2033**. This debarment does not prohibit Respondent from participating in any existing engagements funded through the Department, 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.

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Approved by the Governing Board of TDHCA on December 7, 2023.

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 7th day of December, 2023, 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 7th day of December, 2023, 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

<u>Exhibit 1</u>

2022 UPCS Scoring Summary

(see attached)

Texas Department of Housing And Community Affairs

REAC Scoring for 1137 The Jones

2109 Lincoln Dr. Arlington, TX 76011

Scoring Summary		
Areas	**Possible Points**	**Points Scored**
Site	**16.2**	**1.6**
Building Exteriors	**17.3**	**11.8**
Building Systems	**22.2**	**15.3**
Building Common Areas	**2.5**	**1.2**
Units	**41.8**	**19.3**
Inspection Total	**100**	**49**

Site

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
5.403		Grounds	Erosion/Rutting Areas	12.5%	3	1
4.323		Retaining Walls	Damaged/Falling/Leaning	10%	3	1
2.026		Grounds	Overgrown/Penetrating Vegetation	12.5%	2.25	0.5
1.837		Parking/Drives	Cracks/Settlement/Heaving/Loose Materials/Potholes	8.5%	3	0.5
0.865		Market Appeal	Graffiti	8%	3	0.25
0.180		Mailbox/Signs	Mailbox Missing/Damaged	1%	1.25	1

Bldg Exterior

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.118	Bldg 2101	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.128	Bldg 2104	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.316	Bldg 2105	Foundations	Spalling/Exposed Rebar	18.4%	3	1
0.256	Bldg 2105	Walls	Missing Pieces/Holes/Spalling	14.9%	3	1
0.526	Bldg 2107	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	1
0.237	Bldg 2107	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	1
0.132	Bldg 2107	Roofs	Missing/Damaged Shingles	18.4%	5	0.25
0.526	Bldg 2109	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	1
0.237	**Bldg 2111**	**Health & Safety**	**Hazards - Sharp Edges**	**18.4%**	**2.25**	**1**
0.256	Bldg 2113	Walls	Damaged Chimneys	14.9%	3	1
0.132	Bldg 2113	Roofs	Missing/Damaged Shingles	18.4%	5	0.25
0.118	Bldg 2113	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.118	Bldg 2117	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.237	**Bldg 700**	**Health & Safety**	**Flammable/Combustible Materials - Improperly Stored**	**18.4%**	**2.25**	**1**
0.167	Bldg 700	Windows	Cracked/Broken/Missing/Cracked Panes	13%	2.25	1
0.263	Bldg 701	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	0.5
0.237	Bldg 701	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	1

Bldg Exterior

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.128	Bldg 701	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.526	Bldg 705	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	1
0.256	Bldg 705	Walls	Missing Pieces/Holes/Spalling	14.9%	3	1
0.213	Bldg 705	Walls	Cracks/Gaps	14.9%	5	0.5
0.256	Bldg 707	Walls	Missing Pieces/Holes/Spalling	14.9%	3	1
0.118	Bldg 708	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5

Bldg Systems

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.602	Bldg 2100	Sanitary System	Broken/Leaking/Clogged Pipes or Drains	15.5%	5	1
0.602	Bldg 2101	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 2101a	Fire Protection	Missing/Damaged/Expired Extinguishers	15.5%	5	1
0.602	Bldg 2103	Sanitary System	Broken/Leaking/Clogged Pipes or Drains	15.5%	5	1
0.602	Bldg 2104	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 2108	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 2109	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 2109	Fire Protection	Missing/Damaged/Expired Extinguishers	15.5%	5	1
0.361	Bldg 2111	Domestic Water	Leaking Central Water Supply	15.5%	3	1
0.271	Bldg 2113	Sanitary System	Missing Drain/Cleanout/Manhole Covers	15.5%	2.25	1
0.602	Bldg 701	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 701	Sanitary System	Broken/Leaking/Clogged Pipes or Drains	15.5%	5	1
0.271	Bldg 701	Sanitary System	Missing Drain/Cleanout/Manhole Covers	15.5%	2.25	1

Closet/Utility/Mechanical

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.019	Bldg 2105	Walls	Damaged	5%	2.25	0.5
0.021	Bldg 2113	Doors	Damaged Frames/Threshold/Lintels/Trim	5%	1.25	1
0.019	Bldg 2113	Walls	Damaged	5%	2.25	0.5

Halls/Corridors/Stairs

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.025	Bldg 2103	Ceiling	Holes/Missing Tiles/Panels/Cracks	10%	3	0.25
0.099	Bldg 2105	Ceiling	Bulging/Buckling	10%	3	1
0.074	Bldg 2109	Walls	Damaged	10%	2.25	1
0.074	Bldg 705	Stairs	Broken/Missing Hand Railing	10%	2.25	1
0.074	Bldg 708	Stairs	Broken/Damaged/Missing Steps	10%	2.25	1
0.037	Bldg 708	Walls	Damaged	10%	2.25	0.5

Laundry Room

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.074	Bldg 2101a	Doors	Damaged Hardware/Locks	10%	2.25	1

Patio/Porch/Balcony

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.050	Bldg 2101a	Ceiling	Holes/Missing Tiles/Panels/Cracks	5%	3	1
0.050	Bldg 2113	Ceiling	Bulging/Buckling	5%	3	1
0.050	Bldg 709	Ceiling	Bulging/Buckling	5%	3	1

Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.812	**Bldg 2100 / Unit 1034**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.812	Bldg 2100 / Unit 1034	Bathroom	Plumbing - Clogged Drains	15%	5	1
0.146	Bldg 2100 / Unit 1034	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.014	Bldg 2100 / Unit 1034	Walls	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.812	**Bldg 2101 / Unit 1131**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.110	Bldg 2101 / Unit 1131	Doors	Damaged Hardware/Locks	4.5%	2.25	1
0.365	**Bldg 2101a / Unit 1011**	**Health & Safety**	**Air Quality - Mold and/or Mildew Observed**	**15%**	**2.25**	**1**
0.011	Bldg 2101a / Unit 1012	Ceiling	Peeling/Needs Paint	4%	0.5	0.5
0.101	Bldg 2101a / Unit 2012	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.365	Bldg 2103 / Unit 1123-vacant used as storage	Kitchen	Refrigerator-Missing/Damaged/Inoperable	15%	2.25	1
0.365	Bldg 2103 / Unit 1123-vacant used as storage	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	1
0.183	Bldg 2103 / Unit 2117	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	0.5
0.122	Bldg 2103 / Unit 2117	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	0.25
0.101	Bldg 2103 / Unit 2117	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.812	Bldg 2104 / Unit 1044	HVAC System	Not Operable	15%	5	1
0.244	Bldg 2104 / Unit 1044	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.5
0.130	Bldg 2104 / Unit 1044	Ceiling	Holes/Missing Tiles/Panels	4%	3	1
0.014	Bldg 2104 / Unit 1044	Walls	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.183	Bldg 2105 / Unit 1110	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	0.5
0.146	Bldg 2105 / Unit 1110	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.487	Bldg 2105 / Unit 2110	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	1
0.365	**Bldg 2105 / Unit 2110**	**Health & Safety**	**Hazards - Sharp Edges**	**15%**	**2.25**	**1**
0.130	Bldg 2105 / Unit 2110	Ceiling	Bulging/Buckling	4%	3	1
0.812	Bldg 2107 / Unit 2105	Smoke Detector	Missing/Inoperable	0%	5	1
0.365	Bldg 2107 / Unit 2105	Outlets/Switches	Missing	4%	2.25	1
0.812	Bldg 2108 / Unit 2045	Smoke Detector	Missing/Inoperable	0%	5	1
0.365	Bldg 2108 / Unit 2045	Outlets/Switches	Missing	4%	2.25	1
0.027	Bldg 2108 / Unit 2045	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	0.25
0.812	Bldg 2109 / Unit 1098	Smoke Detector	Missing/Inoperable	0%	5	1
0.812	Bldg 2109 / Unit 1098	Electrical	Missing Breakers/Fuses	10%	5	1
0.812	**Bldg 2109 / Unit 1098**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.487	Bldg 2109 / Unit 1098	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	1
0.365	**Bldg 2109 / Unit 1098**	**Health & Safety**	**Hazards - Sharp Edges**	**15%**	**2.25**	**1**
0.110	Bldg 2109 / Unit 1098	Windows	Cracked/Broken/Missing Panes	4.5%	2.25	1
0.110	Bldg 2109 / Unit 1098	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	1
0.101	Bldg 2109 / Unit 1098	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.097	Bldg 2109 / Unit 1098	Walls	Damaged	4%	2.25	1
0.055	Bldg 2109 / Unit 1098	Doors	Damaged Hardware/Locks	4.5%	2.25	0.5
0.014	Bldg 2109 / Unit 1098	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.812	Bldg 2111 / Unit 2095	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	15%	5	1

Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.365	Bldg 2111 / Unit 2095	Health & Safety	Infestation - Insects	15%	2.25	1
0.244	Bldg 2111 / Unit 2095	Doors	Missing Door	4.5%	5	1
0.091	Bldg 2112 / Unit 1053	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.812	Bldg 2115 / Unit 1090	Smoke Detector	Missing/Inoperable	0%	5	1
0.146	Bldg 2115 / Unit 1090	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.049	Bldg 2115 / Unit 1090	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	2%	2.25	1
0.812	Bldg 2115 / Unit 2090	Smoke Detector	Missing/Inoperable	0%	5	1
0.146	Bldg 2115 / Unit 2090	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.110	Bldg 2115 / Unit 2090	Windows	Cracked/Broken/Missing Panes	4.5%	2.25	1
0.110	Bldg 2115 / Unit 2090	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	1
0.049	Bldg 2115 / Unit 2090	Walls	Damaged	4%	2.25	0.5
0.812	Bldg 2117 / Unit 1085	Smoke Detector	Missing/Inoperable	0%	5	1
0.146	Bldg 2117 / Unit 1085	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.101	Bldg 2117 / Unit 1085	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.049	Bldg 2117 / Unit 1085	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	2%	2.25	1
0.812	Bldg 2119 / Unit 1061	Bathroom	Plumbing - Clogged Drains	15%	5	1
0.365	Bldg 2119 / Unit 1061	Health & Safety	Air Quality - Mold and/or Mildew Observed	15%	2.25	1
0.122	Bldg 2119 / Unit 1061	Doors	Missing Door	4.5%	5	0.5
0.054	Bldg 2119 / Unit 1061	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1
0.027	Bldg 2119 / Unit 1061	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	0.25
0.812	Bldg 700 / Unit 1073	Smoke Detector	Missing/Inoperable	0%	5	1
0.365	Bldg 700 / Unit 1073	Outlets/Switches	Missing/Broken Cover Plates	4%	2.25	1
0.049	Bldg 700 / Unit 1073	Stairs	Broken/Missing Hand Railing	2%	2.25	1
0.044	Bldg 701 / Unit 2004	Windows	Damaged/Missing Screens	13%	1.25	0.25
0.812	Bldg 705 / Unit 1016	Smoke Detector	Missing/Inoperable	0%	5	1
0.065	Bldg 707 / Unit 1023	Ceiling	Holes/Missing Tiles/Panels	4%	3	0.5
0.005	Bldg 707 / Unit 1023	Ceiling	Peeling/Needs Paint	4%	0.5	0.25
0.365	Bldg 709 / Unit 1031	Outlets/Switches	Missing/Broken Cover Plates	4%	2.25	1
0.365	Bldg 709 / Unit 1031	Health & Safety	Air Quality - Mold and/or Mildew Observed	15%	2.25	1
0.146	Bldg 709 / Unit 1031	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.091	Bldg 709 / Unit 1031	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.054	Bldg 709 / Unit 1031	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1
0.054	Bldg 709 / Unit 1031	Walls	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1

Health & Safety

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.074	Bldg 2101	Health & Safety	Garbage and Debris - Outdoors	10%	2.25	1
0.165	Bldg 2103	Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	10%	5	1
0.165	Bldg 2105	Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	10%	5	1
0.074	Bldg 2105	Health & Safety	Garbage and Debris - Outdoors	10%	2.25	1
0.074	Bldg 2111	Health & Safety	Garbage and Debris - Outdoors	10%	2.25	1
0.074	Bldg 700	Health & Safety	Flammable/Combustible Materials - Improperly Stored	10%	2.25	1

<u>Exhibit 2</u>

2023 UPCS Scoring Summary

(see attached)

REAC Scoring for 1137 The Jones

2109 Lincoln Dr. Arlington, TX 76011

Printed on: September 14, 2023

Scoring Summary		
Areas	**Possible Points**	**Points Scored**
Site	**16.3**	**.0**
Building Exteriors	**17.4**	**10.0**
Building Systems	**22.3**	**10.5**
Building Common Areas	**1.9**	**.5**
Units	**42.0**	**21.9**
Inspection Total	**100**	**43**

Site

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
4.424		Grounds	Erosion/Rutting Areas	12.5%	3	1
3.539		Fencing and Gates	Holes/Missing Section/Damaged/Falling/Leaning (Security, Safety)	10%	3	1
3.539		Retaining Walls	Damaged/Falling/Leaning	10%	3	1
3.318		Grounds	Overgrown/Penetrating Vegetation	12.5%	2.25	1
1.504		Parking/Drives	Cracks/Settlement/Heaving/Loose Materials/Potholes	8.5%	3	0.5

Bldg Exterior

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.263	Bldg 2100	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.263	Bldg 2101	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.877	Bldg 2101A	Walls	Cracks/Gaps	14.9%	5	1
0.244	Bldg 2101A	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.263	Bldg 2103	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.877	Bldg 2104	Walls	Cracks/Gaps	14.9%	5	1
0.244	Bldg 2104	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.244	Bldg 2105	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.263	Bldg 2107	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.244	Bldg 2111	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.650	Bldg 2112-TH	Foundations	Spalling/Exposed Rebar	18.4%	3	1
0.487	Bldg 2112-TH	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	1
0.271	Bldg 2112-TH	Roofs	Missing/Damaged Shingles	18.4%	5	0.25
0.271	Bldg 2113	Roofs	Missing/Damaged Shingles	18.4%	5	0.25
0.122	Bldg 2117-TH	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.25
0.244	Bldg 700-TH	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.541	Bldg 701	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	0.5

Bldg Exterior

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.263	Bldg 701	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.263	Bldg 705	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.244	Bldg 705	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.263	Bldg 707-TH	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5

Bldg Systems

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.790	Bldg 2100	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2101	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 2101A	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 2104	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2105	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2105	Sanitary System	Broken/Leaking/Clogged Pipes or Drains	15.5%	5	1
0.790	Bldg 2109	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2112-TH	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 2115	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 2117-TH	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2119-TH	Fire Protection	Missing/Damaged/Expired Extinguishers	15.5%	5	1
0.790	Bldg 700-TH	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 701	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 705	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 707-TH	Electrical System	Missing Breakers/Fuses	15.5%	5	1

Closet/Utility/Mechanical

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.445	Bldg 2105	Electrical	Missing Covers	5%	5	1

Halls/Corridors/Stairs

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.200	Bldg 2104	Stairs	Broken/Damaged/Missing Steps	10%	2.25	1
0.200	Bldg 2107	Stairs	Broken/Damaged/Missing Steps	10%	2.25	1

Laundry Room

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.200	Bldg 2101A	Doors	Damaged Hardware/Locks	10%	2.25	1

Patio/Porch/Balcony

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.133	Bldg 2103	Floors	Rot/Deteriorated Subfloor	5%	3	1
0.133	Bldg 2104	Floors	Rot/Deteriorated Subfloor	5%	3	1
0.133	Bldg 701	Floors	Rot/Deteriorated Subfloor	5%	3	1

Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.871	**Bldg 2101 / unit 1129**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.871	Bldg 2101 / unit 1129	HVAC System	Not Operable	15%	5	1
0.392	Bldg 2101 / unit 1129	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	1
0.392	Bldg 2101 / unit 1129	Kitchen	Plumbing - Leaking Faucet/Pipes	15%	2.25	1
0.109	Bldg 2101 / unit 1129	Kitchen	Cabinets - Missing/Damaged	15%	1.25	0.5
0.109	Bldg 2101 / unit 1129	Kitchen	Countertops - Missing/Damaged	15%	1.25	0.5
0.098	Bldg 2101 / unit 1129	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.058	Bldg 2101 / unit 1129	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1
0.065	Bldg 2101A / Unit 1010	Doors	Missing Door	4.5%	5	0.25
0.871	Bldg 2103 / Unit 1119	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	15%	5	1
0.871	Bldg 2103 / Unit 2122	HVAC System	Not Operable	15%	5	1
0.392	Bldg 2103 / Unit 2122	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	1
0.871	Bldg 2104 / Unit 1042	Electrical	Missing Covers	10%	5	1
0.098	Bldg 2104 / Unit 1042	Kitchen	Refrigerator-Missing/Damaged/Inoperable	15%	2.25	0.25
0.098	Bldg 2104 / Unit 1042	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.058	Bldg 2104 / Unit 1042	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1
0.052	Bldg 2104 / Unit 1042	Walls	Damaged	4%	2.25	0.5
0.392	**Bldg 2104 / Unit 2040**	**Health & Safety**	**Infestation - Insects**	**15%**	**2.25**	**1**
0.098	Bldg 2104 / Unit 2040	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.065	Bldg 2105 / Unit 1111	Doors	Damaged Frames/Threshold/Lintels/Trim	4.5%	1.25	1
0.015	Bldg 2105 / Unit 1111	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.157	Bldg 2105 / Unit 1116	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.871	**Bldg 2107 / Unit 1107**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.392	**Bldg 2107 / Unit 1107**	**Health & Safety**	**Infestation - Insects**	**15%**	**2.25**	**1**
0.392	**Bldg 2107 / Unit 1107**	**Health & Safety**	**Air Quality - Mold and/or Mildew Observed**	**15%**	**2.25**	**1**
0.118	Bldg 2107 / Unit 1107	Windows	Inoperable/Not Lockable	4.5%	2.25	1
0.098	Bldg 2107 / Unit 1107	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.054	Bldg 2107 / Unit 1107	Bathroom	Cabinets - Damaged/Missing	15%	1.25	0.25
0.052	Bldg 2107 / Unit 1107	Walls	Damaged	4%	2.25	0.5
0.035	Bldg 2107 / Unit 1107	Ceiling	Holes/Missing Tiles/Panels	4%	3	0.25
0.261	Bldg 2112-TH / Unit 1052	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.5
0.157	Bldg 2112-TH / Unit 1052	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.131	Bldg 2112-TH / Unit 1052	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	0.25
0.098	Bldg 2112-TH / Unit 1052	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.035	Bldg 2112-TH / Unit 1052	Lighting	Missing/Inoperable Fixture	2%	3	0.5
0.871	Bldg 2112-TH / Unit 1053	Electrical	Missing Covers	10%	5	1
0.392	**Bldg 2112-TH / Unit 1053**	**Health & Safety**	**Air Quality - Mold and/or Mildew Observed**	**15%**	**2.25**	**1**
0.109	Bldg 2115 / Unit 2089	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.098	Bldg 2115 / Unit 2089	Kitchen	Refrigerator-Missing/Damaged/Inoperable	15%	2.25	0.25
0.047	Bldg 2115 / Unit 2089	Windows	Damaged/Missing Screens	13%	1.25	0.25
0.871	Bldg 2117-TH / Unit 1087	Bathroom	Plumbing - Clogged Drains	15%	5	1
0.392	Bldg 2117-TH / Unit 1087	Kitchen	Plumbing - Leaking Faucet/Pipes	15%	2.25	1
0.109	Bldg 2117-TH / Unit 1087	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.109	Bldg 2117-TH / Unit 1087	Kitchen	Countertops - Missing/Damaged	15%	1.25	0.5

REAC Scoring for 1137 The Jones

2109 Lincoln Dr. Arlington, TX 76011

Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.109	Bldg 2117-TH / Unit 1087	Kitchen	Cabinets - Missing/Damaged	15%	1.25	0.5
0.098	Bldg 2117-TH / Unit 1087	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.029	Bldg 2117-TH / Unit 1087	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	0.25
0.871	Bldg 700-TH / Unit 1079	Electrical	Missing Breakers/Fuses	10%	5	1
0.871	Bldg 700-TH / Unit 1079	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	15%	5	1
0.522	Bldg 700-TH / Unit 1079	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	1
0.392	Bldg 700-TH / Unit 1079	Kitchen	Plumbing - Leaking Faucet/Pipes	15%	2.25	1
0.157	Bldg 700-TH / Unit 1079	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.109	Bldg 700-TH / Unit 1079	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.052	Bldg 701 / Unit 2002	Porch/Balcony	Baluster/Side Railings Damaged	2%	2.25	1
0.871	**Bldg 701 / Unit 2008**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.392	Bldg 701 / Unit 2008	Kitchen	Plumbing - Leaking Faucet/Pipes	15%	2.25	1
0.218	Bldg 701 / Unit 2008	Kitchen	Sink - Damaged/Missing	15%	5	0.25
0.196	Bldg 701 / Unit 2008	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	0.5
0.098	Bldg 701 / Unit 2008	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.065	Bldg 701 / Unit 2008	Doors	Damaged Frames/Threshold/Lintels/Trim	4.5%	1.25	1
0.015	Bldg 701 / Unit 2008	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.871	**Bldg 705 / Unit 1017**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.871	**Bldg 709 / Unit 2031**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.261	Bldg 709 / Unit 2031	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.5
0.109	Bldg 709 / Unit 2031	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.098	Bldg 709 / Unit 2031	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.070	Bldg 709 / Unit 2031	Floors	Soft Floor Covering Missing/Damaged	4%	3	0.5
0.052	Bldg 709 / Unit 2031	Porch/Balcony	Baluster/Side Railings Damaged	2%	2.25	1

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
WMV 2107 LINCOLN DRIVE GP, LLC	§ §	TEXAS DEPARTMENT OF HOUSING
AND WILLIAM MITCHELL VOSS	§	AND COMMUNITY AFFAIRS

FINAL ORDER OF DEBARMENT

General Remarks and official action taken:

On this 7th day of December, 2023, 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 WMV 2107 Lincoln Drive GP, LLC and William Mitchell Voss (collectively, "Respondent"), responsible parties for 2107 Lincoln Drive, LLC, owner of The Jones (HTC 93063 / CMTS 1137) ("Property"), for controlling a Development that scored 50 or less on two Uniform Physical Condition Standards ("UPCS") inspections.

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. During 1995, Two Northridge, Ltd. ("Prior Owner") was awarded an allocation of Low Income Housing Tax Credits by the Board to acquire, rehabilitate, and operate the Property.

2. Prior Owner signed a Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits ("LURA") regarding the Property. The LURA was effective January 18, 1995, and filed of record at Volume 11984, Page 0554 of the Official Public Records of Real Property of Tarrant County, Texas ("Records"), as re-filed at Volume 12185, Page 1912, and as amended by an Agreement to Comply with and First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits effective April 22, 2015, and filed of record at Instrument Number D215088683 of the Records.

3. 2107 Lincoln Drive, LLC purchased the Property on September 30, 2020. In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the Property and binding on all successors and assigns for the full term of

the LURA. These restrictions remain in place in accordance with Section 2 of the LURA, thereby binding Respondent to the terms of the agreement.

4. William Mitchell Voss signed an Owner Certification & Agreement to Comply with the LURA on August 5, 2020, acknowledging that the Property remained bound to the terms of the LURA, agreeing to assume the duties imposed by the LURA, and agreeing to comply fully with the terms thereof.

5. 2107 Lincoln Drive, LLC is an organization that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

6. William Mitchell Voss is the sole member manager for WMV 2107 Lincoln Drive GP, LLC, the managing member of 2107 Lincoln Drive Investors, LLC, the administrative member for 2107 Lincoln Drive Owner, LLC, the sole member of 2107 Lincoln Drive, LLC. He is also the president of 2107 Lincoln Drive, LLC.

7. Respondent is subject to the regulatory authority of TDHCA and, for purposes of this debarment recommendation, is considered a Responsible Party in Control, as defined by 10 TAC §2.102(12) and 10 TAC §11.1(30), respectively.

*Material Violations Subject To Debarment**:***

1. Controlling a Development that has, on more than one occasion, scored 50 or less on a Uniform Physical Condition Standards ("UPCS") inspection, is a violation of 10 TAC §10.621 and Tex. Gov't Code §2306.002, which require developments to be decent, safe, sanitary, in good repair, and suitable for occupancy. The Property scored a 49 out of 100 on its June 22, 2022 UPCS inspection, and then scored a 43 out of 100 on its August 29, 2023 UPCS inspection. Copies of the scoring summaries are at Exhibits 1 and 2.

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. Respondent is a "Responsible Party" as defined by 10 TAC §2.102(12).

3. Respondent is in a position of "Control" as defined by 10 TAC §11.1(30).

4. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance throughout the Compliance Period.

5. Pursuant to Tex. Gov't Code Chapter 2306, Subchapter DD and Tex. Gov't Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.
6. Respondent materially violated 10 TAC §10.621 and Tex. Gov't Code §2306.002 in 2022 and 2023 by scoring below 50 out of 100 on two UPCS inspections, failing to maintain the Property to a standard that is decent, safe, sanitary, in good repair, and suitable for occupancy.
7. Pursuant to Tex. Gov't. Code §2306.0504(c), the Department shall debar a person from participation in a Department program if the person materially or repeatedly violates any condition imposed by the department in connection with the administration of a debarment program, including a material or repeated violation of a LURA.

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 Respondent is barred from future participation in all programs administered by the Department for a **five-year term ending December 7, 2028**. This debarment does not prohibit Respondent from participating in any existing engagements funded through the Department, nor does it affect any responsibilities or duties thereunder.

IT IS FURTHER ORDERED that during the term of the debarment, Respondent must keep all other Developments[1] controlled by Respondent and monitored by The Department in compliance by timely submitting corrective action documentation via the Compliance Monitoring and Tracking System (CMTS) to fully resolve any future findings of noncompliance identified by TDHCA.

IT IS FURTHER ORDERED that timely correction of future findings of noncompliance shall be determined in accordance with 10 TAC §10.602 (Notice to Owners and Corrective Action Periods). Any corrective action documentation that is not submitted on or before a compliance monitoring deadline shall be considered untimely and shall constitute a violation of this Order, provided that Respondent did not timely request and receive an extension in accordance with the rule.

IT IS FURTHER ORDERED that full resolution of future findings of noncompliance shall be determined by whether or not a timely submission includes all documentation that was requested in an annual report, file monitoring, or physical inspection letter that is sent to Respondent by the TDHCA Compliance Division via CMTS. Any incomplete corrective action documentation submission shall constitute a violation of this Order.

[1] Developments include: 600 East (MF014 / CMTS 2519)

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Final Order, correcting all future findings of noncompliance as required, and remaining in compliance for a period of two years from the date of this Order, Respondent may petition the board **after December 7, 2025** to reduce or terminate the remaining period of debarment.

IT IS FURTHER ORDERED that the terms of this Final Order shall be published on the TDHCA website.

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Approved by the Governing Board of TDHCA on December 7, 2023.

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 7th day of December, 2023, 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 7th day of December, 2023, 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

Exhibit 1

2022 UPCS Scoring Summary

(see attached)

REAC Scoring for 1137 The Jones

2109 Lincoln Dr. Arlington, TX 76011

Printed on: July 25, 2022

Scoring Summary		
Areas	**Possible Points**	**Points Scored**
Site	16.2	1.6
Building Exteriors	17.3	11.8
Building Systems	22.2	15.3
Building Common Areas	2.5	1.2
Units	41.8	19.3
Inspection Total	**100**	**49**

Site

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
5.403		Grounds	Erosion/Rutting Areas	12.5%	3	1
4.323		Retaining Walls	Damaged/Falling/Leaning	10%	3	1
2.026		Grounds	Overgrown/Penetrating Vegetation	12.5%	2.25	0.5
1.837		Parking/Drives	Cracks/Settlement/Heaving/Loose Materials/Potholes	8.5%	3	0.5
0.865		Market Appeal	Graffiti	8%	3	0.25
0.180		Mailbox/Signs	Mailbox Missing/Damaged	1%	1.25	1

Bldg Exterior

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.118	Bldg 2101	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.128	Bldg 2104	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.316	Bldg 2105	Foundations	Spalling/Exposed Rebar	18.4%	3	1
0.256	Bldg 2105	Walls	Missing Pieces/Holes/Spalling	14.9%	3	1
0.526	Bldg 2107	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	1
0.237	Bldg 2107	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	1
0.132	Bldg 2107	Roofs	Missing/Damaged Shingles	18.4%	5	0.25
0.526	Bldg 2109	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	1
0.237	**Bldg 2111**	**Health & Safety**	**Hazards - Sharp Edges**	**18.4%**	**2.25**	**1**
0.256	Bldg 2113	Walls	Damaged Chimneys	14.9%	3	1
0.132	Bldg 2113	Roofs	Missing/Damaged Shingles	18.4%	5	0.25
0.118	Bldg 2113	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.118	Bldg 2117	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.237	**Bldg 700**	**Health & Safety**	**Flammable/Combustible Materials - Improperly Stored**	**18.4%**	**2.25**	**1**
0.167	Bldg 700	Windows	Cracked/Broken/Missing/Cracked Panes	13%	2.25	1
0.263	Bldg 701	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	0.5
0.237	Bldg 701	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	1

Bldg Exterior

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.128	Bldg 701	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.526	Bldg 705	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	1
0.256	Bldg 705	Walls	Missing Pieces/Holes/Spalling	14.9%	3	1
0.213	Bldg 705	Walls	Cracks/Gaps	14.9%	5	0.5
0.256	Bldg 707	Walls	Missing Pieces/Holes/Spalling	14.9%	3	1
0.118	Bldg 708	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5

Bldg Systems

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.602	Bldg 2100	Sanitary System	Broken/Leaking/Clogged Pipes or Drains	15.5%	5	1
0.602	Bldg 2101	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 2101a	Fire Protection	Missing/Damaged/Expired Extinguishers	15.5%	5	1
0.602	Bldg 2103	Sanitary System	Broken/Leaking/Clogged Pipes or Drains	15.5%	5	1
0.602	Bldg 2104	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 2108	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 2109	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 2109	Fire Protection	Missing/Damaged/Expired Extinguishers	15.5%	5	1
0.361	Bldg 2111	Domestic Water	Leaking Central Water Supply	15.5%	3	1
0.271	Bldg 2113	Sanitary System	Missing Drain/Cleanout/Manhole Covers	15.5%	2.25	1
0.602	Bldg 701	Electrical System	Missing Covers	15.5%	5	1
0.602	Bldg 701	Sanitary System	Broken/Leaking/Clogged Pipes or Drains	15.5%	5	1
0.271	Bldg 701	Sanitary System	Missing Drain/Cleanout/Manhole Covers	15.5%	2.25	1

Closet/Utility/Mechanical

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.019	Bldg 2105	Walls	Damaged	5%	2.25	0.5
0.021	Bldg 2113	Doors	Damaged Frames/Threshold/Lintels/Trim	5%	1.25	1
0.019	Bldg 2113	Walls	Damaged	5%	2.25	0.5

Halls/Corridors/Stairs

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.025	Bldg 2103	Ceiling	Holes/Missing Tiles/Panels/Cracks	10%	3	0.25
0.099	Bldg 2105	Ceiling	Bulging/Buckling	10%	3	1
0.074	Bldg 2109	Walls	Damaged	10%	2.25	1
0.074	Bldg 705	Stairs	Broken/Missing Hand Railing	10%	2.25	1
0.074	Bldg 708	Stairs	Broken/Damaged/Missing Steps	10%	2.25	1
0.037	Bldg 708	Walls	Damaged	10%	2.25	0.5

Laundry Room

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.074	Bldg 2101a	Doors	Damaged Hardware/Locks	10%	2.25	1

Patio/Porch/Balcony

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.050	Bldg 2101a	Ceiling	Holes/Missing Tiles/Panels/Cracks	5%	3	1
0.050	Bldg 2113	Ceiling	Bulging/Buckling	5%	3	1
0.050	Bldg 709	Ceiling	Bulging/Buckling	5%	3	1

Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.812	**Bldg 2100 / Unit 1034**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.812	Bldg 2100 / Unit 1034	Bathroom	Plumbing - Clogged Drains	15%	5	1
0.146	Bldg 2100 / Unit 1034	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.014	Bldg 2100 / Unit 1034	Walls	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.812	**Bldg 2101 / Unit 1131**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.110	Bldg 2101 / Unit 1131	Doors	Damaged Hardware/Locks	4.5%	2.25	1
0.365	**Bldg 2101a / Unit 1011**	**Health & Safety**	**Air Quality - Mold and/or Mildew Observed**	**15%**	**2.25**	**1**
0.011	Bldg 2101a / Unit 1012	Ceiling	Peeling/Needs Paint	4%	0.5	0.5
0.101	Bldg 2101a / Unit 2012	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.365	Bldg 2103 / Unit 1123-vacant used as storage	Kitchen	Refrigerator-Missing/Damaged/Inoperable	15%	2.25	1
0.365	Bldg 2103 / Unit 1123-vacant used as storage	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	1
0.183	Bldg 2103 / Unit 2117	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	0.5
0.122	Bldg 2103 / Unit 2117	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	0.25
0.101	Bldg 2103 / Unit 2117	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.812	Bldg 2104 / Unit 1044	HVAC System	Not Operable	15%	5	1
0.244	Bldg 2104 / Unit 1044	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.5
0.130	Bldg 2104 / Unit 1044	Ceiling	Holes/Missing Tiles/Panels	4%	3	1
0.014	Bldg 2104 / Unit 1044	Walls	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.183	Bldg 2105 / Unit 1110	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	0.5
0.146	Bldg 2105 / Unit 1110	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.487	Bldg 2105 / Unit 2110	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	1
0.365	**Bldg 2105 / Unit 2110**	**Health & Safety**	**Hazards - Sharp Edges**	**15%**	**2.25**	**1**
0.130	Bldg 2105 / Unit 2110	Ceiling	Bulging/Buckling	4%	3	1
0.812	Bldg 2107 / Unit 2105	Smoke Detector	Missing/Inoperable	0%	5	1
0.365	Bldg 2107 / Unit 2105	Outlets/Switches	Missing	4%	2.25	1
0.812	Bldg 2108 / Unit 2045	Smoke Detector	Missing/Inoperable	0%	5	1
0.365	Bldg 2108 / Unit 2045	Outlets/Switches	Missing	4%	2.25	1
0.027	Bldg 2108 / Unit 2045	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	0.25
0.812	Bldg 2109 / Unit 1098	Smoke Detector	Missing/Inoperable	0%	5	1
0.812	Bldg 2109 / Unit 1098	Electrical	Missing Breakers/Fuses	10%	5	1
0.812	**Bldg 2109 / Unit 1098**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.487	Bldg 2109 / Unit 1098	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	1
0.365	**Bldg 2109 / Unit 1098**	**Health & Safety**	**Hazards - Sharp Edges**	**15%**	**2.25**	**1**
0.110	Bldg 2109 / Unit 1098	Windows	Cracked/Broken/Missing Panes	4.5%	2.25	1
0.110	Bldg 2109 / Unit 1098	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	1
0.101	Bldg 2109 / Unit 1098	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.097	Bldg 2109 / Unit 1098	Walls	Damaged	4%	2.25	1
0.055	Bldg 2109 / Unit 1098	Doors	Damaged Hardware/Locks	4.5%	2.25	0.5
0.014	Bldg 2109 / Unit 1098	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.812	Bldg 2111 / Unit 2095	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	15%	5	1

Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.365	**Bldg 2111 / Unit 2095**	**Health & Safety**	**Infestation - Insects**	**15%**	**2.25**	**1**
0.244	Bldg 2111 / Unit 2095	Doors	Missing Door	4.5%	5	1
0.091	Bldg 2112 / Unit 1053	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.812	Bldg 2115 / Unit 1090	Smoke Detector	Missing/Inoperable	0%	5	1
0.146	Bldg 2115 / Unit 1090	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.049	Bldg 2115 / Unit 1090	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	2%	2.25	1
0.812	Bldg 2115 / Unit 2090	Smoke Detector	Missing/Inoperable	0%	5	1
0.146	Bldg 2115 / Unit 2090	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.110	Bldg 2115 / Unit 2090	Windows	Cracked/Broken/Missing Panes	4.5%	2.25	1
0.110	Bldg 2115 / Unit 2090	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	1
0.049	Bldg 2115 / Unit 2090	Walls	Damaged	4%	2.25	0.5
0.812	Bldg 2117 / Unit 1085	Smoke Detector	Missing/Inoperable	0%	5	1
0.146	Bldg 2117 / Unit 1085	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.101	Bldg 2117 / Unit 1085	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.049	Bldg 2117 / Unit 1085	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	2%	2.25	1
0.812	Bldg 2119 / Unit 1061	Bathroom	Plumbing - Clogged Drains	15%	5	1
0.365	**Bldg 2119 / Unit 1061**	**Health & Safety**	**Air Quality - Mold and/or Mildew Observed**	**15%**	**2.25**	**1**
0.122	Bldg 2119 / Unit 1061	Doors	Missing Door	4.5%	5	0.5
0.054	Bldg 2119 / Unit 1061	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1
0.027	Bldg 2119 / Unit 1061	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	0.25
0.812	Bldg 700 / Unit 1073	Smoke Detector	Missing/Inoperable	0%	5	1
0.365	Bldg 700 / Unit 1073	Outlets/Switches	Missing/Broken Cover Plates	4%	2.25	1
0.049	Bldg 700 / Unit 1073	Stairs	Broken/Missing Hand Railing	2%	2.25	1
0.044	Bldg 701 / Unit 2004	Windows	Damaged/Missing Screens	13%	1.25	0.25
0.812	Bldg 705 / Unit 1016	Smoke Detector	Missing/Inoperable	0%	5	1
0.065	Bldg 707 / Unit 1023	Ceiling	Holes/Missing Tiles/Panels	4%	3	0.5
0.005	Bldg 707 / Unit 1023	Ceiling	Peeling/Needs Paint	4%	0.5	0.25
0.365	Bldg 709 / Unit 1031	Outlets/Switches	Missing/Broken Cover Plates	4%	2.25	1
0.365	**Bldg 709 / Unit 1031**	**Health & Safety**	**Air Quality - Mold and/or Mildew Observed**	**15%**	**2.25**	**1**
0.146	Bldg 709 / Unit 1031	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.091	Bldg 709 / Unit 1031	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.054	Bldg 709 / Unit 1031	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1
0.054	Bldg 709 / Unit 1031	Walls	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1

Health & Safety

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.074	**Bldg 2101**	**Health & Safety**	**Garbage and Debris - Outdoors**	**10%**	**2.25**	**1**
0.165	**Bldg 2103**	**Health & Safety**	**Electrical Hazards - Exposed Wires/Open Panels**	**10%**	**5**	**1**
0.165	**Bldg 2105**	**Health & Safety**	**Electrical Hazards - Exposed Wires/Open Panels**	**10%**	**5**	**1**
0.074	**Bldg 2105**	**Health & Safety**	**Garbage and Debris - Outdoors**	**10%**	**2.25**	**1**
0.074	**Bldg 2111**	**Health & Safety**	**Garbage and Debris - Outdoors**	**10%**	**2.25**	**1**
0.074	**Bldg 700**	**Health & Safety**	**Flammable/Combustible Materials - Improperly Stored**	**10%**	**2.25**	**1**

Exhibit 2

2023 UPCS Scoring Summary

(see attached)

Texas Department of Housing And Community Affairs

REAC Scoring for 1137 The Jones

2109 Lincoln Dr. Arlington, TX 76011

Printed on: September 14, 2023

Scoring Summary		
Areas	**Possible Points**	**Points Scored**
Site	16.3	.0
Building Exteriors	17.4	10.0
Building Systems	22.3	10.5
Building Common Areas	1.9	.5
Units	42.0	21.9
Inspection Total	**100**	**43**

Site

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
4.424		Grounds	Erosion/Rutting Areas	12.5%	3	1
3.539		Fencing and Gates	Holes/Missing Section/Damaged/Falling/Leaning (Security, Safety)	10%	3	1
3.539		Retaining Walls	Damaged/Falling/Leaning	10%	3	1
3.318		Grounds	Overgrown/Penetrating Vegetation	12.5%	2.25	1
1.504		Parking/Drives	Cracks/Settlement/Heaving/Loose Materials/Potholes	8.5%	3	0.5

Bldg Exterior

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.263	Bldg 2100	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.263	Bldg 2101	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.877	Bldg 2101A	Walls	Cracks/Gaps	14.9%	5	1
0.244	Bldg 2101A	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.263	Bldg 2103	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.877	Bldg 2104	Walls	Cracks/Gaps	14.9%	5	1
0.244	Bldg 2104	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.244	Bldg 2105	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.263	Bldg 2107	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.244	Bldg 2111	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.650	Bldg 2112-TH	Foundations	Spalling/Exposed Rebar	18.4%	3	1
0.487	Bldg 2112-TH	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	1
0.271	Bldg 2112-TH	Roofs	Missing/Damaged Shingles	18.4%	5	0.25
0.271	Bldg 2113	Roofs	Missing/Damaged Shingles	18.4%	5	0.25
0.122	Bldg 2117-TH	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.25
0.244	Bldg 700-TH	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.541	Bldg 701	Roofs	Damaged Soffits/Fascia/Soffit Vents	18.4%	5	0.5

Bldg Exterior

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.263	Bldg 701	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.263	Bldg 705	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5
0.244	Bldg 705	Roofs	Missing/Damaged Components from Downspout/Gutter	18.4%	2.25	0.5
0.263	Bldg 707-TH	Walls	Missing Pieces/Holes/Spalling	14.9%	3	0.5

Bldg Systems

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.790	Bldg 2100	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2101	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 2101A	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 2104	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2105	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2105	Sanitary System	Broken/Leaking/Clogged Pipes or Drains	15.5%	5	1
0.790	Bldg 2109	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2112-TH	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 2115	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 2117-TH	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 2119-TH	Fire Protection	Missing/Damaged/Expired Extinguishers	15.5%	5	1
0.790	Bldg 700-TH	Electrical System	Missing Breakers/Fuses	15.5%	5	1
0.790	Bldg 701	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 705	Electrical System	Missing Covers	15.5%	5	1
0.790	Bldg 707-TH	Electrical System	Missing Breakers/Fuses	15.5%	5	1

Closet/Utility/Mechanical

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.445	Bldg 2105	Electrical	Missing Covers	5%	5	1

Halls/Corridors/Stairs

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.200	Bldg 2104	Stairs	Broken/Damaged/Missing Steps	10%	2.25	1
0.200	Bldg 2107	Stairs	Broken/Damaged/Missing Steps	10%	2.25	1

Laundry Room

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.200	Bldg 2101A	Doors	Damaged Hardware/Locks	10%	2.25	1

Texas Department of Housing And Community Affairs

REAC Scoring for 1137 The Jones

2109 Lincoln Dr. Arlington, TX 76011

Printed on: September 14, 2023

Patio/Porch/Balcony

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.133	Bldg 2103	Floors	Rot/Deteriorated Subfloor	5%	3	1
0.133	Bldg 2104	Floors	Rot/Deteriorated Subfloor	5%	3	1
0.133	Bldg 701	Floors	Rot/Deteriorated Subfloor	5%	3	1

Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.871	**Bldg 2101 / unit 1129**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.871	Bldg 2101 / unit 1129	HVAC System	Not Operable	15%	5	1
0.392	Bldg 2101 / unit 1129	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	1
0.392	Bldg 2101 / unit 1129	Kitchen	Plumbing - Leaking Faucet/Pipes	15%	2.25	1
0.109	Bldg 2101 / unit 1129	Kitchen	Cabinets - Missing/Damaged	15%	1.25	0.5
0.109	Bldg 2101 / unit 1129	Kitchen	Countertops - Missing/Damaged	15%	1.25	0.5
0.098	Bldg 2101 / unit 1129	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.058	Bldg 2101 / unit 1129	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1
0.065	Bldg 2101A / Unit 1010	Doors	Missing Door	4.5%	5	0.25
0.871	Bldg 2103 / Unit 1119	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	15%	5	1
0.871	Bldg 2103 / Unit 2122	HVAC System	Not Operable	15%	5	1
0.392	Bldg 2103 / Unit 2122	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	1
0.871	Bldg 2104 / Unit 1042	Electrical	Missing Covers	10%	5	1
0.098	Bldg 2104 / Unit 1042	Kitchen	Refrigerator-Missing/Damaged/Inoperable	15%	2.25	0.25
0.098	Bldg 2104 / Unit 1042	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.058	Bldg 2104 / Unit 1042	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	1
0.052	Bldg 2104 / Unit 1042	Walls	Damaged	4%	2.25	0.5
0.392	**Bldg 2104 / Unit 2040**	**Health & Safety**	**Infestation - Insects**	**15%**	**2.25**	**1**
0.098	Bldg 2104 / Unit 2040	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.065	Bldg 2105 / Unit 1111	Doors	Damaged Frames/Threshold/Lintels/Trim	4.5%	1.25	1
0.015	Bldg 2105 / Unit 1111	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.157	Bldg 2105 / Unit 1116	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.871	**Bldg 2107 / Unit 1107**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.392	**Bldg 2107 / Unit 1107**	**Health & Safety**	**Infestation - Insects**	**15%**	**2.25**	**1**
0.392	**Bldg 2107 / Unit 1107**	**Health & Safety**	**Air Quality - Mold and/or Mildew Observed**	**15%**	**2.25**	**1**
0.118	Bldg 2107 / Unit 1107	Windows	Inoperable/Not Lockable	4.5%	2.25	1
0.098	Bldg 2107 / Unit 1107	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.054	Bldg 2107 / Unit 1107	Bathroom	Cabinets - Damaged/Missing	15%	1.25	0.25
0.052	Bldg 2107 / Unit 1107	Walls	Damaged	4%	2.25	0.5
0.035	Bldg 2107 / Unit 1107	Ceiling	Holes/Missing Tiles/Panels	4%	3	0.25
0.261	Bldg 2112-TH / Unit 1052	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.5
0.157	Bldg 2112-TH / Unit 1052	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.131	Bldg 2112-TH / Unit 1052	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	0.25
0.098	Bldg 2112-TH / Unit 1052	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.035	Bldg 2112-TH / Unit 1052	Lighting	Missing/Inoperable Fixture	2%	3	0.5
0.871	Bldg 2112-TH / Unit 1053	Electrical	Missing Covers	10%	5	1
0.392	**Bldg 2112-TH / Unit 1053**	**Health & Safety**	**Air Quality - Mold and/or Mildew Observed**	**15%**	**2.25**	**1**
0.109	Bldg 2115 / Unit 2089	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.098	Bldg 2115 / Unit 2089	Kitchen	Refrigerator-Missing/Damaged/Inoperable	15%	2.25	0.25
0.047	Bldg 2115 / Unit 2089	Windows	Damaged/Missing Screens	13%	1.25	0.25
0.871	Bldg 2117-TH / Unit 1087	Bathroom	Plumbing - Clogged Drains	15%	5	1
0.392	Bldg 2117-TH / Unit 1087	Kitchen	Plumbing - Leaking Faucet/Pipes	15%	2.25	1
0.109	Bldg 2117-TH / Unit 1087	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.109	Bldg 2117-TH / Unit 1087	Kitchen	Countertops - Missing/Damaged	15%	1.25	0.5

Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.109	Bldg 2117-TH / Unit 1087	Kitchen	Cabinets - Missing/Damaged	15%	1.25	0.5
0.098	Bldg 2117-TH / Unit 1087	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.029	Bldg 2117-TH / Unit 1087	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	0.25
0.871	Bldg 700-TH / Unit 1079	Electrical	Missing Breakers/Fuses	10%	5	1
0.871	Bldg 700-TH / Unit 1079	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	15%	5	1
0.522	Bldg 700-TH / Unit 1079	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	1
0.392	Bldg 700-TH / Unit 1079	Kitchen	Plumbing - Leaking Faucet/Pipes	15%	2.25	1
0.157	Bldg 700-TH / Unit 1079	Doors	Deteriorated/Missing Seals (Entry Only)	4.5%	3	1
0.109	Bldg 700-TH / Unit 1079	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.052	Bldg 701 / Unit 2002	Porch/Balcony	Baluster/Side Railings Damaged	2%	2.25	1
0.871	**Bldg 701 / Unit 2008**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.392	Bldg 701 / Unit 2008	Kitchen	Plumbing - Leaking Faucet/Pipes	15%	2.25	1
0.218	Bldg 701 / Unit 2008	Kitchen	Sink - Damaged/Missing	15%	5	0.25
0.196	Bldg 701 / Unit 2008	Kitchen	Range/Stove - Missing/Damaged/Inoperable	15%	2.25	0.5
0.098	Bldg 701 / Unit 2008	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.065	Bldg 701 / Unit 2008	Doors	Damaged Frames/Threshold/Lintels/Trim	4.5%	1.25	1
0.015	Bldg 701 / Unit 2008	Ceiling	Mold/Mildew/Water Stains/Water Damage	4%	1.25	0.25
0.871	**Bldg 705 / Unit 1017**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.871	**Bldg 709 / Unit 2031**	**Health & Safety**	**Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable**	**15%**	**5**	**1**
0.261	Bldg 709 / Unit 2031	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.5
0.109	Bldg 709 / Unit 2031	Kitchen	Dishwasher/Garbage Disposal - Inoperable	15%	1.25	0.5
0.098	Bldg 709 / Unit 2031	Bathroom	Lavatory Sink - Damaged/Missing	15%	2.25	0.25
0.070	Bldg 709 / Unit 2031	Floors	Soft Floor Covering Missing/Damaged	4%	3	0.5
0.052	Bldg 709 / Unit 2031	Porch/Balcony	Baluster/Side Railings Damaged	2%	2.25	1

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
2107 LINCOLN DRIVE, LLC	§ §	TEXAS DEPARTMENT OF
WITH RESPECT TO THE JONES	§	HOUSING AND COMMUNITY
(HTC FILE # 93063 / CMTS # 1137)	§ §	AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 7th day of December, 2023, 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 **2107 LINCOLN DRIVE, LLC**, a Delaware limited liability company (Respondent).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (APA), Texas Government Code section 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. During 1995, Two Northridge, Ltd. (Prior Owner) was awarded an allocation of Low Income Housing Tax Credits by the Board to acquire, rehabilitate, and operate The Jones (Property) (HTC file No. 93063 / CMTS No. 1137).

2. Prior Owner signed a Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits (LURA) regarding the Property. The LURA was effective January 18,

1995, and filed of record at Volume 11984, Page 0554 of the Official Public Records of Real Property of Tarrant County, Texas (Records), as re-filed at Volume 12185, Page 1912, and as amended by an Agreement to Comply with and First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits effective April 22, 2015, and filed of record at Instrument Number D215088683 of the Records.

3. Respondent purchased the Property on September 30, 2020. In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the Property and binding on all successors and assigns for the full term of the LURA. These restrictions remain in place in accordance with Section 2 of the LURA, thereby binding Respondent to the terms of the agreement.

4. Representatives for Respondent signed an Owner Certification & Agreement to Comply with the LURA on August 5, 2020, acknowledging that the Property remained bound to the terms of the LURA, agreeing to assume the duties imposed by the LURA, and agreeing to comply fully with the terms thereof.

5. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]:

6. The Department conducted a Uniform Physical Condition Standards (UPCS) inspection on June 22, 2022. The inspection report showed numerous serious property condition violations, a violation of 10 TAC §10.621 (Property Condition Standards). The Department issued a notification of noncompliance on July 25, 2022, setting an October 23, 2022, corrective action deadline. That deadline was extended on February 13, 2023, providing ten days to correct remaining noncompliance, but no response was submitted and the noncompliance outlined at Exhibit 1 was referred for an administrative penalty. Final corrective documentation was uploaded to TDHCA by Respondent via the Compliance Monitoring and Tracking System (CMTS) on November 3, 2023, after intervention by the TDHCA Enforcement Committee.

7. All violations listed above are considered resolved at the time of this Order[2].

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[1] Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapter 10 refers to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

[2] This Agreed Final Order does not include the noncompliance identified during TDHCA's UPCS inspection conducted on August 29, 2023. That 2023 inspection is within a corrective action period that expires January 1, 2024, and is not eligible for an administrative penalty at this time.

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. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).

3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.

4. Pursuant to Tex. Gov't Code Chapter 2306, Subchapter DD and Tex. Gov't Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.

5. Pursuant to 10 TAC §10.621(a), TDHCA has adopted HUD's Uniform Physical Condition Standards as the standard for its physical inspections;

6. Respondent violated 10 TAC 10.621 and I.R.C. §42, as amended, in 2022, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.

7. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.

8. Because Respondent is a housing sponsor, 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 §2306.267.

9. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.

10. An administrative penalty of $20,000.00 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 is assessed an administrative penalty in the amount of $20,000.00.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay the $20,000.00 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before January 8, 2024, 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 Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 2, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

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 December 7, 2023.

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 7th day of December, 2023, 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 7th day of December, 2023, 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 ______________________ §
§
COUNTY OF ___________________ §

BEFORE ME,___________________________*(notary name)*, a notary public in and for the State of __________, on this day personally appeared William Mitchell Voss, 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/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is William Mitchell Voss, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of President for Respondent. I am an authorized representative of Respondent, which is subject to a Land Use Restriction Agreement 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:

2107 LINCOLN DRIVE, LLC, a Delaware limited liability company

By: ________________________________

Name: William Mitchell Voss

Title: President

Given under my hand and seal of office this ______ day of ____________, 2023.

____
Signature of Notary Public

____
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF ____________
My Commission Expires:__________

Exhibit 1

2022 UPCS Noncompliance

Corrected timely and not eligible for an administrative penalty = Grey

Not corrected timely and therefore eligible for an administrative penalty:

- Corrected 11/1/2023 = Yellow
- Corrected before 11/1/2023 = White

Area	Bldg	Unit	Inspectable Item	Deficiency	Level	Note	Corrected date
Site			Retaining Walls	Damaged/Falling/Leaning	L3	near boiler #1 bldg 2105	11/1/2023
Common Areas	Bldg 2101a	Doors	Laundry Room	Damaged Hardware/Locks	L3	laundry room doors locked-vandalized	11/1/2023
Building Exterior	Bldg 2107		Roofs	Missing/Damaged Components from Downspout/Gutter	L3	downspout not connected	11/1/2023
Common Areas	Bldg 2113	Walls	Closet/Utility/Mechanical	Damaged	L2	siding cut	11/1/2023
Site			Grounds	Erosion/Rutting Areas	L3	near building foundations: 2103, 2101 near sidewalk 1016	photo submitted
Site			Grounds	Overgrown/Penetrating Vegetation	L2	vegetation growing in gutters:, bldg 2101, 2113	photo submitted
Site			Health & Safety	Hazards - Tripping	L3	near 1016, btwn bldgs 707 and 709, near #1030	photo submitted
Site			Mailbox/Signs	Mailbox Missing/Damaged	L3	mailboxes damaged	photo submitted
Site			Market Appeal	Graffiti	L1	breezeway at 2071	10/17/2022

Site			Parking/Drives	Cracks/Settlement/Heaving/Loose Materials/Potholes	L2	near Bldgs 2117& 2115	10/21/2022 Invoice
Building Systems	Bldg 2100		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewage backing up into tub of 1034	10/24/2022 Invoice
Unit	Bldg 2100	Unit 1034	Bathroom	Plumbing - Clogged Drains	L3	tub backing up with sewage	10/24/2022
Unit	Bldg 2100	Unit 1034	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible at top of entry when closed	10/13/2022
Unit	Bldg 2100	Unit 1034	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	dresser blocks window	10/13/2022
Unit	Bldg 2100	Unit 1034	Walls	Mold/Mildew/Water Stains/Water Damage	L1	visible at baseboards/evidence of water intrusion	10/13/2022
Building Exterior	Bldg 2101		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	downspout broken & gutter clogged	10/13/2022 (work order)
Building Systems	Bldg 2101		Electrical System	Missing Covers	L3	1131 a/c disconnect interior cover missing, exposed wires.	10/22/2022
Common Areas	Bldg 2101	Health & Safety	Health & Safety	Garbage and Debris - Outdoors	L3	patio with 5 bags of trash outside (2130?)	10/22/2022
Unit	Bldg 2101	Unit 1131	Doors	Damaged Hardware/Locks	L3	glass sliding door-does not lock (handle does not lock)	10/17/2022
Unit	Bldg 2101	Unit 1131	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	Blocked by desk	10/22/2022
Building Systems	Bldg 2101a		Fire Protection	Missing/Damaged/Expired Extinguishers	L3	laundry room missing extinguisher	10/12/2022

Common Areas	Bldg 2101a	Ceiling	Patio/Porch/Balcony	Holes/Missing Tiles/Panels/Cracks	L3	at balcony ceiling over 2010	6/14/2023
Unit	Bldg 2101a	Unit 1011	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	under kitchen sink	10/12/22 work order
Unit	Bldg 2101a	Unit 1012	Ceiling	Peeling/Needs Paint	L2	large patch in bathroom needs texture and paint	10/20/2022
Unit	Bldg 2101a	Unit 2012	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal inoperable	10/22/2022
Building Systems	Bldg 2103		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewer leak	10/22/2022
Common Areas	Bldg 2103	Ceiling	Halls/Corridors/Stairs	Holes/Missing Tiles/Panels/Cracks	L1	sag at breezeway ceiling near 2120	10/11/2022
Common Areas	Bldg 2103	Health & Safety	Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	L3	breezeway exterior light at 1121-wires exposed	10/22/2022
Unit	Bldg 2103	Unit 1123-vacant used as storage	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L3	missing	10/28/2022
Unit	Bldg 2103	Unit 1123-vacant used as storage	Kitchen	Refrigerator-Missing/Damaged/Inoperable	L3	missing	10/28/2022
Unit	Bldg 2103	Unit 2117	Bathroom	Plumbing - Leaking Faucet/Pipes	L1	tub leaks will not turn off	10/22/2022
Unit	Bldg 2103	Unit 2117	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	leak at disposal	10/22/2022
Unit	Bldg 2103	Unit 2117	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L2	1 burner missing	10/22/2022

Building Exterior	Bldg 2104		Walls	Missing Pieces/Holes/Spalling	L2	hole @ exterior near 1039	10/11/2022
Building Systems	Bldg 2104		Electrical System	Missing Covers	L3	a/c disconnect missing interior cover-exposed wires	10/20/2022
Unit	Bldg 2104	Unit 1044	Bathroom	Shower/Tub - Damaged/Missing	L2	tub overflow missing	10/22/2022
Unit	Bldg 2104	Unit 1044	Ceiling	Holes/Missing Tiles/Panels	L3	a/c cover missing/ceiling burned at kitchen	10/22/2022
Unit	Bldg 2104	Unit 1044	HVAC System	Not Operable	L3	burned a/c	10/20/2022
Unit	Bldg 2104	Unit 1044	Walls	Mold/Mildew/Water Stains/Water Damage	L1	water intrusion at bedroom baseboard/crack at sheetrock	10/21/2022-Work order
Building Exterior	Bldg 2105		Foundations	Spalling/Exposed Rebar	L3	exposed post-tension cable	10/11/2022
Building Exterior	Bldg 2105		Walls	Missing Pieces/Holes/Spalling	L3	hole at exterior wall near 1111	10/11/2022
Common Areas	Bldg 2105	Walls	Closet/Utility/Mechanical	Damaged	L2	large hole near boiler room floor	photo submitted
Common Areas	Bldg 2105	Ceiling	Halls/Corridors/Stairs	Bulging/Buckling	L3	breezeway support beam/lintel cracking near 2112	10/11/2022
Common Areas	Bldg 2105		Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	L3	boiler room breaker panel missing interior cover	10/3/2022
Common Areas	Bldg 2105		Health & Safety	Garbage and Debris - Outdoors	L3	3 bags of trash stored at 1109	10/12/2022
Unit	Bldg 2105	Unit 1110	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when door is closed	10/12/2022

Unit	Bldg 2105	Unit 1110	Kitchen	Range/Stove - Missing/Damaged/Inoperable	L2	1 burner inoperable	10/12/2022
Unit	Bldg 2105	Unit 2110	Bathroom	Plumbing - Leaking Faucet/Pipes	L3	into lav cabinet-repaired during inspection	6/22/2022
Unit	Bldg 2105	Unit 2110	Ceiling	Bulging/Buckling	L3	balcony ceiling bowed	10/5/2022 RCC Invoice
Unit	Bldg 2105	Unit 2110	Health & Safety	Hazards - Sharp Edges	L3	glass on balcony	10/13/2022
Building Exterior	Bldg 2107		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	fascia damage	10/11/2022
Building Exterior	Bldg 2107		Roofs	Missing/Damaged Shingles	L1	10x10 square	10/13/2022-Invoice
Unit	Bldg 2107	Unit 2105	Outlets/Switches	Missing	L3	outlet and switch covers missing	10/13/2022
Unit	Bldg 2107	Unit 2105	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Building Systems	Bldg 2108		Electrical System	Missing Covers	L3	2045 a/c disconnect missing interior panel, exposed wires	10/12/2022 (work order?)
Unit	Bldg 2108	Unit 2045	Doors	Damaged Surface (Holes/Paint/Rusting)	L1	bedroom door separation	10/12/2022
Unit	Bldg 2108	Unit 2045	Outlets/Switches	Missing	L3	removed by painters	10/12/2022
Unit	Bldg 2108	Unit 2045	Smoke Detector	Missing/Inoperable	L3	all SD inoperable-rdi	6/22/2022
Building Exterior	Bldg 2109		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	fascia damage	10/11/2022

Building Systems	Bldg 2109		Electrical System	Missing Covers	L3	missing interior cover at a/c disconnect.	10/22/2022
Building Systems	Bldg 2109		Fire Protection	Missing/Damaged/Expired Extinguishers	L3	missing extinguisher at office	10/22/2022
Common Areas	Bldg 2109	Walls	Halls/Corridors/Stairs	Damaged	L3	breezeway wall damaged	10/11/2022
Unit	Bldg 2109	Unit 1098	Bathroom	Plumbing - Leaking Faucet/Pipes	L3	leak under bathroom sink	10/13/2022
Unit	Bldg 2109	Unit 1098	Ceiling	Mold/Mildew/Water Stains/Water Damage	L1	paint at ceiling bubbling near kitchen (possible a/c leak)	10/12/2022
Unit	Bldg 2109	Unit 1098	Doors	Damaged Hardware/Locks	L2	bedroom door broken	photo
Unit	Bldg 2109	Unit 1098	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	hole in bathroom door surface (taped)	photo
Unit	Bldg 2109	Unit 1098	Electrical	Missing Breakers/Fuses	L3	missing breaker-repaired during inspection	6/22/2022
Unit	Bldg 2109	Unit 1098	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	L3	headboard blocks secondary window egress	10/12/2022
Unit	Bldg 2109	Unit 1098	Health & Safety	Hazards - Sharp Edges	L3	broken window	9/30/2022
Unit	Bldg 2109	Unit 1098	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal-repaired during inspection	6/22/2022
Unit	Bldg 2109	Unit 1098	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Unit	Bldg 2109	Unit 1098	Walls	Damaged	L3	at bedroom near door entry/hole at kitchen	10/13/2022

						wall	
Unit	Bldg 2109	Unit 1098	Windows	Cracked/Broken/Missing Panes	L3	window glass broken from interior	9/30/2022
Building Exterior	Bldg 2111		Health & Safety	Hazards - Sharp Edges	L3	nails protrude from foundation near 1093	10/11/2022
Building Systems	Bldg 2111		Domestic Water	Leaking Central Water Supply	L3	hose bib leaks-will not turn off	10/13/2022
Common Areas	Bldg 2111		Health & Safety	Garbage and Debris - Outdoors	L3	2 bags of trash at 2096	10/11/2022
Unit	Bldg 2111	Unit 2095	Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing	L3	X2 inoperable	10/11/2022
Unit	Bldg 2111	Unit 2095	Doors	Missing Door	L3	bathroom door missing	10/11/2022
Unit	Bldg 2111	Unit 2095	Health & Safety	Infestation - Insects	L3	Roaches	9/7/2022
Unit	Bldg 2112	Unit 1053	Bathroom	Lavatory Sink - Damaged/Missing	L1	x2 tub stop missing	10/11/2022
Building Exterior	Bldg 2113		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	gutter down	10/13/2022_ work order
Building Exterior	Bldg 2113		Roofs	Missing/Damaged Shingles	L1	10X10 square missing/damaged	10/13/2022
Building Exterior	Bldg 2113		Walls	Damaged Chimneys	L3	stucco deteriorated near 1060	10/11/2022-Nman Invoice
Building Systems	Bldg 2113		Sanitary System	Missing Drain/Cleanout/Manhole Covers	L3	missing sewer caps	10/13/2022
Common Areas	Bldg 2113	Doors	Closet/Utility/Mechanical	Damaged Frames/Threshold/Lintels/Trim	L3	door frame at boiler #2-frame/trim damaged	10/11/2022

Common Areas	Bldg 2113	Ceiling	Patio/Porch/Balcony	Bulging/Buckling	L3	patio ceiling bowed	10/11/2022
Unit	Bldg 2115	Unit 1090	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	10/11/2022
Unit	Bldg 2115	Unit 1090	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	L3	Repaired during inspection	6/22/2022
Unit	Bldg 2115	Unit 1090	Smoke Detector	Missing/Inoperable	L3	Repaired during inspection	6/22/2022
Unit	Bldg 2115	Unit 2090	Doors	Damaged Surface (Holes/Paint/Rusting)	L3	bathroom door & bedroom door damage	10/12/2022
Unit	Bldg 2115	Unit 2090	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	10/6/2022
Unit	Bldg 2115	Unit 2090	Smoke Detector	Missing/Inoperable	L3	removed	10/12/2022
Unit	Bldg 2115	Unit 2090	Walls	Damaged	L2	behind bedroom door & laundry room	10/12/2022
Unit	Bldg 2115	Unit 2090	Windows	Cracked/Broken/Missing Panes	L3	broken window at entry	10/25/2022
Building Exterior	Bldg 2117		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	downspout missing	10/15/2022
Unit	Bldg 2117	Unit 1085	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible when entry door is closed	10/12/2022
Unit	Bldg 2117	Unit 1085	Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	disposal inoperable	10/12/2022
Unit	Bldg 2117	Unit 1085	Laundry Area	Dryer Vent Missing/Damaged/Inoperable	L3	not connected	10/12/2022

Unit	Bldg 2117	Unit 1085	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Unit	Bldg 2119	Unit 1061	Bathroom	Plumbing - Clogged Drains	L3	toilet inoperable	10/17/2022
Unit	Bldg 2119	Unit 1061	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	laundry room ceiling, bathroom wall (down stairs) , lav cabinet	10/17/2022
Unit	Bldg 2119	Unit 1061	Doors	Damaged Surface (Holes/Paint/Rusting)	L1	hole in bedroom door	10/22/2022
Unit	Bldg 2119	Unit 1061	Doors	Missing Door	L2	closet door broken off hinges & bathroom closet door	10/17/2022
Unit	Bldg 2119	Unit 1061	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	laundry room ceiling	10/17/2022
Building Exterior	Bldg 700		Health & Safety	Flammable/Combustible Materials - Improperly Stored	L3	gas can stored on BBQ grill near 1080	10/17/2022
Building Exterior	Bldg 700		Windows	Cracked/Broken/Missing/Cracked Panes	L3	window boarded- broken pane	10/17/2022
Common Areas	Bldg 700		Health & Safety	Flammable/Combustible Materials - Improperly Stored	L3	oil stored on top of BBQ grill	10/17/2022
Unit	Bldg 700	Unit 1073	Outlets/Switches	Missing/Broken Cover Plates	L3	missing under Kitchen sink for disposal	10/12/2022
Unit	Bldg 700	Unit 1073	Smoke Detector	Missing/Inoperable	L3	smoke detector missing	10/12/2022
Unit	Bldg 700	Unit 1073	Stairs	Broken/Missing Hand Railing	L3	interior stair rail missing	10/22/2022
Building Exterior	Bldg 701		Roofs	Damaged Soffits/Fascia/Soffit Vents	L2	soffit separation near	photo submitted

Building Exterior	Bldg 701		Roofs	Missing/Damaged Components from Downspout/Gutter	L3	gutter torn from building roof (hanging)	10/13/2022
Building Exterior	Bldg 701		Walls	Missing Pieces/Holes/Spalling	L2	small hole at stucco near 1008 a/c disconnect	10/4/2022
Building Systems	Bldg 701		Electrical System	Missing Covers	L3	a/c disconnect missing interior cover-exposed wires @ 1008	10/22/2022
Building Systems	Bldg 701		Sanitary System	Broken/Leaking/Clogged Pipes or Drains	L3	sewer leak near 1002	10/22/2022
Building Systems	Bldg 701		Sanitary System	Missing Drain/Cleanout/Manhole Covers	L3		10/17/2022
Unit	Bldg 701	Unit 2004	Windows	Damaged/Missing Screens	L1	window screens missing	10/12/2022
Building Exterior	Bldg 705		Roofs	Damaged Soffits/Fascia/Soffit Vents	L3	northeast side of building-deteriorated	10/11/2022
Building Exterior	Bldg 705		Walls	Cracks/Gaps	L2	separation of wall and deterioration of stucco near 2014, exterior siding loose	10/11/2022
Building Exterior	Bldg 705		Walls	Missing Pieces/Holes/Spalling	L3	2 large holes near 1015 and 1013:	10/11/2022
Common Areas	Bldg 705	Stairs	Halls/Corridors/Stairs	Broken/Missing Hand Railing	L3	near 2018-balester loose	Photo submitted
Unit	Bldg 705	Unit 1016	Smoke Detector	Missing/Inoperable	L3	repaired during inspection	6/22/2022
Building Exterior	Bldg 707		Walls	Missing Pieces/Holes/Spalling	L3	holes cut into exterior wall for plumbing repairs	10/11/2022

Unit	Bldg 707	Unit 1023	Ceiling	Holes/Missing Tiles/Panels	L2	hole at laundry room ceiling-previous a/c leak	10/12/2022
Unit	Bldg 707	Unit 1023	Ceiling	Peeling/Needs Paint	L1	bathroom ceiling	10/12/2023
Building Exterior	Bldg 708		Health & Safety	Hazards - Tripping	L3	cord across sidewalk/walkway	10/22/2022
Building Exterior	Bldg 708		Roofs	Missing/Damaged Components from Downspout/Gutter	L2	gutter broken	Photo submitted
Common Areas	Bldg 708	Stairs	Halls/Corridors/Stairs	Broken/Damaged/Missing Steps	L3	stairwell loose/not secure	Photo submitted
Common Areas	Bldg 708	Walls	Halls/Corridors/Stairs	Damaged	L2	bowing near 2072	Photo submitted
Common Areas	Bldg 709	Ceiling	Patio/Porch/Balcony	Bulging/Buckling	L3	from balcony directly over entry of 1031	Photo submitted
Unit	Bldg 709	Unit 1031	Bathroom	Lavatory Sink - Damaged/Missing	L1	stop inoperable	10/14/2022
Unit	Bldg 709	Unit 1031	Ceiling	Mold/Mildew/Water Stains/Water Damage	L3	leak over tub	10/14/2022
Unit	Bldg 709	Unit 1031	Doors	Deteriorated/Missing Seals (Entry Only)	L3	daylight visible	10/14/2022
Unit	Bldg 709	Unit 1031	Health & Safety	Air Quality - Mold and/or Mildew Observed	L3	@ laundry room; under kitchen sink	10/14/2022
Unit	Bldg 709	Unit 1031	Outlets/Switches	Missing/Broken Cover Plates	L3	outlet covers missing	10/14/2022
Unit	Bldg 709	Unit 1031	Walls	Mold/Mildew/Water Stains/Water Damage	L3		10/14/2022

Exhibit 2:

Texas Administrative Code

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10 UNIFORM MULTIFAMILY RULES
SUBCHAPTER E POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406 Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice and a completed Ownership Transfer packet, if applicable, to the Department at least 45 calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Except as otherwise provided herein, the Executive Director's prior written approval of any such transfer is required. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section.
(b) Exceptions. The exceptions to the ownership transfer process in this subsection are applicable.
(1) A Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new Principals or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.
(2) Transfers that are the result of an involuntary removal of the general partner by the investment limited partner do not require advance approval but must be reported to the Department as soon as possible due to the sensitive timing and nature of this decision. In the event the investment limited partner has proposed a new general partner or will permanently replace the general partner, a full Ownership Transfer packet must be submitted.
(3) Changes to the investment limited partner, non-Controlling limited partner, or other non-Controlling partners affiliated with the investment limited partner do not require Executive Director approval. A General Partner's acquisition of the interest of the investment limited partner does not require Executive Director approval, unless some other change in ownership is occurring as part of the same overall transaction.
(4) Changes resulting from foreclosure do not require advance approval but acquiring parties must notify the Department as soon as possible of the revised ownership structure and ownership contact information.
(c) General Requirements.
(1) Any new Principal in the ownership of a Development must be eligible under §11.202 of Subchapter C (relating to Ineligible Applicants and Applications). In addition, Persons and Principals will be reviewed in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee).
(2) Changes in Developers or Guarantors must be addressed as non-material amendments to the application under §10.405 of this subchapter (relating to Amendments and Extensions).
(3) To the extent an investment limited partner or its Affiliate assumes a Controlling interest in a Development Owner, such acquisition shall be subject to the Ownership Transfer requirements set forth herein. Principals of the investment limited partner or Affiliate will be considered new Principals and will be reviewed as stated under paragraph (1) of this subsection.
(4) Simultaneous transfer or concurrent offering for sale of the General Partner's and Limited Partner's control and interest will be subject to the Ownership Transfer requirements set forth herein and will trigger a Right of First Refusal, if applicable.
(d) Transfer Actions Warranting Debarment. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure or the Department at risk for financial exposure as a result of non-compliance, staff will refer the matter to the Enforcement

Committee for debarment consideration pursuant to §2.401 of this title (relating to Enforcement, Debarment from Participation in Programs Administered by the Department). In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), prior to recommending any new financing or allocation of credits.

(e) Transfers Prior to 8609 Issuance or Construction Completion. Prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs), an Applicant may request an amendment to its ownership structure to add Principals. The party(ies) reflected in the Application as having Control must remain in the ownership structure and retain Control, unless approved otherwise by the Executive Director. A development sponsor, General Partner or Development Owner may not sell the Development in whole or voluntarily end their Control prior to the issuance of 8609s.

(f) Nonprofit Organizations. If the ownership transfer request is to replace a nonprofit organization within the Development ownership entity, the replacement nonprofit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Nonprofit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Nonprofit Organization that meets the requirements of §42(h)(5) of the Code and Tex. Gov't Code §2306.6706, if applicable, and can demonstrate planned participation in the operation of the Development on a regular, continuous, and substantial basis.

(2) If the LURA requires ownership or material participation in ownership by a nonprofit organization or CHDO, the Development Owner must show that the transferee is a nonprofit organization or CHDO, as applicable, that complies with the LURA. If the transferee has been certified as a CHDO by TDHCA prior to 2016 or has not previously been certified as a CHDO by TDHCA, a new CHDO certification package must be submitted for review. If the transferee was certified as a CHDO by TDHCA after 2016, provided no new federal guidance or rules concerning CHDO have been released and the proposed ownership structure at the time of review meets the requirements in 24 CFR Part 92, the CHDO may instead submit a CHDO Self-Certification form with the Ownership Transfer package.

(3) Exceptions to paragraphs (1) and (2) of this subsection may be made on a case by case basis if the Development (for MFDL) is past its Federal Affordability Period or (for HTC Developments) is past its Compliance Period, was not reported to the IRS as part of the Department's Nonprofit Set Aside in any HTC Award year, and follows the procedures outlined in §10.405(b)(1) - (5) of this subchapter. The Board must find that:

(A) The selling nonprofit is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(B) The participation by the nonprofit was substantive and meaningful during the full term of the Compliance Period but is no longer substantive or meaningful to the operations of the Development; and

(C) The proposed purchaser is an affiliate of the current Owner or otherwise meets the Department's standards for ownership transfers.

(g) Historically Underutilized Business (HUB) Organizations. If a HUB is the general partner or special limited partner of a Development Owner and it determines to sell its ownership interest, after the issuance of IRS Form(s) 8609, the purchaser of that partnership interest or the general or special limited partner is not required to be a HUB as long as the LURA does not require it or the procedure described in §10.405(b)(1) of this subchapter has been followed and approved. The removal of a HUB requirement prior to filing of IRS Form(s) 8609 is subject to the procedure described in §10.405(b)(2) of this subhapter.

(h) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances pertaining to the transfer and the effects of approval or denial. Documentation must be submitted as directed in the Post Award Activities Manual, which includes but is not limited to:

(1) A written explanation outlining the reason for the request;

(2) Ownership transfer information, including but not limited to the type of sale, terms of any new financing introduced as a result of the transfer, amount of Development reserves to transfer in the event of a property sale, and the prospective closing date;

(3) Pre and post transfer organizational charts with TINs of each organization down to the level of natural persons in the ownership structure as described in §11.204(13)(B) of Subchapter C of this title (relating to Required Documentation for Application Submission);

(4) A list of the names and contact information for transferees and Related Parties;

(5) Previous Participation information for any new Principal as described in §11.204(13)(C) of this title (relating to Required Documentation for Application Submission);

(6) Agreements among parties associated with the transfer;

(7) Owners Certifications with regard to materials submitted as further described in the Post Award Activities Manual;

(8) Detailed information describing the organizational structure, experience, and financial capacity of any party holding a controlling interest in any Principal or Controlling entity of the prospective Development Owner;

(9) Evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least 30 calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30-day period has expired; and

(10) Any required exhibits and the list of exhibits related to specific circumstances of transfer or Ownership as detailed in the Post Award Activities Manual.

(i) Once the Department receives all necessary information under this section and as required under the Post Award Activities Manual, staff shall initiate a qualifications review of a transferee, in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter and §11.202 of this title (relating to Ineligible Applicants and Applications).

(j) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) In cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) In cases where the general partner is being replaced if the award of credits was made at least five years prior to the transfer request date.

(k) Penalties, Past Due Fees and Underfunded Reserves. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring) and Subchapter G of this chapter (relating to Affirmative Marketing Requirements and Written Policies and Procedures). The Development Owner on record with the Department will be liable for any penalties or fees imposed by the Department (even if such penalty can be attributable to the new Development Owner) unless an ownership transfer has been approved by the Department. In the event a transferring Development has a history of uncorrected UPCS violations, ongoing issues related to keeping housing sanitary, safe, and decent, an account balance below the annual reserve deposit amount as specified in §10.404(a) of this subchapter (relating to Replacement Reserve Accounts), or that appears insufficient to meet capital expenditure needs as indicated by the number or cost of repairs included in a PNA or SCR, the prospective Development Owner may be required to establish and maintain a replacement reserve account or increase the amount of regular deposits to the replacement reserve account by entering into a Reserve Agreement with the Department. The Department may also request a plan and timeline relating to needed repairs or renovations that will be completed by the departing and/or incoming Owner as a condition to approving the Transfer. A PNA or SCR may be requested if one has not already been received under §10.404 of this subchapter.

(l) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by the corresponding ownership transfer fee as outlined in §11.901 of this title (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective February 3, 2022, 47 TexReg 266

File #: 473 **Agenda Date:** 12/7/2023 **Agenda #:** 28.

Presentation, discussion, and possible action on the adoption of the 2024 Multifamily Programs Application Procedures Manual

RECOMMENDED ACTION

WHEREAS, the rules relating to multifamily program funding are contained in the Administration Rules, Housing Tax Credit Qualified Allocation Plan, Multifamily Housing Revenue Bond Rules, and the Multifamily Direct Loan Program Rules;

WHEREAS, pursuant to Tex. Gov't Code §2306.67022, the Board shall adopt a manual to provide information regarding the administration of and eligibility for participation in the housing tax credit program; and

WHEREAS, the Department has created the Multifamily Programs Application Procedures Manual (Manual) as a resource guide for applicants, and the Manual and its contents are not rules;

NOW, therefore, it is hereby

RESOLVED, the 2024 Multifamily Programs Application Procedures Manual is hereby approved as is the publication of the Manual on the Department's website; and

FURTHER RESOLVED, 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 make such changes and conforming technical corrections as they may deem necessary to effectuate the foregoing, to revise the Manual as required based on the final approved rules and NOFAs, and amend the Manual from time to time as it deems necessary to provide guidance on the filing of multifamily related documents.

BACKGROUND

In concert with the annual rulemaking process for multifamily-related programs, the Multifamily Finance Division revises the Multifamily Programs Application Procedures Manual. The Manual is not a rule; rather, the purpose of the Manual is to provide guidance on the filing of a multifamily application and other multifamily program-related documents. Staff has created this Manual as a resource guide which includes references to the rules and examples of acceptable documentation or development plans based on the program rules and requirements.

The Board's action in approving the adoption of this Manual allows staff the flexibility to provide more detailed instructions and amend the Manual as necessary in order to implement the Department's multifamily program rules effectively once such rules have been adopted and approved by the Governor. Additionally, from time to time, staff may update the Manual based on additional information that may become available or to correct inconsistencies or to clarify information contained therein.

The Manual will be posted to the Department's website, and an email announcement will be sent out when it is available.

2024 Multifamily Programs Application Procedures Manual

Texas Department of Housing and Community Affairs

221 East 11th Street Austin, Texas 78701

December 2023

This manual is not a rule. The manual is a resource made available to help Applicants prepare and submit accurate information for complete and compliant Applications. Applicants should understand that this type of guidance is limited by its nature and that staff will apply the Qualified Allocation Plan (QAP), Multifamily Housing Revenue Bond (MRB) Rules, Multifamily Direct Loan (MFDL) Rule, and any other applicable rules to each specific situation as it is presented. The Multifamily Programs Application Procedures Manual and the Application webinar are provided as good faith guidance and assistance, but in all respects the statutes, rules, and NOFAs governing multifamily programs supersede these guidelines and are controlling. Furthermore, any staff guidance is subject to the Governing Board's right to be the final interpreter of its rules.

Table of Contents

Using this Manual

The purpose of this manual is to provide a brief and general description of each tab in the Application, high level guidance as to the Department's submission requirements and what staff would generally view as acceptable supporting documentation. Guidance is also provided regarding actions that may be necessary in the course of Application review, such as waiver requests or appeals. While this guide cannot and will not contemplate all situations, we hope that the information provides a foundation upon which you may build your Application in accordance with the Rules. This manual provides limited examples of documentation that could be submitted to comply with a particular rule or requirement. In some instances the rule may allow for alternative documentation not specifically contemplated in this manual, and in those instances staff will review the documentation for compliance with and fulfillment of the substantive requirements articulated in the applicable rule.

Although the Department may compile data from outside sources in order to assist Applicants in the application process, it remains the sole responsibility of the Applicant to perform independently all necessary due diligence to research, confirm, and verify any data, opinions, interpretations, or other information upon which an Applicant bases an Application or includes in any submittal in connection with an Application.

All American Community Survey data must be 5-year estimates as published in the Site Demographics report posted to the Department's website, unless otherwise specified. The availability of more current data will be disregarded. Where other data sources are specifically required, such as Neighborhood Scout or OnTheMap, the data available after October 1, but before Pre-Application Final Delivery Date, will be permissible. The Application must include a copy of the reports including the report date.

Any Application that staff identifies as having insufficient supporting information may be directed to cure the matter via Administrative Deficiency as described in 10 TAC §11.1(d)(2). The sole purpose of the deficiency process will, in accordance with Tex. Gov't Code §2306.6708(b), be to substantiate, correct, or clarify one or more aspects of the Application to enable an efficient and effective review by staff.

The Department will offer limited direct assistance (subject to the strictures imposed by Tex. Gov't Code §2306.1113 including, without limitation, the provisions of §2306.113(a-2)(1)) to any individual that requires this service in the preparation of the multifamily Application. However, the Department staff cannot and will not take responsibility for completing an Application package or any portion thereof, including issuing deficiency notices that ultimately serve as instructions to complete a materially incomplete and deficient Application. Applicants should refer to 10 TAC §11.1(b) Due Diligence and Applicant Responsibility regarding guidance received from staff.

Introduction to the 2024 Multifamily Uniform Application

Programs

All multifamily funding programs are subject to the Qualified Allocation Plan (QAP). Specific Applications may be subject to the Multifamily Direct Loan Program (MFDL) or Multifamily Housing Revenue Bond (MRB) rules. The programs administered by the Multifamily Finance Division include:

- 9% Competitive Housing Tax Credits (9% HTC)
- Multifamily Direct Loan Program (MFDL or Direct Loan), which may include but are not limited to:
  HOME Investments Partnerships Program (HOME)
  Tax Credit Assistance Program Repayment Funds (TCAP RF)
  National Housing Trust Fund (NHTF)

The programs administered by the Multifamily Bond Division include:

- 4% Housing Tax Credits (4% HTC)
- Private Activity Bonds (TDHCA as Bond Issuer)

Consistent with the Department's rules that govern the aforementioned programs, staff has updated the Multifamily Uniform Application and this Manual for 2024.

Pre-Application Requirements

An Applicant for Tax Exempt Bonds **where TDHCA is the bond issuer** must submit a pre-application. Prior to submitting a pre-application, the Department will require the submission of the Pre-Inducement Questionnaire, properly and fully completed, which will give the Department a preliminary understanding of the proposed Development. The Pre-Inducement Questionnaire, the Multifamily Bond Pre-application Submission Procedures Manual, the Uniform Multifamily Application (parts of which constitute the Bond pre-application) and the Multifamily Bond Pre-Application Supplement can be found on the Department's website at: http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm.

Applicants for 9% HTC **may** submit a pre-application to be eligible for six (6) points on the Application self-score. The pre-application collects limited information and is divided into five parts, listed below, each of which will be fully explained later in this Manual.

- Applicant Contact Information
- Development Information
- Notifications
- Self-Score
- Attachments and Certifications

The Multifamily Direct Loan Program (MFDL) does not have a pre-application requirement. If MFDL is paired with either the 4% or 9% program, the pre-application requirements of those programs must be

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General Organization of the Application

The 2024 Multifamily Uniform Application has incorporated each of the Multifamily Programs in one Application that is divided into nine parts. Certain parts of the Application are applicable to a specific Program, and will be explained throughout this Manual:

- Administrative;
- Development Site;
- Development Activities;
- Finance;
- Organization;
- Community Input (9% HTC only);
- Third Party Reports;
- Tie-Breakers (9% HTC only); and
- Review Tabs (for Department use only).

The **Administrative** section of the Application collects certain high level information about the proposed Development and the Applicant’s contact information. In this section the Applicant must identify the program(s) for which the Application is being submitted and provide the completed Applicant and Developer Certifications.

The **Development Site** section of the Application requires information related to the physical location of the proposed Development Site, such as the development address, census tract number, and flood zone designation, as well as information about the schools that will serve the Development and elected officials in the community who must receive notifications.

The **Development Activities** section of the Application requires information about the proposed Development, including construction and services provided to the tenants. This section also includes the architectural drawings and information regarding existing structures on the Development Site.

The **Finance** section of the Application requires the identification of all sources and terms of financing, the development cost schedule, *pro forma* annual operating expenses, and the proposed rent schedule.

The **Organization** section of the Application requires certain information about the Development Owner, Developer, Guarantor, Affiliates, Development Team and Nonprofit entities involved with the Application, along with their Owners, managers, and members. It includes the organizational charts and evidence of experience as well as credit limit documentation. The information in this section is used for, among other things, conducting Previous Participation Reviews under 10 TAC §1.301.

The **Community Input** applies to scoring for the 9% HTC only. The section may include Local Government Support in the form of a resolution(s), State Representative letters, and letters and supporting documentation from Community Organizations.

The **Third Party Reports** section briefly identifies who performed the Environmental Site Assessment, Market Study, and Property Condition Assessment, as well as any other required reports.

The **Tie-Breakers** section collects information relevant to the tie-breakers for the 9% HTC program.

The **Review Tabs** section is used by Department staff to place Application review documents in the posted Application. This section will not be used by the Applicant but must be included in the submitted

PDF Application.

Instructions for Completing the 9% HTC Electronic Pre-Application

Applicants for programs other than the 9% HTC may skip these instructions and this section.
The 9% HTC pre-application will be submitted via an online form, a link to which will be posted on the Department's website on Tuesday, January 2, 2024. A courtesy PDF of the pre-application form, and a webinar showing how to complete the form, are available on the Department's website at http://www.tdhca.state.tx.us/multifamily/apply- for-funds.htm. **The courtesy PDF is for planning purposes only and will not be accepted as the submitted pre-application.**

The Pre-application Final Delivery Date is Friday, January 5, 2024, at 5:00 p.m. (Austin local time).

What you will learn in this section:
- ✓ Pre-application Documentation and Assembly
- ✓ Pre-application Delivery

Pre-Application Documentation and Assembly

The 9% HTC pre-application is not mandatory; however, Applicants that provide a pre-application are eligible for six (6) points in the full Application (assuming all applicable requirements are met), and Applicants that do not submit a pre-application will not be eligible for those points.

For each pre-application, the Applicant will follow a link on the Department's webpage to initiate submission. Once opened, the link will require the Applicant to enter an email address and the name of the Development. This information will be used to create a unique URL to access the pre-application form. An email including a link to the form will be sent to the email address entered, so ensure that the address is one that the person that will complete the pre-application can access. The Applicant will use this link to initiate the pre-application.

The online pre-application is divided into the pages described below. There are certain fields marked with an asterisk, which are all required to be completed. The form will not allow the Applicant to move to the next page without completing these fields.

Page 1: Contact Information

- This page identifies the persons responsible for responding to questions and deficiencies issued by staff regarding the pre-application. The information entered for the primary and secondary contacts is included on the pre-application Log.
- This form must be completed and saved before an Application number can be assigned. Once the form is saved, an email including the assigned Application number and a link to the form will be sent to the email address entered. The Applicant will use this link to complete and edit the pre-application prior to submission.
- To avoid having to re-enter information, applicants are encouraged to "save" the document regularly. Depending on the next action desired, use the "Save", or "Save and Continue" button.

Page 2: Development Information

- Enter the Proposed Entity Name and Development Name.
- Choose the appropriate Development Type from the drop down list, then the Secondary Development Type if applicable. Note that Applications proposing adaptive reuse must select "New Construction" as the construction type and select "Adaptive Reuse" as the secondary type. If applicable, enter the Previous TDHCA #. If the Development did not previously receive an award, you do not need to enter a number.
    - If Acquisition/Rehab, Adaptive Reuse, or Rehab Only is selected, enter Initial construction year.
    - If Reconstruction is selected, enter Units Demolished and Units Reconstructed.
- Enter a number (even if zero) for Number of Noncontiguous Sites.
- Enter Number of Census Tracts.
- Choose the applicable Target Population from the drop down list.
- Enter the Development's Address, City, ZIP Code, ETJ, County, Region and Rural/Urban designation.
- Enter the Development's Latitude and Longitude coordinates.
- Select whether or not the Development will provide a High Quality Pre-Kindergarten.
- Enter the 11-digit Census Tract number; the field will not allow less than 11 digits. If the Development Site is located within multiple census tracts, click "Add" for additional fields. If you add a row, you must complete it or delete it.
    - Note: Double check that the census tract number is correct, as a change in census tract between pre-application and full Application may result in a loss of Pre-application Participation points!
- Enter the Total Low Income (LI) Units, as well as the Total Market Rate (MR) Units (enter 0 if none). The form will calculate the Total Units.
- Enter the Annual Housing Tax Credit Request. Note that pursuant to 10 TAC §11.4(b), related to Maximum Request Limit, an Applicant may not request more than 150 percent of the credit amount available in the subregion based on estimates released by the Department, or $2,000,000, whichever is less, or $2,000,000 for Applications under the At-Risk Set-Aside. The amount entered should not exceed the maximum funding request/award limits posted in the "2023 HTC Award Limits and Estimated Regional Allocation".
    - The form will calculate the pre-application fee due. This fee is calculated without consideration for discounts related to Applications with a private nonprofit sponsor, so the actual fee may be less than what appears on this form. When submitting fees, ensure that each check is accompanied by a completed Multifamily Payment Receipt, which is available on the Apply for Funds webpage at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm. If the nonprofit discount applies, upload documentation of nonprofit status at the end of the form. The Applicant is responsible for calculating the correct amount of the fee due if requesting the nonprofit sponsor discount. Fees are refundable only if the pre-application is withdrawn. **In order to protect your financial information, do not include a copy of the check in your pre-application.**
    - **The Department shall consider the request amount final. The Tax Credit request amount cannot be changed through the Administrative Deficiency process.**
- If payment has already been submitted to the Department select "Yes" from the drop-down menu, and a box will appear where the Check Name and Check # can be entered.
- Check the boxes for the appropriate Set-Aside Elections.
- Enter the total cumulative distance for the Closest Amenities Tiebreaker (Must be consistent with tiebreaker supplement).
- If USDA Set-Aside is selected, enter the USDA year of initial construction (Tiebreaker).

- Enter the closest HTC Development serving the same Population, File Number for the nearest development, address of the nearest development, Year of Award, and Target Population of nearest development.
- Depending on the next action desired, use the “Save and Go Back”, “Save”, or “Save and Continue” button.

Page 3: Notifications

- Enter the U.S. Representative. The Department staff will notify the U.S. Representative. The Applicant is responsible for all other notifications.
- Enter the State Senator and State Representative and the appropriate Districts.
- Enter the School District officers.
- Enter ALL of the Local Elected Officials. As with the Census Tract fields, click “Add” for additional fields. If you add a row, you must complete it or delete it.
- Answer the question, “Are there Neighborhood Organizations whose boundaries contain the Development Site?”
    - If the answer is no, read the certification. When you submit the pre-application you are certifying to an understanding of the program requirements and the accuracy of the submission. Depending on the next action desired, use the “Save and Go Back”, “Save”, or Save and Continue” button.
    - If yes, then a space will appear allowing you to list the name of the organization and its address. As with previous items, click “Add” for additional fields. If you add a row, you must complete it or delete it.
- Depending on the next action desired, use the “Save and Go Back”, “Save”, or Save and Continue” button.
- **It is the applicant's responsibility to identify all neighborhood organizations that must be notified.** You should retain records of the due diligence you performed to identify all of the organizations.

Page 4: Self-Score

- Select points for each scoring item from the drop-down boxes. Subtotals and the total self-score will auto-populate. Note that this score cannot change by more than four (4) points between pre-application and full Application in order to qualify for Pre-application Participation points.
- The Readiness to Proceed, Local Government Support, Quantifiable Community Participation, Support from State Representative, Input from Community Organizations, and Concerted Revitalization Plan sections are not available for Applicants to Self-Score. While these scoring items will not be included in the calculation to determine eligibility for Pre-application Participation points in the full Application, **you MUST indicate points you intend to claim for these items.**
- There is a point adjustment field prior to the Final Self Score. This can be used to adjust a self-score based on a staff determination. For example, a scattered site Development may have an Opportunity Index score calculated to be six (6) points, which is not an option on the drop-down menu for that scoring item. In this case, an Applicant may need to adjust the final self-score. Enter negative numbers to reduce the score. This field must not be used for manipulation of the self-score in order to increase chances of being eligible for Pre-application Participation points and Applicants entering information in this field must also upload their staff determination or request for such determination under the “Other Pertinent Information” section on the next page of the pre-application.
- Depending on the next action desired, use the “Save and Go Back”, “Save”, or Save and Continue” button.

Page 5: Attachments and Certifications

- Read the certifications regarding the Electronic Filing Agreement. Multiple documents may be attached under each section as needed. Select the type of file to be uploaded from the drop-down menu and click the “Choose File” button to navigate to the document you wish to upload. The pre-application uploads should show up as hyperlinks. Make sure the documents open and

that they are complete.
  - To ensure that the correct documents are uploaded, staff recommends applicants establish a "Final Documents" folder that includes ONLY the final documents to be uploaded, named to specify the type of document.
- Attach Site Control Documentation. By attaching the document(s), the Applicant is certifying that the site control conforms to all applicable rules. Files should not be larger than 7 MB total.
- Attach a Census Tract Map(s). You can find census tract maps here: https://www.huduser.gov/portal/sadda/sadda_qct.html. Make sure the map shows the entire census tract and the full tract number, and identifies the Development Site. If an information box showing the tract demographics and full tract number does not appear, take a screen shot that shows the full tract number entered in the box above the map ("ctrl, PrtScn" on the keyboard, then paste to a blank document, format as needed, then PDF). The census tract map(s) will be verified against the census tract(s) entered on the Development Information Page. Files should not be larger than 5 MB total.
- Attach Proximity to Jobs (if Applicant plans to request points during Full Application Review). Please follow the instructions on pages 24-28 & 65 for submitting all required attachments for this scoring item. During pre-application review, Proximity to Jobs will not impact eligibility for receiving pre-application points.
- Attach Underserved Area (if Applicant plans to request points during Full Application Review). Please follow the instructions on page65 for submitting all required attachments for this scoring item. During pre-application review, Underserved Area will not impact eligibility for receiving pre-application points.
- Attach Amenities Tie Breaker Supplement.
- If Development selected USDA Set-Aside, attach USDA Loan Documentation.
- Other Pertinent Information: For prospective developments that do not fit neatly within the pre-application, there is an attachment field that can be used to provide further information. Files should not be larger than 5 MB total.
- Read the notes related to uploads. Text is included below each upload section.
- The pre-application uploads should show up as hyperlinks. Make sure the documents open properly and that they are complete. If they will not open for you, they will not open for us.
- Depending on the next action desired, use the "Back" or "Continue" button.

Pre-Application Delivery

The Electronic Filing Agreement is incorporated into the pre-application form and does not need to be submitted separately. No hard copies of signed certifications are required, but by submitting the pre-application, Applicants are certifying to an understanding of the program requirements and the accuracy and completeness of the submission. It is strongly recommended that the Applicant use the "Back" button to review the entire pre-application before submission.

The browser will display a submission confirmation page, which includes a link to a printer-friendly version of the submitted pre-application. You can save a PDF copy if you wish. In the event that an error is identified after submission, the Applicant can revoke the submission, edit the form, and then resubmit prior to the submission deadline. Review the posted pre-application webinar for more information.

Applicants are encouraged to submit the pre-application well before the deadline as **the ability to edit submissions will be disabled at 5:00 p.m. (Austin local time) on Friday, January 5, 2024**. If the complete pre-application is not submitted by the deadline, the Applicant will be deemed to have not made a pre-application submission.

Applicants will not be able to access, edit or submit a pre-application after the deadline.

Instructions for Completing the Electronic Application

What you will learn in this section:
- ✓ How to download the Electronic Application Materials
- ✓ How to complete the Excel Application
- ✓ How to convert the Excel Application to PDF
- ✓ How to insert documents into the PDF
- ✓ How to set Bookmarks
- ✓ How to submit the Application

Key deadlines:
- The Full Application Delivery Date for 9% HTC Applications is Friday, March 1, 2024, at 5:00 p.m., Austin local time.
- 4% HTC Applications may be submitted on the 5th of every month, or as required under the Certificate of Reservation, pursuant to 10 TAC §11.201(2).
- For Direct Loan,, the Application Acceptance periods are listed in NOFAs.

Application Download

All Applicants are required to use the 2024 Multifamily Uniform Application, along with the applicable supplemental files provided by TDHCA located at the following link:
http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm

To download any of the electronic Application files, right-click on the link at the website provided above, select “Save Target As” and choose the storage location on your computer. The Excel file should be named in the following format -- <Application #_Development Name>.xls (e.g. 24001_Austin_Crossing.xls). If an application number has not been previously assigned then the file should be named as follows -- <Development Name>.xls (e.g. Austin_Crossing.xls).

Please do not transfer tabs from one Excel file to another, even if it is for the same Application. If you plan to submit more than one Application, please make additional copies of the 2024 Multifamily Uniform Application file after completing portions of the Application that are common to all of your Applications and before completing any portions that are not common to all of your Applications.

Any cell that is highlighted yellow is available to be manipulated by the applicant. All other cells (unless specifically stated) are for Department use only, have been pre-formatted to automatically calculate information provided, and are locked. Applicants may view any formulas within the cells. Applicants may not add additional columns or rows to the spreadsheets, unless otherwise stated.

All questions are intended to elicit a response, so do not leave out any requested information. If references are made by the Applicant to external spreadsheets those references must be removed prior to submission to TDHCA as this may hamper the proper functioning of internal evaluation tools and make pertinent information unavailable to TDHCA.

The electronic Application has been designed so that many of the calculations regarding development cost, eligible basis, and eligible point items will automatically compute once enough information has been entered. If you see a "#VALUE" or "DIV/0" in a cell these values should disappear upon data entry in other tabs.

If you have difficulty downloading files from the website, contact Jason Burr at (512) 475-3986, or Jason.burr@tdhca.state.tx.us.

Completing Required Forms and Exhibits

For 9% HTC, if a pre-application was not submitted, the Applicant must separately submit the Electronic Filing Agreement form. For 9% HTC Applications submitted by the March 1, 2024 deadline, the Electronic Filing Agreement form is due by **February 15, 2024**.

For 4% Housing Tax Credit Applications, the Electronic Filing Agreement should be submitted **3-5 business days prior to the anticipated Application submission date**.

For Multifamily Direct Loans, if the Application is submitted as part of a 4% or 9% HTC Application, no additional Electronic Filing Agreement is required. Otherwise, the form should be submitted **3-5 business days prior to the anticipated Application submission date**.

The 2024 Multifamily Uniform Application consists of eight (8) parts for the Applicant to complete. Complete all applicable parts. Any portion of the Application that the Applicant considers not applicable must be included in the Application with an indication that the Applicant believes that section to be "not applicable." Those cells that require entry are highlighted yellow. Some of the required information for this form has been entered in a previous tab and will auto fill here as applicable. Where applicable, Applicants should mark boxes with an "x." The use of a different symbol may result in misinformation in another part of the Application. Please review and ensure all information is accurate.

The Application **must** include any supporting documentation needed to evidence that the Application meets the specific requirements of the rules. Where supportive information has been published by the Department, e.g., information included in the Site Demographic Characteristics Report, the Application may refer to that information.

Applicants are cautioned that some parts of the Application are specific to certain fund sources and programs. For instance, parts of the Application are labeled "Direct Loan Only" and should only be completed if requesting that funding source. However, where a specific funding source is not stated, Applicants must complete all other parts of the Application.

Administrative Tabs

Tab 1a: Application Certification

- Enter data in yellow highlighted cells.
- The certification can be found in the 2024 Multifamily Uniform Application Certifications document posted at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm. The Application Certification must be signed by the Applicant or person with authority to execute

documents on the Applicant's behalf and must be dated and notarized. No hard copy is required, only a LEGIBLE scanned copy within the PDF file. The Applicant must, however, retain the originals and provide them to the Department on request.

Tab 1b: 4% HTC-Bond Filing

The 4% HTC/Bond Application Filing form is required for 4% HTC Applications only. Select the yellow boxes associated with the Application type (i.e. Lottery or Non-Lottery), select the targeted board meeting/Determination Notice date and note the due date for the complete Application. **A 4% HTC Application will not be accepted by the Department unless evidence of a Certificate of Reservation is attached to the payment receipt or Bond Review Board (BRB) has issued notice that the Application is next in line for a reservation**. The Department will require at least 90 days to review an Application. If the Application is layered with other Department funds (i.e. MFDL) the Department will require at least 120 days to review the Application. Applicants are cautioned that while the Department will make its best efforts to present the Application at the requested meeting or issue the Determination Notice by the requested date, as applicable, delays with reviewing and underwriting along with peak volume of Applications being processed may result in the Application being presented at a subsequent board meeting or issuance of a Determination Notice at a later date. Applications will be subject to the review priority established under §11.205(5)(B) of the QAP.

Tab 1c: 4% HTC HOME Match Certification

For Tax-Exempt Bond Developments through a local issuer where the Development Site is located in a Participating Jurisdiction, the signed and notarized certification is included behind this tab from an authorized representative of the Participating Jurisdiction that states the bond proceeds are being used as HOME Match funds for the Participating Jurisdiction.

Tab 2: Development Owner Certification

- Complete the yellow boxes on Tab 2 of the Application regarding disclosure of 10 TAC §§11.101(a)(2), §11.101(a)(3), §11.202(1)(M), §11.202(1)(N), and §11.901(15), if applicable.
- The certification can be found in the 2024 Multifamily Uniform Application Certifications document posted at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm and must be executed by the Development Owner. This certification addresses the specific requirements associated with the Development, and the Person executing the certification is responsible for ensuring all individuals referenced therein are in compliance with the certification.
- Applicants are encouraged to read the certification carefully as it contains certain construction and Development specifications that each Development must meet.
- Note that the certification includes the Applicant's understanding that all third party reports will be posted on the Department's website.
- Note that the certification includes the Applicant's understanding of the penalty ramifications if they do not perform under readiness to proceed for 9% HTC Applications.
- Check the appropriate boxes for any disclosures pursuant to the QAP regarding Undesirable Site Features (§11.101(a)(2)), Neighborhood Risk Factors (§11.101(a)(3)), termination of a relationship in an affordable housing transaction (§11.202(1)(M)), voluntary compliance agreements (§11.202(1)(N)), and Unused Credit Fee (§11.901(15)).
- Submit any relevant documentation behind the tab based on the disclosure made.
- If the Development Site is located within the attendance zone of an elementary school, middle school, or a high school that has a TEA Accountability Rating of "Not Rated: Senate Bill 1365" for 2022, the appropriate boxes agreeing to the mitigation and providing the required documentation must be checked.
- The form must be signed, dated, and notarized. No hard copy is required, only a LEGIBLE scanned copy within the PDF file. The Applicant must, however, retain the originals and provide

them to the Department on request.

Tab 3: Applicant Eligibility Certification

- Complete the yellow boxes.

  - The certification identifies the various criteria relating to eligibility requirements associated with multifamily funding from the Department and can be found in the 2024 Multifamily Uniform Application Certifications document posted at http://www.tdhca.state.tx.us/multifamily/apply- for- funds.htm.
- The form must be executed by all individuals included on the organizational chart who are identified pursuant to 10 TAC §11.204(2) and who have the ability to exercise control over the Development.
- The submission may include one copy of the certification along with a copy of each signature page. A signed, dated, and notarized signature page for each individual described above must be included. No hard copy is required, only a LEGIBLE scanned copy within the PDF file. The Applicant must, however, retain the originals and provide them to the Department on request.
- The requirement for individuals that must execute Certifications ties directly to the definition of Control at 10 TAC §11.1(d)(29). If a board member is not able to exercise control over actions of the organization other than as a voting member, they may not have control that fits within the definition. If a Board member is able to execute contracts or take other actions on behalf of the organization, they likely will meet the definition of Control and should provide execution of the Certifications. If there is a question, the Applicant will be best served by having all parties sign the Certification.

Tab 4: Multifamily Direct Loan Certification (if applying for Multifamily Direct Loan funds)

- Complete the yellow boxes.
- The certification can be found in the 2024 Multifamily Uniform Application Certifications document posted at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm and must be executed by the Development Owner. It addresses the specific requirements associated with the Development, and the Person executing the certification is responsible for ensuring all individuals referenced therein are in compliance with the certification. Applicants are encouraged to read the certification carefully as it contains certain statements regarding lead based paint, Section 3 requirements, environmental requirements, relocation requirements, and a general threshold certification.
- Initial all the boxes on the Certification or it will be deemed incomplete and may result in termination of the Application. The form must be signed, dated, and notarized. No hard copy is required, only a LEGIBLE scanned copy within the final PDF file. The Applicant must, however, retain the originals and provide them to the Department upon request.
- URA Applicability to MFDL. Select the box and provide additional information as applicable.
- Complete the certification.
- Residential Anti-Displacement and Relocation Assistance Plan (RARAP) Certification (MFDL Only). If any yellow highlighted box is marked, then the RARAP Certification must be submitted.

Tab 5: Applicant Information Page

Section 1 must include contact information for the person responsible for responding to Administrative Deficiencies. Note that this may not necessarily be the Development Owner or Applicant. The person listed here will be required to submit requested documentation within a relatively short time period, and should be generally available throughout the review process. The person listed here is also expected to be available primarily via email. Contact may include the persons listed in sections 2 and 3 as well.

Tabs 6a (Competitive HTC Only) and 6b (MFDL Only or MFDL Layered with HTC): Self-Score

- These forms completely auto-populate from information entered throughout the Application. As noted in the introduction, the Application has been divided into sections that more closely follow the development process than the selection criteria in the QAP. Near the beginning of each section of the Application is a form that reflects information related to a particular aspect of Development (e.g. site, finance, ownership), and that form may include statements or selections that result in the Application being eligible for points.
- The self-score form contains hyperlinks that allow the Applicant to skip to the part of the Application that is relevant to that particular scoring item. For example, clicking on "Financial Feasibility" takes you to the Finance Scoring tab, where the Applicant can manipulate cells. As revisions are made to scoring items within the Application, the self-score will auto-populate and also produces a real-time self-score in the top right corner of the relevant tab. The Applicant can then click on "Self Score Total" at a number of different places in the Application and return to the self-score form. These internal links are designed to allow an Applicant is quickly toggle back and forth between the self-score form and the location in the Application where support documentation for that scoring item is required.
- If the Self Score does not reflect points that the Applicant expects to receive, changes must be made on the appropriate linked tab; not on the self-score form.

Development Site

The blue colored Development Site tabs (7-16) collect all information specific to the physical location of the Development Site.

Tab 7: Site Information Form Part I
Complete the yellow highlighted cells in each part as applicable. Some portions of this form will make reference to supporting documents, which are listed and collected in Tab 8.

- Part 1: Development Address
    - Enter the information in this section as indicated by the label for each of the boxes present. If there is no mailing address for the site, please only indicate direction from an intersection. Also, avoid the use of all capital letters. Use the drop-down menu to indicate whether the site is within city boundaries, in the ETJ, etc.
- Part 2: Census Tract Information: Enter the 11-digit 2020 census tract number with no dashes, commas, decimals, or spaces. Indicate whether or not the tract is a Qualified Census Tract (QCT). Each of the subsequent highlighted cells further describing the demographics of the census tract will auto-populate. Applicants should exercise caution in identifying the correct census tract. It is the Applicant's responsibility to identify the correct census tract.
    - Applicants may need to provide Census tract information based on the 2020 boundaries.
    - **Remember: If the poverty rate in a census tract is greater than 40% for individuals (or 55% for Regions 11 and 13), mitigation may include a resolution as described in 10 TAC §11.101(a)(3)(E)(i). Rehabilitation Developments are exempt from this Neighborhood Risk Factor.**
    - Applicants can double-check this information using the US Census Bureau's tool at data.census.gov.
    - Any clarifying notes about the address or census tract(s) can be entered in the space provided.
- Part 3: Resolutions
    - Mark the appropriate box indicating whether or not a resolution is required in order to

    satisfy a requirement under §11.3 related to Housing De-concentration factors or 10 TAC §11.101(a)(3)(D).
  - For Competitive HTC Applications pursuant to 10 TAC §11.3, these are due with the Application and must be included behind this tab.
  - For Tax-Exempt Bond Applications, these resolutions should be included behind this tab if available at the time of Application submission. Otherwise, they must be submitted no later than the Resolutions Delivery Date described in 10 TAC §11.2(b).
  - If no resolution is required, this section can be marked "Not Applicable".
- Part 4: Two Mile Same Year Rule (9% HTC Only)
  - Per 10 TAC §11.3(b)(2), the Two Mile Same Year rule exempts certain municipalities with a population of two million or more where a federal disaster has been declared and the municipality is authorized to administer disaster recovery funds as a sub-grant recipient for the disaster that has been declared, if the Development has been authorized by resolution.
- Part 5: Proximity of Development Sites
  - This section has been added to collect information about the proposed Development Site and the proximity of any other Development Sites
- Part 6: One Award per Census Tract Limitation
  - Per 10 TAC §11.3(g), if two or more Competitive HTC Applications are proposing Developments in the same census tract in an Urban subregion, the lower scoring Application(s), including consideration of tie breakers, will be considered ineligible and will not be reviewed unless the higher scoring Application is terminated or withdrawn. This rule does not apply to Applications submitted under the USDA or the At-Risk Set-Aside.
- Part 7: Zoning and Flood Zone Designation
  - For the Zoning Designation, enter the code or descriptive name of the Site's current zoning exactly as it is stated in the local zoning code. For Flood Zone Designation, enter the FEMA description exactly as it appears on the FEMA floodplain map that is included in the ESA. Determine if the Site is inside or outside the 100-year floodplain according to the FEMA description corresponding to the FEMA code for the Development Site that appears on the map. Requirements regarding the floodplain are specified in detail in 10 TAC §11.101(a)(1).
  - Farmland Designation: to be completed if requesting Direct Loan funds.
- Part 8: Site and Neighborhood Standards (New Construction (HOME or NHTF) or Reconstruction (NHTF only))
  - Both boxes in this part must be checked if requesting Direct Loan funds and proposing new construction/reconstruction.
- Part 9: School Rating
  - Complete the form by listing each type of school and their respective TEA Accountability Rating. If an Applicant lists a school that received a TEA Accountability Rating of "Not Rated: Senate Bill 1365" for 2022, the Applicant must check the appropriate boxes on the Certification of Development Owner and provide the school letter pursuant to 10 TAC §11.101(a)(3)(E) behind this tab.
  - Note: Elderly Developments, Supportive Housing SRO Developments or Supportive Housing Developments where all Units are Efficiency Units, and Applications in the

USDA Set-Aside for Rehabilitation of existing properties are exempt and are not required to provide mitigation, **but are still required to provide rating information in the Application.**

Tab 8: Supporting Documentation for the Site Information Form

Each of the applicable exhibits listed on this form must be included behind it. Some of the boxes on the Supporting Documentation page will auto-populate. Supporting documents must be included for any that auto-populate or the response that originated the automatically marked box must be corrected.

- Street Map should indicate the location and approximate shape of the Development Site outlined on the map.
- Census Tract Map: must bear the full 11-digit number and indicate the location of the Development Site.
- Resolutions: sample resolutions are provided in the 2024 Multifamily Uniform Application Template file on the Department's website. If using a prior year resolution, be sure to check the 2024 templates to see if an applicable resolution was revised.
- Evidence of Zoning or Re-zoning in process: must exactly match the representation made in the Site Information Form. Applicants should refer to 10 TAC §11.204(10) for acceptable evidence.
    - Note: In instances where annexation of a Development Site occurs while the Application is under review, the Applicant must submit evidence of appropriate zoning with the Commitment or Determination Notice.
- Flood Zone Designation: must be the FEMA flood map submitted in the Environmental Site Assessment that contains the development area or documentation that substantiates sufficient mitigation efforts the local government has undertaken. Refer to 10 TAC §§11.101(a)(1) and 11.305(b)(3).
    - Note: The Certification of Development Owner includes stipulations regarding the conformity of the Site with the Department's rules regarding the floodplain.
- Farmland Designation: to be completed only if requesting Direct Loan funds.
- Site and Neighborhood Standards: A statement from the Applicant regarding how the Development will promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons AND DP-5 demographic Census data must be submitted behind this tab if the Applicant for Direct Loan funds is proposing a New Construction or Reconstruction Development.
- School Rating:
    - The table allows you to identify up to five public schools, the grade levels served at those schools, and their TEA Accountability Ratings.
    - Complete the yellow box if the school district has no attendance zones.

Tab 9: Site Information Form Part II

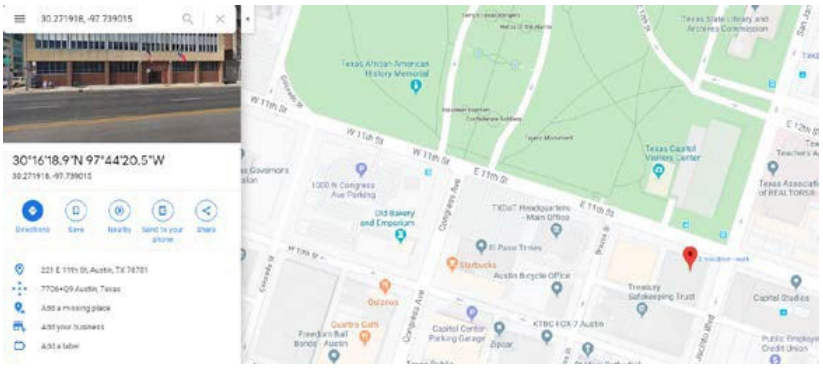
This form should be completed for Competitive HTC and Direct Loan Applications. All items on this form are related to scoring criteria and the selections made here will populate the self-score form. **The Concerted Revitalization Plan (CRP) packet should be included in the Application behind Tab 10**. The packet is posted at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm.

- Part 1 – Opportunity Index:
    - Applications must meet one of the threshold requirements in order to score points for amenities.

  - Use the drop-down boxes to indicate items selected for points Distance from a veteran's hospital, veteran's affairs medical center, or veteran's affairs health care center has been added.
  - The Application must include one or more maps indicating the location of the Development Site and the related distance to the applicable facility.
  - Distances are to be measured from the nearest boundary of the Development Site to the nearest boundary of the property or easement containing the facility, unless otherwise noted. For the purposes of this section, all measurements will include ingress/egress requirements and any easements regardless of how they will be held.
  - Include backup documentation for ALL selections.
  - Certify that no members of the Applicant or Affiliates had an ownership position in the amenity or served on the board or staff of a nonprofit that owned or managed that amenity within the year preceding the pre-application Final Delivery Date.
  - Select the Total Points Claimed from the drop-down box.
- Part 2 – Underserved Area: Select from the seven options available if requesting points for this item, and select the Total Points Claimed from the drop-down box.
  - Years are measured in whole years, and are calculated by deducting the year of the award from the "Board Approval" column of the property inventory of the Site Demographic Characteristics Report from the current year.
  - If §11.9(c)(6)(F) is selected and there are more than six contiguous tracts, include a separate page in the PDF Application listing those tracts.
  - If an Application qualifies for points under Opportunity Index (§11.9(c)(5)), then the Application is not eligible for points under the Colonia or Economically Distressed Area items (§11.9(c)(6)).
- Part 3: Proximity to Job Areas
  - Applicants can score under only one option.
  - Complete the applicable section based on the population of the municipality/unincorporated area if the Development Site is located within the required distance of the corresponding number of jobs.
  - Select the Total Points Claimed from the drop-down box.
- Part 4: Concerted Revitalization
  - If claiming points, be sure that no points are being claimed under the Opportunity Index. Complete the appropriate boxes and select amenities in the Urban or Rural section of Opportunity Index. The CRP Packet is required for Urban and Rural Applications requesting these points, and must be included behind Tab 10. Make sure supporting documentation is included in the CRP packet. The CRP packet must include evidence that the CRP is current at the time of Application Select the Total Points Claimed from the drop-down box.
- Part 5: Declared Disaster Area
  - If claiming points, simply mark the yellow box and select the Total Points Claimed from the drop-down box. The 2024 list of eligible counties is posted on the TDHCA website at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm.
- Part 6: Readiness to Proceed
  - For 9% Housing Tax Credit Applications, 1 point is available for applications that meet all the requirements of the section.

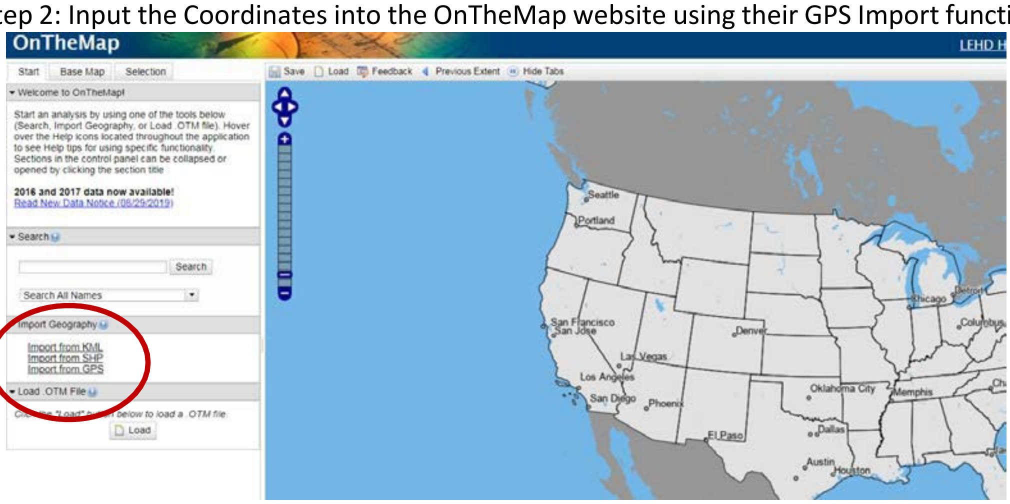
Instructions for using the OnTheMap tool for Proximity to Jobs

Step 1: Provide the GPS coordinates that clearly fall within the boundaries of the Development Site. An Application may have coordinates on the survey provided to meet the requirements of 10 TAC §11.204(14)(D), however this is not required. Staff will accept Applicant verification of GPS coordinates through an online map like Google Maps or Google Earth, **but it must be clear to staff that the GPS coordinates are tied to a spatial point that unequivocally falls within the boundaries of the Development Site.**

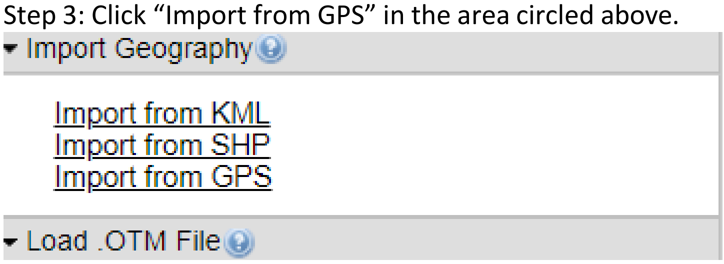


If using Google Maps or Google Earth or a similar mapping program/software, evidence similar to what is seen above must be placed in the Application.

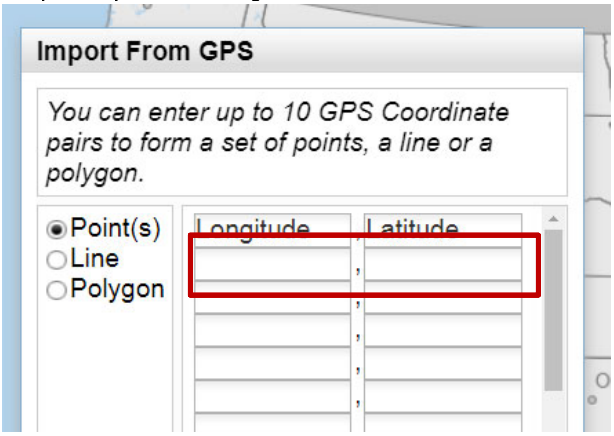
Step 2: Input the Coordinates into the OnTheMap website using their GPS Import function.



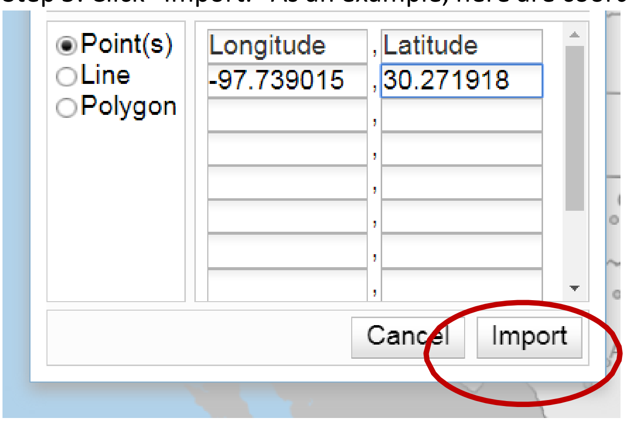
Step 3: Click "Import from GPS" in the area circled above.

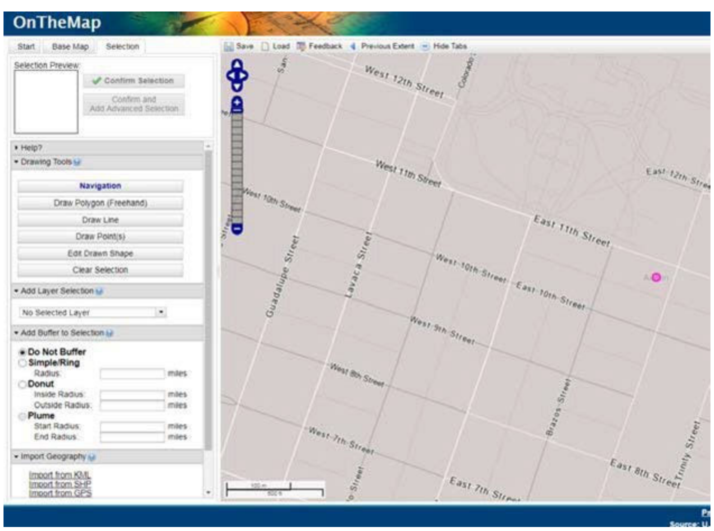


Step 4: Input the Longitude and Latitude coordinates.

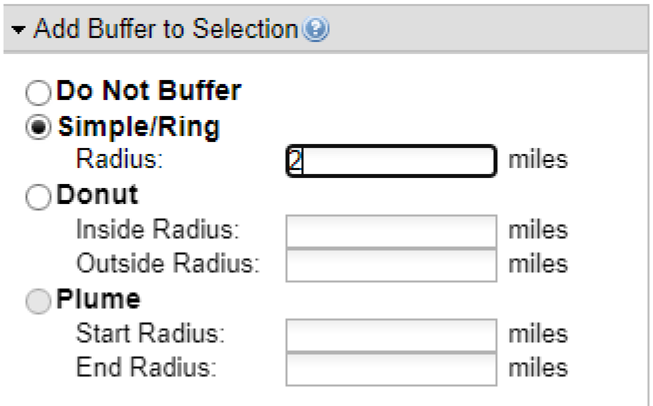


Step 5: Click "Import." As an example, here are coordinates for the TDHCA headquarters.

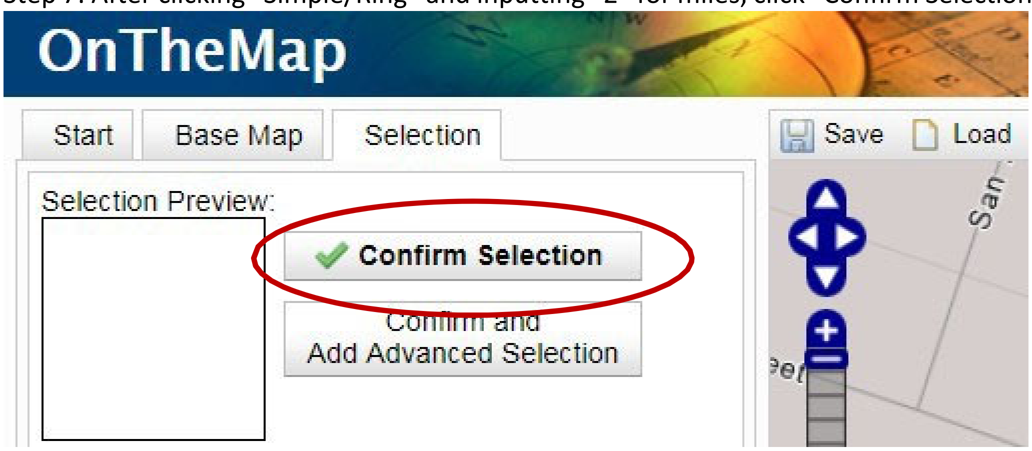




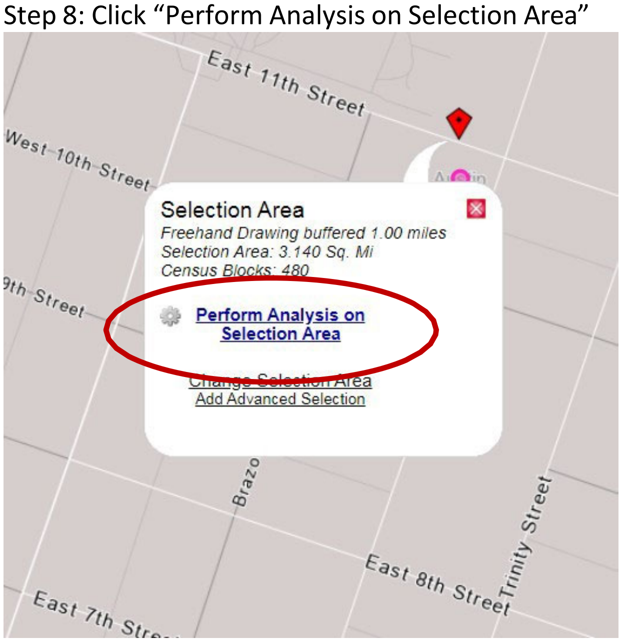
Step 6: After clicking "Import," you will see a screen similar to above, with your GPS coordinates now represented as a spatial point. In the area circled above, you now specify that you will look at jobs within a 2 mile radius of the spatial point.



Step 7: After clicking “Simple/Ring” and inputting “2” for miles, click “Confirm Selection.”

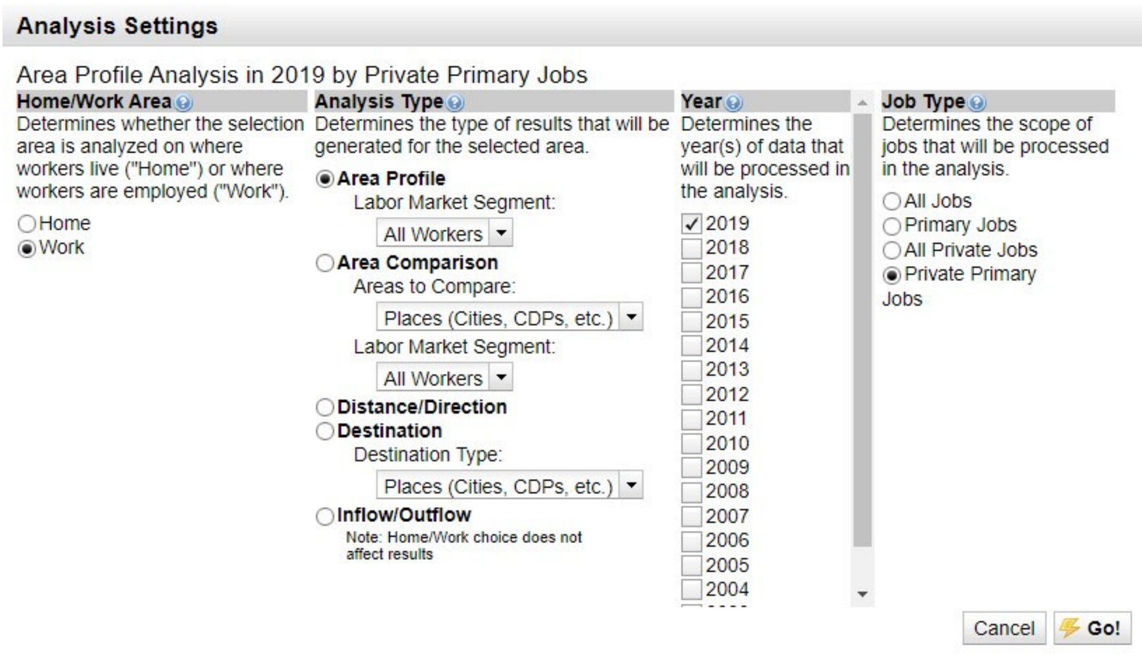


Step 8: Click “Perform Analysis on Selection Area”

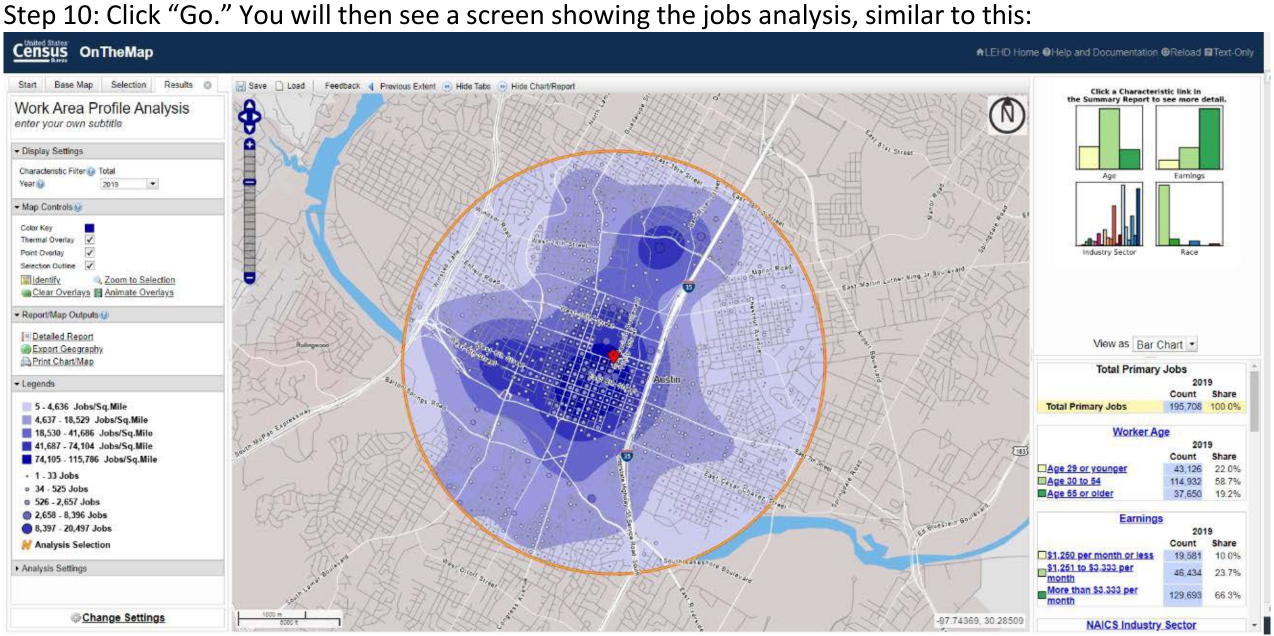


Step 9: Check the following boxes for certain categories: “Work” in column 1; “Area Profile” and “All Workers” in column 2; “2019” in column 3; and “Primary Jobs” in column 4. The latest data set posted to

the US Census website on or before October 1, 2023 will be used as required by the QAP.



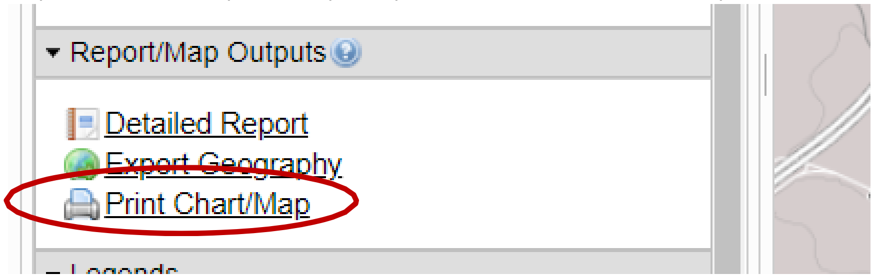
Step 10: Click "Go." You will then see a screen showing the jobs analysis, similar to this:

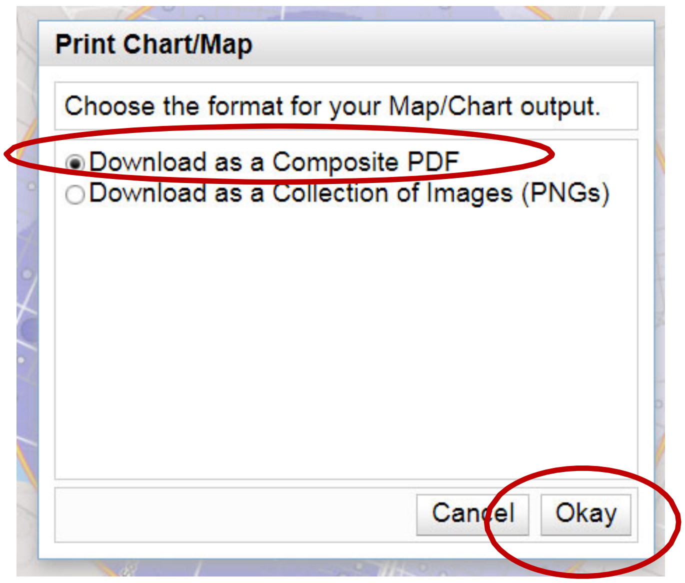


Be sure to zoom out, using the zoom tools circled above, so that the entire 2 mile radius can be seen around the spatial point.

IMPORTANT: take a screen shot at this point to show evidence of the coordinates ("ctrl, PrtScn" on the keyboard, then paste to a blank document, format as needed, then PDF). Include the screenshot behind Tab 2 in the PDF Application.

Step 11: Under "Report/Map Outputs," click "Print Chart/Map."





Select "Download as a Composite PDF" and then click "Okay." This produces a PDF report, with the map and the total job count. This report also has a time stamp so that staff can confirm that the report was generated on or after October 1, 2023 but before the Pre-Application Final Delivery Date. **Include this report and the screen shot in the PDF Application**.

Tab 10: Supporting Documentation for the Site Information Form Part II

- Opportunity Index information:
    - The map(s) should indicate the location of the Development Site and include an accurate radius appropriate for the asset. Refer to §11.9(c)(5)(B) for details regarding the radius.
    - Supporting documentation for each amenity selected should be included behind this tab. The documentation must provide evidence that the amenity meets each requirement of the QAP.
    - Written statements that the amenity meets the rules are not sufficient; evidence of how the amenity meets the rule is required.
    - Where applicable, Applicant must include a print-out of an online form showing that the entity is included in the applicable database:
        1. Evidence of the licenses held by child care centers can be found by searching for the child care center on the Department of Family and Protective Services (DFPS) website at: http://www.dfps.state.tx.us/Child_Care/Search_Texas_Child_Care/ppFacilitySearchDayCare.asp.
        2. Evidence of university of community college accreditation can be found by downloading the list of universities or community colleges on the Texas Higher Education Coordination Board (THECB) website. If the institution is listed, it is properly accredited: http://www.txhighereddata.org/Interactive/Institutions.cfm.
- Evidence of Underserved Area (§11.9(c)(6):
    - For sites located within a colonia, Evidence of the boundaries of the colonia from the Office of the Attorney General and a map showing the colonia is located within 150 miles of the Rio Grande river border is also required. Information regarding colonias can be found by using the Border Colonia Geography Online tool on the Attorney General's website at: https://www.texasattorneygeneral.gov/cpd/colonias.
    - For sites in an economically distressed area, the Application must include evidence that the site is located in both of the following:
        1. A census tract that has a median household income that is less than 75 percent of the statewide median household income.
        2. A municipality or county that has been awarded EDAP funds administered by the Texas Water Development Board (TWDB) within the five (5) years ending at the beginning of the Application Acceptance Period This information can be found by clicking on "EDAP status report" on the right side of the page of the TWDB website at: http://www.twdb.texas.gov/financial/programs/EDAP/index.asp.
    - For sites located in areas covered in items (C), (D), (E) or (F), the year count will be based on January 1 of the year of award.. **Use the year indicated in the "Board Approval Year" column of the Property**

  - **Inventory tab of the Site Demographic Characteristics Report to find this information.**
  - For item (G), include evidence of the date the Development was placed in service, evidence that the Development is still occupied, and evidence of the source(s) of funds for any rehabilitation that has been performed on the Development.
- Proximity to Job Areas:
  - Provide the Composite PDF report showing the date the report was run. **Data will be based on the latest data set posted to the US Census website on or before August 1, 2023.**
- Concerted Revitalization Plan:
  - **If requesting points for a concerted revitalization plan, the CRP packet must be submitted behind this tab**. The packet may include either the entire plan or a link to the plan. In general, the CRP packet must include a description of where specific information can be found in the plan including evidence of adoption and any delegation of parts of the plan. Identify where each component of §11.9(d)(7)(A) for Urban and §11.9(d)(7)(B) for Rural have been met within the plan itself or using third party evidence. No more than two (2) plans may be submitted for each Application.
- Declared Disaster Area:
  - If the county in which the Development Site is located in listed on the 2024 List of Declared Disaster Areas, no further documentation is required.
  - If the Applicant believes the county in which the Development Site is located was omitted from the list and should be listed, include evidence that the Development Site is located in an area declared to be a disaster area under Tex. Gov’t Code §418.014 at the time of the Full Application Delivery Date, or at any time within the two-year period preceding the Full Application Delivery Date (on or after March 1, 2024).
- Readiness to Proceed:
  - If claiming points, the Application must include a certification from the Applicant stating that site acquisition and building construction permit submission will occur on or before the last day of March of the following year. Applications must include acknowledgement from all lenders and the syndicator of the required closing date.
  -
  - **These points are not available in the At-Risk or USDA Set-Asides.**
  - **The Board cannot and will not waive the deadline and will not consider a waiver under its general rule regarding waivers. Failure to acquire the site and submit construction permits by March deadline will result in penalty under 10 TAC §11.9(f), as determined solely by the Board.**
  - Applications that remain on the waiting list after awards are made in late July that ultimately receive an award will receive an extension of the March deadline equivalent to the period of time between the late July meeting and the date that the Commitment Notice for the Application is issued.

Tab 11: Site Information Form Part III

- This form is divided into 5 parts. All Applicants must complete the first four parts, and part five is relevant for tax credit (9% and 4%) Applications only.
  - Part 1: Site Acreage
    - Identify the acreage listed on each of the four Application exhibits. The site acreage in each of the four spaces should agree. If there are discrepancies, the acreage of the site plan should at least be contained within the acreage of each of the other exhibits.
    - The site control document (e.g. purchase contract, lease and/or deed) often reflects more land than the site plan but may never indicate less (unless the site

control documents include multiple documents, each relating to a portion of the site, all of which encompass the entirety of the site).

- The entry for the site plan is the most important of the four entries. It must be the actual size of the final Development Site, taking into account any reductions for any circumstances (easements, dedications, etc.) that require land to be taken away from the final Site as it will be defined in the LURA.
- The size of the Site that is reflected by the appraisal, if applicable, should match the size indicated by the site plan in that it should never be less than the size in the site plan. However, under certain circumstances, more land might be appraised than the final Site.
- The ESA, like the site control document, often encompasses more land than the area of the final Development Site, but it may never be a lesser amount.
- Added are the survey and the engineer's Site Plan that are found in the Feasibility Report.
- Note: Any differences in the sizes of the land stated in any of the four responses should be explained in the space provided, e.g., more land was purchased and studied in the ESA than is projected to be used for the Development Site. **We need to know any and all factors that may make the size of the final Development Site different from that presented in Application documents**.

- Part 2: Site Control
  - Complete the yellow highlighted cells identifying the seller, date of sale and any relationship between the seller and the Applicant and/or any member of the Development Team. Explain any relevant affiliations.
  - Identify all sellers of the property or any interest therein for the 36 months prior to January 2, 2024, and their relationship to the Applicant.
  - Be sure to include the date of last sale.
  - NEW: For Tax-Exempt Bond Developments, if the Application involves an Identity of Interest transaction, an explanation regarding how the project qualifies for acquisition credits given the requirements of IRC §42(d)(2)(B)(iii) must be provided in the box.
  - Indicate the document being presented as evidence of site control by marking the appropriate box and fill in the expiration date and estimated closing date of the contract for lease, purchase, or other form of conveyance as applicable.
  - If the Applicant will not have fee simple ownership of the property upon closing on the financing, please indicate the type of interest the Applicant will have in the property in the text box at the bottom of Part 2.
  - For Tax-exempt Bond Developments that do not include a request for Direct Loan or include the Department as the bond issuer, the Applicant must select one of the two boxes indicating whether the Site Control submitted to the BRB for the Certificate of Reservation to be issued is still valid OR that there have been changes to the Site Control since reviewed by BRB. If there have been changes the Applicant should include a description of the changes in the box provided. **NOTE: If Identity of Interest land acquisition or Acquisition/Rehabilitation then Site Control must be provided regardless.**
- Part 3: Ingress/Egress and Easements
  - If land for ingress and/or egress and any easements is held separately from the property described in the site control documents, describe how the land is held. Documentation of rights of ingress/egress must be included within site control.
- Part 4: Re-platting or Vacating Requirement
  - If control of the entire proposed Development Site requires that a plat or right

of way be vacated, evidence that the vacation/re-platting process has started must be included in the Application, and evidence of control of the entire Development Site must be provided by the time of Commitment, or Contract, as applicable.

- Part 5: 30% Increase in Eligible Basis ("Basis Boost")
  - The "boost" may be granted to tax credit Developments in certain locations and/or for certain types of Developments. If the Development is in an eligible QCT, Rural, Supportive Housing, or in a high opportunity area, these boxes will auto- populate. If claiming the boost under §11.4(c)(2) or §11.4(c)(3)(D) or (E) or (F), mark the appropriate box.
  - If claiming eligibility for the boost for a Development located in a Small Area Difficult Development Area (SADDA), or for Rural areas located in a Difficult Development Area (non-metro DDA), a SADDA or non-metro DDA map must be submitted that clearly shows the proposed Development is located within the boundaries of a SADDA or non-metro DDA, as applicable. https://www.huduser.gov/portal/sadda/sadda_qct.html
  - If claiming eligibility for the boost by restricting additional units for households below 30% AMGI, note that the Application does not make this calculation and that applicants should reference 10 TAC §11.4(c)(3)(D) as well as 10 TAC §11.9(c)(1) and (2) to ensure that enough units are set aside to meet these requirements.
  - For Competitive HTC Applications submitted in 2024, the 2024 lists of Qualified Census Tracts (QCTs) and DDAs are effective. For 4% HTC Applications, refer to 10 TAC §11.4(c)(4) regarding how the boost will be considered based on effective dates and other factors relating to QCTs and DDAs.
  - If claiming eligibility for the boost for a Development located in a Qualified Opportunity Zone, a Qualified Opportunity Zone map must be submitted that clearly shows the proposed Development is located within the boundaries of an eligible census tract.
  - Opportunity Zones - Map | opportunityzones.hud.gov
    - Note: Per IRS Announcement 2021-10, the boundaries of opportunity zones are unaffected by 2020 census changes.

Tab 12 – Supporting Documentation from Site Information Part III

Provide the site control document, title commitment or policy, and each MFDL exhibit as applicable according to the list provided in the Application. Note: **For Applications involving scattered sites, please group all applicable items below**, identifying the Site by the line number in the Multiple Site Information Form (e.g. if there are five different scattered sites, provide the site control, zoning, etc. for Site #1 in a group, and the same for Site #2, etc.).

- Evidence of Site Control: See 10 TAC §11.204(9) for details regarding site control. Be aware that for Competitive HTC Applications the rules for scoring the submission of a pre-application are affected by site control.
  - If the evidence is not in the name of the Development Owner, then an Affiliate of the Development Owner must have site control that does not expressly preclude an ability to assign the Site Control to the Development Owner or another party.
  - If in the form of a lease or contract for lease, the existing lease must have 45 years remaining, or the contract must be for a minimum 45-year term.
  - For identity of interest transactions, refer to 10 TAC §11.302(e)(1) regarding how the acquisition cost will be underwritten.
  - For scattered sites, if submitting multiple contracts, deeds, etc. each one must meet all

of the requirements of 10 TAC §11.204(9). Each must clearly have the address identified and be consistent with the Scattered Site Information Form (e.g. If the Development consists of 3 parcels of Property, 3 contracts/deeds, etc. must be provided or one form of site control must clearly identify and cover all 3 parcels).
  - If ingress and egress to a public right of way are not part of the Property described in the site control documentation, the Applicant must provide evidence of an easement, leasehold, or similar documented access, along with evidence that the fee title owner of the property agrees that the LURA may extend to the access easement.
- Title Commitment or Title Policy: See 10 TAC §11.204(11) for detailed requirements regarding title documents.
  - Tax-Exempt Bond Developments that do not include a request for Direct Loan or include the Department as the bond issuer and do not involve an Identity of Interest are exempt from this requirement.
  - The title commitment or policy should be in the name of the Development Owner. In addition, the current owner reflected on any title commitment or policy should match the current owner listed on any purchase or lease agreements.
  - If documentation is more than six months old prior to the beginning of the Application Acceptance Period a letter from the title company/Bureau of Indian Affairs indicating that nothing further has transpired on the policy, commitment, or status report must be provided.
  - For scattered sites, a title for each separate Site must be submitted. Each must have the Site clearly identified. It must be consistent with the site control document submitted for the same piece of Property as well as the Scattered Site Information Form (e.g. if the Development consists of 3 parcels of Property, 3 separate labeled titles must be provided).
- Increase in Eligible Basis (For 9% or 4% HTC)
  - If claiming eligibility for the boost for a Development located in a QCT, a QCT map must be submitted that clearly shows the proposed Development is located within the boundaries of a QCT. In addition, New Construction or Adaptive Reuse Developments must include a resolution if claiming eligibility for the boost for a Development located in a QCT with greater than 20% HTC Units per total households, pursuant to 10 TAC §11.4(c)(1).
  - If claiming eligibility for the boost for a Development located in a SADDA or non-metro DDA, a SADDA or non-metro DDA map must be submitted that clearly shows the proposed Development is located within the boundaries of a SADDA or non-metro DDA.
  - 30% Units used for the boost cannot be used to meet any scoring criteria or to meet any MFDL program requirement.

Tab 13: Multiple Site Information Form

The Multiple Site Information Form was created as an aid to determining how lots and tracts that have separate descriptions fit together to form the Development.

- If a Development proposal requires the submission of more than one purchase contract, lease contract or deed to evidence Site Control, the Applicant must complete one block of the Multiple Site Information Form for each Property that will be aggregated into the Development.
- In general, the Application must sufficiently describe the properties in the contracts and deeds so that each Property can be identified within the survey(s) of the Development Site(s).
- Evidence must show that the Property determined by the survey of the Development Site is entirely under the Applicant's Control and any land that is purchased in excess of the Development Site must be described in a way that makes the excess area apparent in both quantity and location.

- In all cases, the Application must include a survey that indicates the legal description of each lot, alley, roadway and tract as described in the documents evidencing the Applicant's Control. If more than one survey is necessary to depict the land under control, the relative locations of the land should be clear and the fit of each part into the whole should be apparent. If a contract includes land that is only described by metes and bounds, a survey showing the boundaries corresponding to these same metes and bounds and labeled with the corresponding bearings and distances should be provided.
- **In all cases, the Application must include an overlay plat of the Development Site, including any accessible pedestrian routes or private roads that the Development Owner controls, and any public road or similar barrier where the Development Owner has a written agreement with the public entity stating that the accessible route will remain for at least the term of the LURA.**
- The desired result of these descriptions and drawings is a clear depiction of the land under the Applicant's Control and the relationship of this land to the Property that will be the Development Site(s). A further explanation of the information requested for multiple site development proposals is provided by the instructions for filling out the Multiple Site Information Form in the Application itself.
    - Note: Lines 163-437 are hidden and available should additional spaces be needed.

Tab 14: Public Notifications

- If a pre-application was submitted that correctly identified all the elected officials, and no re-notifications or corrections are required (e.g., no information has changed), check the first box and leave the rest of the form blank.
- If a pre-application was submitted and additional notification or re-notification was required for any reason, check the second box. Complete the entire form, indicating the elected official(s) that were notified or re-notified prior to submission of the full Application.
- If no pre-application was submitted, check the third box and complete the entire form.
- Please note that this form becomes part of the Certification of Notifications. For details regarding the notification requirements, refer to 10 TAC §11.203.

Tab 15: Neighborhood Organizations

- If a pre-application was submitted that correctly identified all the Neighborhood Organizations, and no re-notifications or corrections are required (e.g., no information has changed), check the first box and leave the rest of the form blank.
- If a pre-application was submitted and additional notification or re-notification was required for any reason (whether changes to the Application or to the Neighborhood Organization), check the second box. Complete the entire form, indicating the Neighborhood Organization(s) that were notified or re- notified prior to submission of the full Application.
- If no pre-application was submitted, check the third box and complete the entire form.
- **This includes all Neighborhood Organizations on record with the state or county 30 days prior to the beginning of the Application Acceptance Period whose boundaries include the entire proposed Development Site.**

Development Activities

Tab 17: Development Narrative

The Development Activities tabs are colored red, and contain all information regarding the planned construction on the Site. This includes physical features, such as architectural drawings, Development amenities, and Target Population.

- Part 1: Construction Type
  - Choose one construction type from the drop-down menu and answer all appropriate questions. Note that Applications proposing adaptive reuse must select “New Construction” as the construction type and select “Adaptive Reuse” as the secondary type (adaptive reuse for new construction or rehab for MFDL). If questions are not relevant, answer with N/A, leaving no yellow highlighted cells blank.
  - If Application is proposing to be an additional phase to an existing, previously awarded Development, indicate the name of the existing Development and the Application ID associated with that Development.
- Part 2: Target Population
  - Identify the Target Population from the drop-down menu provided.
  - Refer to 10 TAC §11.1(d)(47) for more information on how Elderly Development is defined. **If selecting Elderly because the proposed Development receives federal funding that has a requirement for a preference or limitation for elderly persons or households, but must accept qualified households with children, complete the statement in this section by choosing the funding source from the drop-down menu in the space provided and submit supporting documentation for that financing behind the tab**. To the extent that the Development will receive other funding that has a requirement for a preference or limitation with regard to population(s) served, a text box is available for Applicants to indicate the type of funding and the preference or limitation imposed by that type of funding.
- Part 3: Staff Determinations
  - If a staff determination was made pursuant to §11.1(l), mark the box with an “x” and submit a copy of the determination behind this tab. If a waiver was previously approved by the Board, mark the box with an “x” and submit a copy of the Board write-up behind this tab. If no determination or waiver was required, simply leave the box blank.
- Part 4: Narrative
  - Applicants are required to provide a brief development narrative and should also use this space as an opportunity to explain any unique circumstances surrounding the proposed Development. The narrative must describe unusual aspects including, but not limited to, the following:
    - Unusual or complex Site Control arrangements and/or relationships between buyer and seller or landlord and tenant, e.g., condominium, leasehold, leased fee, Related Parties, etc.;
    - Unusual building types, e.g., mid-rise, high-rise, modular construction, historic structure;
    - Uses other than residential rental units, e.g., structured parking garage, commercial space (retail, office, etc.), community center, etc.;
    - Rental subsidies and/or operating subsidies (summary in Development Narrative with detail in Financing Narrative);
    - Age or population restrictions
    - Considerations regarding general public use requirements and the Integrated Housing Rule;
    - Descriptions of unusual tenant services; e.g., if space will be provided for medical services/exams, state clearly who will provide those services to ensure no violation of 10 TAC §11.101(b)(1)(A)(iii);
    - Unit configuration changes on Rehabilitation Developments; and

- Any and all issues that would require approval or clearance by staff or the Board.
  - **Please double-check that any specific information about the Development that is also provided elsewhere in the Application is consistent. For example, if the narrative describes 4 residential buildings, then the architectural plans and Building/Unit Configuration form should reflect the same.**
- Part 5: Funding Request
  - Applicants should carefully fill in all relevant cells highlighted in yellow. This form is used to auto-populate other parts of the Application, including the scoring item related to Leveraging of Private, State and Federal Resources. Applicants are encouraged to review this form carefully for errors.
  - There is no verification of funding amounts built into the Application, so Applicants should also be aware of any funding limit requirements before completing this form.
  - NOTE: For Tax-Exempt Bond Developments, pursuant to §11.201(2), if at the time of Application submission, other Department funding is over-subscribed, the submitted Application cannot include a request for such funds.
- Part 6: Set-Aside
  - This section is applicable to Multifamily Direct Loan and Competitive HTC Applications only.
    - Applicant should indicate if Development will provide a High Quality Kindergarten at the Development Site.
  - Applicants will be asked to submit the appropriate supporting documentation for the set-aside at different parts of the Application. **Selections for At-Risk and USDA are independent of each other. Only select both if both apply. An Application can be At-Risk without being USDA, and the opposite is true. Only select what is true for your Application.**
  - For the MFDL selections, indicate which NOFA applies and which Set-Aside applies.
  - **For Competitive HTC Applications seeking Pre-application Participation points, Set-Asides may not be changed from pre-application to Application.**
  - Part 7: Previously Awarded State and Federal Funding All cells highlighted in yellow require data entry or selection by the Applicant. If a particular question is not applicable to the Application, type in “N/A.”
- Part 8: Qualified Low Income Housing Development Election
  - This applies only to HTC (9% and 4%) Applications. Applicants should understand that once an election is made it is irrevocable. Applicants are also encouraged to check this election against the Rent Schedule to ensure that there are enough 50% or 60% Units (whichever is applicable) to be consistent with the election, or that the average does not exceed 60% AMFI if electing Average Income, and, for competitive HTC Applications, that the average does not exceed the percentage pursued through competitive scoring in §11.9(c)(1)(C) or (D).
- Part 9: Scope of Work Narrative
  - For Rehabilitation (excluding Reconstruction) and Adaptive Reuse Tax-Exempt Bond Developments that do not include a request for Direct Loan or where the Department is not the bond issuer, a Scope and Cost Review is not required. However, the Application must include a Scope of Work Narrative, as described in 10 TAC §11.306(k), behind this tab.
  - **Remember: 20/50 requires ALL Units in the set-aside to be 50% or less and they can NEVER rise to 60%. 40/60 allows for Units to be at 50% and they can rise to 60% in the future.**
  -

Tab 18 – Development Activities Part I

This tab is divided into 4 parts, all of which need to be completed for all Applications. The selections made here serve to certify that the Development will meet various requirements under 10 TAC §11.101.

- Part 1: Common Amenities
  - The number of units and points will auto-populate. Applicants proposing scattered site Developments should review this rule carefully in order to determine the appropriate number of points.
- Part 2: Unit Requirements
  - Mark the one appropriate highlighted cell each from Part A and Part B.
- Part 3: Resident Supportive Services
  - Mark the highlighted cell that is applicable.
- Part 4 – Development Accessibility Requirements - Mark the appropriate cells. Applicants should pay special attention to ensure that the design of the Development is in compliance with 10 TAC §11.101(b)(8).

Tab 19 – Development Activities Part II

This tab is divided into 12 parts. All items on this form relate to scoring criteria and are not applicable to 4% HTC. Except for Parts 2 and 3 that relate to MFDL, the selections made here will populate the self-score form.

- Part 1: Size and Quality of the Units
  - Mark the appropriate highlighted cell. Points claimed will auto-populate.
- Part 2: Quantity of Low Income Units
  - Only Applicants applying for 9% Competitive Housing Tax Credits can complete this part. If an application elects to score points under the Quantity of Low Income Units, the applicant must select one of the available box's based on their designation of Urban or Rural.
- Part 3: Income Levels of the Residents
  - For Applications electing 20% at 50% or 40% at 60%:
    - The Rent Schedule must be completed before a score can be calculated.
    - The Total Number of Low-Income Units at 50% or less of AMGI will auto-populate from the Rent Schedule.
    - You must enter (in the second box) the number of 30% Units from the above number that will be used for points under 10 TAC §11.9(c)(2).
    - **Note: This number cannot be greater than but can be less than or equal to the total number of 30% Units indicated in the Rent Schedule**.
    - You must enter (in the third box) the number of 30% Units that will be used to satisfy the requirements of §11.4(c)(3)(D) related to the Increase in Eligible Basis (30% boost). **Applicants not requesting the boost or achieving the boost under another provision (QCT, Rural, etc.) should leave this box blank**.
    - The fourth box will subtract all of the 30% Units used for either points or the boost from the total number of Units at 50% or less of AMGI.
    - The fifth box will calculate the percentage of Units at or below 50% of AMGI available for points under 10 TAC §11.9(c)(1).
    - The boxes to the right of the scoring items will populate based on the information entered. This is to allow the Applicant to see the score supported by the entries. These scores do not populate the Self Score form. Select your score in the yellow box at the end of the scoring item.
  - For Applications electing Average Income:
    - See the average income calculation worksheet added under Tab 24a. Based on data entered in the Tab 24 worksheet, the average income percentage

calculation will populate. Changes must be made on the calculation worksheet if the average is not what the Applicant intended. Include this worksheet in both the Excel and PDF versions of the Application.
    - Select requested points in the yellow highlighted cell (if requesting points).
- Part 4: Rent Levels of the Residents
  - Select the highlighted cell that is applicable. The Rent Schedule must be complete before a score can be calculated, and the Total Points claimed will not auto-populate if more than one box is marked.
  - Note: There is no calculation to determine eligibility for points. Applicants need to double check that points claimed here are consistent with the number of Units represented in Part 3, cell B36, “Number of Units used to score points under §11.9(c)(2).”

Income & Rent Levels of Residents Worksheet The worksheet does not apply for those Applications electing average income. Except for the income averaging portion, Parts 3 and 4 above both relate to income targeting and are similar in many ways. However, it is important to note that the Income Levels of Residents awards points for the number of Units at or below 50% AMGI, which may include 30% Units. The Rent Levels of Residents awards points solely on the number of Units at 30% AMGI. **It is important that the same 30% Units are not counted for both scoring items**. Staff created a table located outside of the print area of the Development Activities exhibit (Tab 19a) to assist Applicants in determining their eligibility for points. The worksheet should be submitted in the PDF Application. The worksheet is a tool for use by Applicants to determine their eligibility for points under 10 TAC §§11.9(c)(1)(A) or (B) and 11.9(c)(2) depending on how many total LI Units are proposed.

- Column (a) contains a highlighted yellow cell that represents the total number of LI Units. Applicants can manipulate this cell to determine the number of Units at or below 50% AMGI needed for points under §11.9(c)(1) and the number of LI Units left over to qualify for points under §11.9(c)(2).
- Once the Rent Schedule has been completed, the top right-hand corner of the worksheet pulls from it the total number of low-income (LI) Units as well as the total number of 30% Units. These two numbers cannot be manipulated.
- Above column (a), there is a cell for Applicants to input the number of 30% Units being used to satisfy the boost provision under §11.4(c)(2)(D); Applicants not requesting the boost or achieving the boost under another provision (QCT, Rural, etc.) should not enter anything into this cell in order to effectively use the worksheet. TIP: In order to double-check the final Application submission and eligibility for points, this number should equal the red bolded number that auto-populates in the right-hand corner.

Applicants should always independently verify that the calculations are correct and that the spreadsheet is not rounding. Staff attempts to include calculations in certain areas as a courtesy but it is the Applicant's responsibility to verify that their Application meets the underlying rules.

- Part 5: Resident Supportive Services
  - This is a scoring item for all 9% HTC and MFDL Applications.
  - Select a highlighted cell if applicable.
- Part 6: Resident Populations with Special Housing Needs
  - This is a three-part scoring item for 9% HTC Applications worth up to three (3) points. Refer to the rule for all of the requirements for the scoring items:
    - In Part A, the Applicant elects to commit at least 5% of the total Units for Persons with Special Housing Needs. Units identified for this scoring item may not be the same Units identified previously for the Section 811 Program. Part A is worth two (2) points.
    - One (1) point can be scored in Part B only if points were elected in Part A. In Part B, the Applicant elects to commit at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness.
    - In Part C, If the Development is Supportive Housing and has a proposed occupancy preference or limitation for Veterans or a subgroup of only Veterans that is required or allowed by other federal or state financing by the Full Application Delivery Date. These points are only available to the Developments that are proposed to be located on sites owned by the United States Department of Veterans Affairs (1 point).
- Part 7: Pre-application Participation

  - Mark the highlighted cell if claiming points.
- Part 8: Extended Affordability
  - Mark the highlighted cell of the applicable election if claiming points.
- Part 9: Historic Preservation
  - If claiming points for Historic Preservation, documentation must be submitted behind this tab. All appropriate boxes must remain checked for points. A letter from the Texas Historical Commission stating that the property is already a Certified Historic Structure OR that the Commission has established preliminary eligibility for the structure are acceptable for points.
- Part 10: Right of First Refusal
  - Mark the highlighted cells if claiming points.
- Part 11: Funding Request Amount
  - Mark the highlighted cell if claiming points.

Tab 20: Existing Development Information

This form is divided into three sections, which are all relevant to specific types of Applications. See the headings for each part to determine if it is applicable.

- Part 1: At-Risk Set-Aside (Competitive HTC Developments applying under the At-Risk Set-Aside Only)
  - Section A: Mark the highlighted cell next to all applicable subsidies or benefits. Mark each condition that is applicable.
  - Section B: If the At-Risk units are owned by a Public Housing Authority, mark each box that is applicable. Be sure to include all applicable information for RAD Developments. The Application should indicate the PHA under which the RAD Units proposed for the Development have been reserved.
  - All boxes that apply to a Development applying under the At-Risk Set-Aside under Sections C, D, and E should be marked.
- Part 2: Existing Development Assistance (All Applications)
  - Section A. Indicate the type of assistance the Development is expected to have or continue from the drop down box and include a brief description of the restrictions or subsidies in the space provided. Fill in the remaining highlighted cells based on the information in the contract, which should be included behind Tab 35.
  - Section B. If claiming acquisition credits in an HTC Application, fill in all applicable highlighted cells.
  - **Note: A box has been added that requires an Applicant to describe how the acquisition will meet the requirements of IRC §42(d)(2)(B). If the Development does not meet the requirements under Section 42 relating to the 10-year hold period and the Applicant believes it qualifies for the exemptions under Section 42 then an explanation must be included in the box provided.**
- Part 3: Lead Based Paint (Multifamily Direct Loan Applications Only)
  - If the Development was constructed before January 1, 1978, mark each of the highlighted cells that apply

Tab 21 – Occupied Developments

- If any structure on the Development Site is occupied at any time after the beginning of the

Application Acceptance Period, even if demolition is proposed, or if a federal subsidy is being transferred from another site and the costs of relocation will be part of the Total Development Costs one of the following items must be provided (Mark the appropriate box):
    - Historical monthly operating statements for 12 consecutive months ending not more than three months from the first day of the Application Acceptance Period; or
    - The two most recent consecutive annual operating statement summaries; or
    - The most recent consecutive six months of operating statements and the most recent available annual operating summary; or
    - All monthly or annual operating summaries available.
- Each of the following items, as applicable, must be provided:
    - A rent roll not more than six months old as of the first day of the Application Acceptance Period that discloses the terms and rates of leases, rental rates offered at the date of the rent roll, Unit mix, and tenant names or vacancy;
        - The rent roll should not be included in the Application, submit it as a separate document to protect resident information. Ensure rent rolls do not include unnecessary information, such as identifying who lives in mobility accessible units.
    - A written explanation of the process used to notify and consult with the tenants in preparing the Application;
    - A relocation plan outlining relocation requirements and a budget with an identified funding source;
    - Any documentation necessary for the Department to facilitate, or advise an Applicant with respect to or to ensure compliance with the Uniform Relocation Act and any other relocation laws or regulations as may be applicable; and
    - Evidence that a relocation plan has been submitted to the appropriate legal or governmental agency.
- If one or more of the above is not applicable, based upon the type of occupied structures on the Development Site, provide an explanation in the highlighted box.

Tab 22 – Architectural Drawings

Please ensure all drawings are legible. **Do not submit drawings above and beyond those required under the rules**. Anything submitted beyond what is required must be reviewed by staff and will slow down the review process. **Do not submit layered plans**. If when you open your plans the document loads a little bit at a time, the document is layered and we cannot accept it. In order to reduce the file size and speed review of drawings, Applicants are encouraged to submit plans as 600dpi images. Following these steps in Adobe Acrobat will convert most plans:

File > Print > Printer: Adobe PDF > Advanced > Settings: Custom > [√] Print As Image 600dpi > OK
Properties > Adobe PDF Settings > Default Settings: High Quality Print

To mitigate against inconsistencies in the Application, if accessible units are of the same floor plan/unit type as other units, Applicants are not required to specially denote such accessible units within the architect's table or Building/Unit Type Configuration exhibit as long as these units are specified in the site plan or building floor plans.

- Site Plan
    - Be sure that your architect follows the list closely.
- Building Floor Plans
    - These plans be submitted for each building type. Building floor plans must include the

locations of the accessible Units and must also include square footage calculations for balconies, breezeways, corridors and any other areas not included in Net Rentable Area. These must also include the exterior dimensions (exterior stud face to exterior stud face) of each building type.

- If average income is elected, Application must provide assurance that 20%, 30%, 40%, 50%, 60%, 70% and 80% Unit designations are/will be dispersed across all Unit Types in a manner that does not violate fair housing laws. (10 TAC §10.605).
- Unit Floor Plans:
  - These plans must be submitted for each Unit type and must include the square footage for each type of Unit. Applications for Adaptive Reuse are only required to submit Unit floor plans for each typical Unit type and for all Unit types that vary in NRA by more than 10% from the typical Unit of each type. Unit floor plans must be submitted for the accessible Units for all Developments and must include the exterior dimensions (exterior stud face to exterior stud face) of each Unit Type
- Building Elevations
  - This information be submitted for each side of each building type (or include a statement that all other sides are of similar composition to the front) and must include percentage estimates of exterior composition of each elevation, roofing material and proposed roof pitch. Rehabilitation Developments may submit photographs if the Unit configurations are not being altered and post-renovation drawings must be submitted if Unit configurations are proposed to be altered.

Applicants are encouraged to submit architectural plans grouped by type of plans (e.g., building floor plans for all buildings, followed by unit plans for all units, followed by elevations for all buildings) as opposed to building by building (e.g., all plan sheets for building one, all plan sheets for building two).

Tab 23: Specifications and Building/Unit Configuration

- Specifications and Amenities
  - Required for all Development types (i.e. New Construction, Rehabilitation, etc.); no exceptions. Complete all yellow highlighted cells as applicable. Under parking requirements, indicate number of spaces of each parking type that will be free of charge and number of spaces that will be available to tenants for a fee.
- Building/Unit Configuration
  - Information on this chart should be consistent with the Rent Schedule and the architectural drawings. For Supportive Housing Applications Only: The breakdown of common area square footage at the bottom of the page must agree with the architectural plans.
  - This form includes worksheets 23a, 23b, and 23c. These worksheets will help you determine the distribution of mobility and hearing/visual accessible Units and accessible parking spaces. Include these worksheets in the Application.
  - Parking:
    - Basic requirement: The number of parking spaces must be adequate and consistent with local code, unless there is no local code, in which case the requirement is one and a half (1.5) spaces per Unit for non- Elderly Developments and one (1) space per Unit for Elderly Developments. The minimum number of required spaces must be available to the tenants at no cost.
    - ADA Chapter 2 Section 208 standards always apply to all parking in every

development. In some instances, Fair Housing Accessibility (FHA) requirements will also apply. Below are links to both standards.
https://www.ada.gov/regs2010/2010ADAStandards/2010ADAStandards.pdf
https://www.huduser.gov/publications/pdf/fairhousing/fairch2.pdf

- **Do not use the information at the bottom of the form unless your Application proposes supportive housing.**
    - Per 10 TAC §11.9(e)(2) related to Cost of Development per Square Feet: If the proposed Development is a Supportive Housing Development, the NRA will include Common Area up to 75 square feet per Unit, of which at least 50 square feet will be conditioned.
- If a revised form is submitted during the Application review process, indicate the date of submission at the bottom of the form.

Tab 23d: Engineer/Architect Certification

- This certification must be executed by the Development engineer or accredited architect can be found on the Department's website at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm.
- New Construction Direct Loan Applicants must have the architect certify Development Site is sufficient in size, exposure, and contour to accommodate the number of Units proposed.
- If the Architect has not signed the accessibility forms in Tab 23 of the Application, the certification requires a separate statement be submitted that describes how the accessibility requirements for the physically accessible/hearing and visual impaired Units will be met, along with related parking requirements. Be sure this statement is attached to this certification.
- The form must be signed, and dated. **No hard copy with original signature/stamp is required, only a scanned copy within the final PDF file. However, a signed and stamped original must be retained and provided on request**.

Development Financing

Tab 24: Rent Schedule

- Submit the final Rent Schedule after deleting any rows that indicate zero (0) as the unit count. The Rent Schedule has been intentionally placed immediately following the Building/Unit Configuration exhibit in an effort to reduce the number of inconsistencies.
- Gross Rent cannot exceed the HUD maximum rent limits unless documentation of project-based rental assistance is provided.
- The unit mix and net rentable square footages must be consistent with the site plan and architectural drawings.
- If any non-rental income is included, describe the source(s) of the income. "Misc" or "Etc." in the income description is not acceptable.
- If the Development includes loft/efficiency Units, label these Units as "0" bedrooms as provided in the drop-down list.
- **New Construction, or Reconstruction (excluding Elderly Developments and Supportive Housing Developments), there cannot be more than 30% efficiency and/or one-Bedroom Units. New: For Historic Developments, this requirement will not apply to any units constructed within the Historic structure. For any New Construction or Reconstruction undertaken as part of a Historic Application, those newly constructed or reconstructed Units must meet this standard.**
- If applying for HOME funds, the column titled "MFDL-HOME Units" also includes the Income level required for each MFDL Unit designation.
- If applying for NHTF funds, please use the NHTF Units column to indicate Direct Loan units

- **For Tax-Exempt Bond Developments Only**:
  - Choose the applicable Private Activity Bond Priority from the drop-down list.
  - Priority must be designated, as submitted to the Bond Review Board, regardless of Bond Issuer. The income and rent restrictions pursuant to the Applicant's election under Tex. Gov 't Code §1372.0321 must be identified in the "HTC Units" column. The priority designations include the following:
    - Priority 1(a): Set-aside 50% of the Units at 50% AMGI and 50% at 60% AMGI.
    - Priority 1(b): Set-aside 15% of the Units at 30% AMGI and 85% at 60% AMGI.
    - Priority 1(c): Set-aside 100% of the Units at 60% AMGI for Developments located in a census tract with a median income that is higher than the median income of the county, MSA or PMSA in which the census tract is located.
    - Priority 2: Set-aside 80% of the Units at 60% AMGI; up to 20% of the Units can be at market rate.
    - Priority 3: Includes any qualified residential rental Development. Market rate Units can be included under this priority.
  - Carryforward: in lieu of a Certification of Reservation, a Carryforward Designation was issued.
  - Cost of Development per Square Foot. These cells will calculate automatically when both the Rent Schedule and Development Cost Schedule are completed.
  - Points for this item will be selected at the end of the Development Cost Schedule.
  - NEW: If the Development Site is not in a Participating Jurisdiction and the bonds issued by the local issuer will be claimed by the Department as HOME Match, then the appropriate number of HOME Match-Eligible Units must be included in the HOME Match column.

Tab 24a: Average Income Calculator

Average Income Distribution Tool must be included in the Excel and PDF Application if proposing Average Income.

- Enter information in the yellow boxes as applicable. Other boxes will auto-populate.
- A number, even if it is zero, must be entered in the box for "Number of 30% Units used for 30% boost."
- The average will not calculate unless a number is entered for the boost Units and the table is completed.
- If this does not apply to you, skip this section.
- If a revised form is submitted during the Application review process, indicate the date of submission at the bottom of the form.

Tab 25: Utility Allowances

- Where the Applicant uses any method that requires Department review, including Applications for Direct Loan, such review must have been requested prior to submission of the Application.
- Drop down lists are provided to identify "Who Pays" for the utility service and what type of "Energy Source" will be used.
- If Development is all bills paid, utilities and energy source is still required.
- The "Total paid by tenant" calculates only those energy sources for which it is indicated the

tenant pays.

- Applicants with HOME annual or HOME matching units may be prohibited from using the PHA schedule per HUD regulations.
- Remember to include your support documentation:
    - Current PHA utility allowances sheet
    - USDA Rural Housing Services utility schedule (for RHS-regulated buildings)
    - HUD utility schedule (for HUD-regulated buildings)
    - TDHCA pre-approval of the following is required prior to Application submission (10 TAC §10.614(k)):
        - HUD Utility Schedule Model
        - Written Local Estimate
        - Energy Consumption Model
        - Actual Use Method/Agency Estimate
- If a revised form is submitted during the Application review process, indicate the date of submission at the bottom of the form.
- More information can be found at: https://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm.

Tab 26: Annual Operating Expenses

- Fill in all yellow highlighted cells.
- You must describe any "Other" cost included in any of the expense categories. "Misc" and "Etc." are not acceptable descriptions. The cells state "describe" in red to remind you to enter a description.
- Annual Debt Service should be consistent with information provided in the Summary of Sources and Uses of Funds form as well as the 15 Year Pro Forma.
- Expense per Unit, Expense to Income ratio, and Debt Service Ratio will be calculated automatically. Applicants should familiarize themselves with the underwriting rules (Subchapter D of the QAP) regarding thresholds for these items.
- Bond Trustee Fees and Issuer Ongoing Compliances Fees require an entry or an explanation must be provided. If Issuer Compliance Fee is a one-time, up-front fee and not an ongoing fee, Applicant's must provide an explanation of where this fee is located in the Application.
- Annual Issuer Fees (Local Issuer or TDHCA Issuer) should be included under Annual Debt Service.
- If a revised form is submitted during the Application review process, indicate the date of submission at the bottom of the form.

Tab 27: 15 Year Pro Forma

- Refer to 10 TAC §11.302(d) regarding the underwriting analysis for a discussion that encompasses the items in the pro forma.
- Any deferred developer's fee must be shown to be fully repaid by year 15.
- Enter rental concessions as a negative value.
- You must describe any "Other" debt service included in the pro forma.
- The form includes an optional certification, signature, and contact information for the lender for Competitive HTC Applications claiming points under 10 TAC §11.9(e)(1).
- A signature is required for all Tax-Exempt Bond Applications.
- If a revised form is submitted during the Application review process, indicate the date of submission at the bottom of the form.

Tab 28: Offsite Costs Breakdown

- This form must be completed if there are any offsite costs associated with the Development, whether or not they are included in the Development Cost Schedule. For example, if offsite costs are embedded in the acquisition costs, this form must be completed. If there are any unusual circumstances surrounding the costs and/or payment of off-site costs, please include an explanation behind this tab.
- The form must be completed, signed and sealed by a professional engineer. See 10 TAC §11.204(7)(E)(ii).
- If any Off-site Costs are included in Eligible Basis:
  - A letter from a certified public accountant must be submitted allocating which portions of those costs should be included in Eligible Basis; and
  - If off-site costs are based on PLR 200916007 the certified public accountant must provide a statement of findings describing the facts relevant to the Development and that the fact pattern matches the PLR 200916007.
- If a revised form is submitted during the Application review process, indicate the date of submission at the bottom of the form.

Tab 29: Site Work Costs Breakdown

- This form is applicable to all Developments, regardless of the amount of Site Work cost attributed to the Development.
- If the Site Work cost is above $20,000 per Unit and are included in Eligible Basis, a letter must be provided from a certified public accountant allocating which portions of those site costs should be included in Eligible Basis.
- The total Site Work costs entered in this exhibit should match the amount reflected in the Development Cost Schedule.
- If a revised form is submitted during the Application review process, indicate the date of submission at the bottom of the form.

Tab 30: Development Cost Schedule

- All applicable yellow highlighted cells under the Total Development Summary (columns C, D, and E) should be completed. A section for notes regarding the costs is provided as well; this should be used to add any information that could be helpful for the underwriting review, to explain line items that may be particularly low or high costs.
- This form separates contingency from general requirements, overhead and profit. “Voluntary Eligible Building/Hard Costs” allows the Applicant to list the **actual** building and hard costs in the schedule, then indicate only the amount of the actual costs to be used to score points under §11.9(e)(2) Cost per Square Foot. The Applicant should adjust the voluntary number until the desired percentage is reached. The score will be entered at the end of the form.
- Supportive Housing Developments should review the “Specifications and Building/Unit Type Configuration” form to ensure that information required for such developments is entered at the bottom of that form. Per 10 TAC §11.9(e)(2) related to Cost of Development per Square Feet: If the proposed Development is a Supportive Housing Development, the NRA will include Common Area up to 75 square feet per Unit, **of which at least 50 square feet will be conditioned**.
- Where development costs are reduced by contributions by local government entities for the purpose of scoring points under §11.9(d)(2) Commitment of Development Funding by Local

Political Subdivision, those reductions should be indicated in the “Notes” column next to the cost.
- No syndication costs should be included in the Eligible Basis.
- The “Credits Supported by Eligible Basis” cell is automatically calculated. This figure should be equal to or greater than the annual Housing Tax Credit Funding Request.
- You must describe any “Other” costs reflected in the Cost Schedule. The cells will prompt you when an amount is inserted to “please specify” under a footnote.
- **Request points for §11.9(e)(2) Development Cost per Square Foot for Competitive HTC Applications**.
- The 50% Test for 4% HTC Applications box at the bottom of this form applies to **all 4% HTC Applications**. Pursuant to §1372.0321(e) and based on Bond Priority, Applications must reflect at least 51% financed by Tax- Exempt Private Activity Bonds. If land cost is being excluded from the calculation then there must be an explanation in the box provided.
- Include the contact name and phone number in the space provided of the person providing the cost estimate for the Hard Costs.
- If a revised form is submitted during the Application review process, indicate the date of submission at the bottom of the form.

Tab 31 – Financing Narrative and Schedule of Sources:

- For Tax-Exempt Bond Applications, the name of the Bond Issuer and the Certificate of Reservation Amount must be entered at the top of this form.
- NEW: For Tax-Exempt Bond Applications, if requesting State Housing Tax Credits pursuant to §11.1009 of the QAP, identify the Financing Participant in the left-hand column under Third Party Equity, along with the amount and syndication rate.
- Identify the name of each Financing Participant in the left-hand column.
- Where there are financial contributions by local government entities for the purpose of scoring points under §11.9(d)(2) Commitment of Development Funding by Local Political Subdivision, those contributions should be entered as debt, a grant, or “Other”, as applicable.
- Match (MF Direct Loan only) is included as “Other”.
- Note that the Funding Description column under “Deferred Developer Fee” and “Other” do not have drop-down menus. Applicants should write in a funding description.
- For each source identified you are required to include the interest rate, amortization, term and syndication rate, where applicable. **The information included here must be consistent with the financing narrative, term sheets, and Development Cost Schedule**.
- The priority of lien must be indicated in the “Lien Position” column for interim and permanent financing.
- Total sources of funds in the “Permanent Period” portion of the form must equal the total uses of funds reflected in the Development Cost Schedule.
- Complete the financing narrative, **ensuring that any information entered here is consistent with the other exhibits in the Applicatio**n. The narrative should identify any non-traditional financing arrangements; use of funds with respect to the Development; funding sources including construction, permanent, bridge loans, rents, operating subsidies, and replacement reserves; and commitment status of funding sources for the Development. For Tax-Exempt Bond Applications, the narrative should mention the amount of bonds to be issued, if different from the Certificate of Reservation Amount.
- This form must be signed by the Construction Lender, Permanent Lender and Syndicator.
- If a revised form is submitted during the Application review process, indicate the date of submission at the bottom of the form.

Tab 32: Financial Capacity and Construction Oversight (MFDL Applications only)

This tab is applicable for the Department's Direct Loan Applications if: (1) the Direct Loan amount to more than 50% of the Total Housing Development Cost, except for Developments also financed through the USDA-515 program, or (2) the Direct Loan is the only source of Department funding (no HTCs are being requested) for the Development. Place the documentation described in the tab behind the tab.

Tab 33 – Matching Funds (Direct Loan Applications only)
This form is applicable for Multifamily Direct Loan Applications, only. Detail the type of Match, amount, and source in the appropriate columns. See the Match Guidance section of the tab page as well as 10 TAC §13.2(6) and the NOFA for information and requirements about Match. Match in the amount of at least the minimum percentage of the MFDL funds requested, pursuant to the applicable NOFA, must be documented.

NOTE: For Tax-Exempt Bond Developments, HOME Match Requirements pursuant to §11.204(15) are addressed under Tab 1c.

Tab 34 – Finance Scoring (Competitive HTC Applications only)
This form is divided into 3 parts and is only applicable to Competitive HTC Applications.

- Part 1: Commitment of Development Funding by Local Political Subdivision (LPS) (10 TAC §11.9(d)(2))
    - To request the point, enter the name of the Local Political Subdivision providing the funding in the highlighted box at the top of this part. Indicate in the following three check boxes that the letter meets each of these criteria. **The letter must indicate the dollar value of the contribution and the dollar value of the contribution must be reflected in the Application**. If the contribution reduces costs, it must be noted on the Development Cost Schedule. If the contribution is in the form of a loan, grant or similar instrument, it must be included with the development sources and uses. Contributions must equal $500 or more if the Application is Urban and $250 if the Application is Rural or USDA. The letter committing the funding and naming the same Local Political Subdivision named in the top box of this scoring item must be present in the "Tab 35. Supporting Docs." The total points claimed will auto-populate the score box only if the boxes above it have entries.
- Part 2: Financial Feasibility (10 TAC §11.9(e)(1))
    - Make only one selection from the options listed on the form in this section. The Total Points Claimed will auto-populate based on your selection. **As support for these points, submit both a 15-year pro forma itemizing all projected income and expenses, signed or otherwise acknowledged by the permanent or construction lender and a lender letter indicating financial feasibility and/or acceptable Principals**. A template exists for an acceptable letter but an alternative letter may be used, as long as it contains the same information as the template.
- Part 3: Leveraging of Private, State, and Federal Resources (10 TAC §11.9(e)(4))
    - At least 5% of the total Units must be restricted to 30% AMGI. The form will calculate the percentage based on the information reflected in the Rent Schedule.
    - If the Development leverages CDBG Disaster Recovery, HOPE VI, RAD, or Choice Neighborhoods funding, mark the appropriate box.
    - The form will calculate Housing Tax Credit funding request as a percent of Total Housing Development Cost based on information reflected in the Development Narrative and the Development Cost Schedule. **Please note that the rule calls for the funding request to be less a certain percentage without rounding**.

  - No more than 50% of the developer fee can be deferred to be eligible. **This form does not perform this calculation**.
  - No supporting documentation is necessary unless claiming points based on a commitment of CDBG-DR, HOPE VI, RAD or Choice Neighborhood Funding.
  - Remember to select the points being requested from the drop-down in the "Total Points Claimed" field. Although the form will calculate eligible points based on the information provided, **the points requested WILL not auto-populate**.

Tab 35 – Supporting Documentation

- Evidence must be consistent with the Summary Sources and Uses of Funds and Financing Narrative. If changes occur, update the form to match the new information.
- Executed Pro Forma from a Permanent or Construction Lender (if requesting points for financial feasibility and for Tax-Exempt Bond Developments). The pro forma must include:
  - The first 5 years and every fifth year thereafter for a 15 year period;
  - All projected income, operating expenses, and debt service;
  - The general growth factor applied to income and expense;
  - A minimum 1.15 DCR throughout the 15-year HTC Compliance Period and/or Multifamily Direct Loan Federal Affordability Period for all Third Party lenders that require scheduled repayment; and
  - Signature and contact information of an authorized representative of the lender.
- Letter from lender regarding approval of Principals.
- Include term sheets for all interim and permanent financing that are consistent with other parts of the Application, and provided in one or more of the forms identified and include the requirements set forth in 10 TAC §11.204(6)(A)-(B).
- Term sheet must include an acknowledgment of the amounts and terms of all other anticipated sources of funds or the Sources and Uses must be signed or otherwise acknowledged by an authorized representative from each funding source.
- For Developments proposing to refinance an existing USDA Section 514, 515, or 516 loan, a letter from the USDA confirming the outstanding loan balance on a specified date and confirming the Preliminary Assessment Tool has been submitted by the Applicant to USDA. **The loan amount that is reported on the Schedule of Sources (Tab 31) and that is used to determine the acquisition cost must be the Applicant's estimate of the projected outstanding loan balance at the time of closing as calculated on the Department's USDA Principal Balance Amortization exhibit to be submitted with the application**.
- For Direct Loan Applications or Tax Exempt Bond Applications with TDHCA as the issuer utilizing FHA financing, the Application shall include applicable pages from the *HUD Application for Multifamily Housing Project*. If the HUD application has not yet been submitted then a statement to that effect should be included in the Application along with an estimated date for submission.
- Any federal, state or local gap financing, whether soft or hard debt must be identified at the time of Application and a term sheet reflective of an available fund source must be provided for each.
- If the Development is financed through more than 5% Development Owner contributions provide the required documentation described in §11.204(6)(C) in the full Application.
- Include term sheets for syndication of tax credits that include the requirements set forth in 10 TAC §11.204(6)(D).
  - For Tax-Exempt Bond Developments requesting State Housing Tax Credits pursuant to §11.1009, a term sheet must be included from a syndicator that includes the amount of State Housing Tax Credits requested and pricing information.

- Letter from the Texas Historical Commission as applicable to historic tax credit financing under §11.9(e)(6) or otherwise.
- Include evidence of rental assistance or other subsidies if applicable.

Development Organization

The Development Organization tabs are colored green, and include all information regarding the Development Team members. The Organizational Charts, Previous Participation exhibits, and Credit Limit documents are all located in this section.

Tab 36 – Sponsor Characteristics
This form is only applicable for Competitive HTC Applications, and is divided into two Parts. Applications may qualify for two (2) points for having a Certified HUB or Qualified Nonprofit in the ownership structure, or for one point for having a Certified HUB or nonprofit organization involved with the Development Services or in the provision of on-site tenant services during the Development's Affordability Period. For HUD 202 Rehabilitation projects that prohibit for-profit ownership, ownership will not be required for a HUB or nonprofit, only for Cash Flow or Developer Fee; the total ownership percentage must still equal 50%, even if it is only attributable to one of the two categories. To be eligible for the two (2) points using a Qualified Nonprofit, the Application must be applying in the Nonprofit Set-Aside (a selection made in the Development Narrative that will be auto-populated in this section.) The HUB must be registered with the Texas Comptroller of Accounts, and evidence of such registration must be provided behind this tab. **Pursuant to 10 TAC §11.9(b)(2), an Application may qualify to receive up to two (2) points provided the ownership structure meets one of the following requirements in Parts 1 or 2 below**.

- Part 1
    - If attempting to score as a Qualified Nonprofit, verify whether the Application is participating in the Nonprofit Set-aside.
    - If attempting to score as a certified HUB, provide evidence of the HUB's existence from the Texas Comptroller of Public Accounts behind this tab.
    - Complete the yellow highlighted cells with the percentages of ownership interest, cash flow from operations, and developer fee.
    - Certify that the Qualified Nonprofit or certified HUB will materially participate in the Development throughout the Compliance Period.
        - Provide a detailed narrative describing how that material participation will be achieved behind this tab.
    - Indicate the experience of the Qualified Nonprofit or certified HUB by marking the checkboxes (Property Management, Construction, Development, Financing, or Compliance).
    - Certify there is no relationship between the Principals of the HUB and any other Principals of the Applicant or Developer.
    - Provide a narrative describing:
        - The Qualified Nonprofit's or certified HUB's direct experience in the housing industry as well as a statement indicating how the Qualified Nonprofit or certified HUB will materially participate in the Development throughout the compliance period. (Acceptable evidence of experience includes, but is not limited to a resume or TDHCA experience certificate. Please note that such certificate is not necessarily sufficient to satisfy a 2023 experience requirement.); **OR**

        - How the certified HUB will be involved with the Development Services or in the provision of on-site tenant services during the Development's Affordability Period. Evidence of experience in the provision of Development Services or in the provision of on-site tenant services as well as a narrative statement indicating how the HUB will provide such services must be included behind this tab.
- Part 2
    - Certify whether a participating Nonprofit meets the following criteria:
        - The ownership structure contains a nonprofit organization that meets the requirements of IRC §42(h)(5)(C) on the Application Delivery Date, with at least 51% ownership in the General Partner of the Applicant.
        - The nonprofit will maintain Control of the Development and materially participate in the operation of the Development throughout the compliance Period.
        - The Applicant will provide a minimum of three (3) additional points under 10 TAC §11.101(7) related to Resident Supportive Services, in addition to points selected under 10 TAC §11.9(c)(3).
    - The nonprofit organization, or individuals with Control of the nonprofit organization, must provide verifiable documentation of at least 10 years' experience in the continuous operation of a Development that provides services similar to those in the proposed Development.
    - Indicate points claimed (zero if this option is not selected).
    - The score will populate based on the selections made on this form. If it is not filled out correctly, points will not be included on the self-score form.

Tab 37: Applicant, Developer, and Guarantor Ownership Charts
This sheet shows a basic format for organizational charts. Be sure that charts follow the example given and that they contain the following information:

- Correct name and ownership percentage of each entity and person. Avoid nicknames.
- Clear indication of role, e.g. Member, Member/Manager, Class B, LP, etc., and ability to exercise Control.
- Trusts must include the trustee and list all beneficiaries that have the legal ability to access, control, or direct activities of the trust and are not just financial beneficiaries.
- Nonprofit entities, public housing authorities and publicly traded corporations must show name of organization, individual board members and executive director. For individual board members, indicate those board members that have the ability to exercise Control. Any other persons with the ability to exercise Control must also be identified.
- For HTC Applications only, where there are private equity fund investors who are passive investors in the sponsorship entity, refer to 10 TAC §11.204(12)(B) regarding who must be listed on the organization chart.
- In cases of to-be-formed instrumentalities of PHAs where the board members and executive director remain to be determined, the PHA itself is shown.
- Ownership must be described to the level of natural persons, whether Owners or board members.
- Charts should show the structure of the Owner, Developer and Guarantor and include the following:
    - Any Person receiving more than 10% of the Developer Fee is on the Developer chart;

  - Nonprofit entities, public housing authorities and publicly traded corporations show name of organization, individual board members and executive director;
  - Ownership to the level of natural persons, whether Owners or board members; and
  - Any other relationships involving the power to control the Applicant directly or indirectly.
- Create separate charts for the Owner, Developer and Guarantor, ensuring that each of the three is a complete representation of the structure of each organization, and attach them behind this tab.

Data Entry Tab for Tabs 38 and 42

- Complete the yellow highlighted cells as applicable for Tabs 38 and 42.
- The entries made on this tab will auto-populate Tabs 38 and 42.
- **Applicants should not include the data entry tabs when printing the application to PDF.**

Tab 38: List of Organizations and Principals

- Information for this tab will auto-populate based on the data entered on the Data Entry Tab for Tabs 38 and 42.

Tab 39: Previous Participation Form

- A separate form is required for each Person or entity, regardless of whether the Person or entity has previous experience with TDHCA funding or assistance.
- A separate form must be completed for each entity shown on the Owner and Developer organizational charts, and also for only those natural Persons shown on the Owner and Developer organizational charts that exercise Control.
- For Applications with MFDL, each Person (as defined by 2 CFR Part 180 and 2 CFR part 2424), Board Member, or Affiliate must complete a PPR form. See 10 TAC §1.301 for further information about previous participation review.
- Note that the appropriate fields should be marked at the bottom to indicate other TDHCA programs the entity or person has participated in.
- For “Control Begin”/”Control End” enter the time period a person’s or entity’s role in each property identified began and ended. This applies to any Developments in which a Person or entity was originally involved, but have since been transferred to another Person or entity.
- If the Person’s or entity’s role in a property or service-related activity has not ended then leave the “Control End” column blank.
- If more space is needed, unlock rows before row 40.
- Do not submit pages that are blank.
- The Excel version of the form(s) must be uploaded with the Application.

Tab 40: Nonprofit Participation

All nonprofit Applicants or Principals must complete this form regardless of the level of ownership or Application set-aside.

- Complete all appropriate yellow highlighted cells. Yes/No questions have drop-down menus.
- The worksheet allows listing up to 20 board members. If more space is needed, print additional forms or contact staff.
- Include the Board Members’ **home** addresses.
- Do not submit pages that are blank.

Tab 41: Nonprofit Supporting Documentation

Applications involving 501(c)(3) or (4) nonprofit General Partners that **do not** elect to be included under the Nonprofit Set-Aside only need to submit the IRS determination letter described below, or if the nonprofit designation is not due to a 501(c)(3) or (4) determination, the Application must contain a disclosure of the basis of the nonprofit status. **Tax Exempt Bond Applications only need to submit the first two items below in addition to the Nonprofit Participation Form**:

- A resolution approved at a regular meeting of the majority of the Board of Directors of the nonprofit that meets the requirements of 10 TAC §11.204(13).
- IRS Determination Letter, which states that the nonprofit organization is a §501(c)(3) or (4) entity. This designation must be in place as of the beginning of the Application Acceptance Period. If the organization is a Qualified Nonprofit Organization as defined in the tax code, notwithstanding any apparent limitations in the QAP about the particular parts of the Code under which a nonprofit may qualify, submit an IRS determination letter.

For Competitive HTC Applications, the additional documentation requirements identified in this section must be completed **only** if the Applicant is eligible and has elected to compete under the Nonprofit Set-Aside Allocation pursuant to Tex. Gov't Code §2306.6706, which requires that the organization's 501(c)(3) or (4) designation be in place at the beginning of the Application Acceptance Period:

- Third Party Legal Opinion – Be sure your legal opinion contains all of the required statements pursuant to Tex. Gov't Code §2306.6706 and 10 TAC §11.204(13)(A)(iii). A template is provided on the website at: https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm.
    - Note: The Third Party Legal Opinion letter template was revised in 2017. Please ensure your counsel has this version of the template so they can determine if they will be able to provide any required opinion or they may contact the Department with any questions.
- Financial Statement - The nonprofit's most recent financial statement prepared by a Certified Public Accountant.
- Certification of Residence- a certification that a majority of the board members reside in the State of Texas if the Development is in a Rural Area, or within 90 miles of the Development if it is not in a Rural Area.

The worksheet allows up to 20 board members to be listed. If more space is needed, simply print out another form or contact staff, but do not submit pages that are blank.

Tab 42: Development Team Members

- Information for this tab will auto-populate based on the data entered on the Data Entry Tab for Tabs 38 and 42.

Data Entry Tab for Tab 45

- Complete the yellow highlighted cells as applicable for Tab 45.
- The entries made on this tab will auto-populate Tab 45.
- **Applicants should not include the data entry tabs when printing the application to PDF.**

Tab 45: Applicant Credit Limit Documentation and Certification (Competitive HTC Only)

Information for this tab will be auto-populated with the data entered on the Data Entry Tab for Tab 45.

Community Input Scoring Items

Tab 46: Community Input

Fill-in the form and include the letters behind the form as applicable.

- Part 1: Local Government Support
  - An Application may qualify for up to seventeen (17) points for a resolution or resolutions voted on and adopted by the bodies reflected in subparagraphs (A) through (C) below. The resolution(s) must be dated prior to and submitted no later than 5:00 p.m. (Austin local time) on March 1, 2024. **Resolution(s) must specifically identify the Development by legal description, address, Development name, or Application number**. A municipality or county should consult its own staff and legal counsel as to whether their handling of actions regarding such resolution(s) are consistent with Fair Housing laws as they may apply, including any Fair Housing Activity Statement-Texas (FHAST) form on file, any current Analysis of Impediments to Fair Housing Choice, or any current plans such as one year action plans or five year consolidated plans for HUD block grant funds., such as HOME or CDBG funds. Once a resolution is submitted to the Department it may not be changed or withdrawn. For an Application with a proposed Development Site that, at the time of the initial filing of the Application, is:
    - (A) Within a municipality, the Application can receive seventeen (17) points for a resolution from the Governing Body of that municipality expressly stating that the municipality supports the Application or Development; or fourteen (14) points if the resolution states that the municipality has no objection to the Application or Development.
    - (B) Within the extraterritorial jurisdiction of a municipality, the Application may receive(i) eight and one-half (8.5) points for a resolution from the Governing Body of that municipality expressly stating that the municipality supports the

Application or Development; or seven (7) points if the resolution states that the municipality has no objection to the Application or Development. In addition, the Application can receive eight and one-half (8.5) points for a resolution from the Governing Body of the county expressly stating that the county supports the Application or Development; or seven (7) points if the resolution states that the county has no objection to the Application or Development.

        - (C) Within a county and not within a municipality or the extraterritorial jurisdiction of a municipality scores seventeen (17) points for a resolution from the Governing Body of that county expressly setting forth that the county supports the Application or Development; or fourteen (14) points if the resolution expressly sets forth that the county has no objection to the Application or Development.

- Part 2 – Quantifiable Community Participation
- Part 3 - Community Support from State Representative
    - Letter from a State Representative:
        - The Applicant may qualify for eight (8) points for letters of support from the appropriate State Representative. **Letters must be on the State Representative's letterhead and be signed by the State Representative, identify the specific Development, and clearly state support for, opposition to or neutrality toward the specific Development**. The letter will be accepted with the Application or via delivery from the Applicant or State Representative and **must be submitted no later than 5:00 p.m. (Austin local time) on March 1, 2024**. After submission, letters may not be changed or withdrawn. Representative letters, whose statements are based on the relevant community's expression of support, will be considered a support letter and will receive eight (8) points. Neutral letters or letters that do not specifically refer to the Development will receive zero (0) points, and letters of opposition will receive negative eight (-8) points. If the relevant Representative's office is vacant, the Application will be considered to have received a neutral letter. Letters opposing the Application/Development will be added to the Application posted on the Department's website.
    - No Letter from a State Representative (or a letter conveys to the Department that no written statement will be provided by the State Representative for a particular Development):
        - **Points available in this scenario will be based on how an Application scores under §11.9(d)(1), of this section, relating to Local Government Support**.
- Part 4: Input from Community Organizations
    - Development Sites outside the boundaries of qualifying Neighborhood Organizations may score up to four (4) points for letters of support submitted with the Application. Once a letter is submitted to the Department it may not be changed or withdrawn. This option means losing one (1) point from the score under this paragraph for each letter in opposition that is from an organization that would otherwise qualify under this paragraph. Letters of opposition will be added to the Application, posted on the Department's website. The score of this item will never be less than zero (0), calculated as follows:
        - Two (2) points for a letter of support from a community or civic organization serving the community containing the Development Site, identifying and stating support for the Development at the proposed location. The organization must

be tax exempt and its primary purpose must be the overall betterment, development, or improvement of the community as a whole or one of its major aspects such as schools, fire protection, law enforcement, city-wide transit, flood mitigation or similar activities. The Applicant must include:

- Evidence of the organization's tax-exempt status, e.g. a copy of the organization's IRS determination letter.
- Evidence that the tax-exempt status of the organization is current as of October 1 of the year preceding Application submission. Evidence of IRS exemption can be found at https://apps.irs.gov/app/eos/, and evidence of state exemption can be found at https://comptroller.texas.gov/taxes/exempt/search.php.
- Evidence that it either has a location or conducts activities within the specific city or county of the Development. Evidence can include a listing of activities and where they are held, membership lists showing addresses, brochures indicating activities and the geographical service area, annual reports, etc. Churches can be eligible for these points if they operate a beneficial activity to the community outside of religious services (food pantry, clothes closet, after-school care available to the community regardless of membership, etc.).
- Community and civic organizations do not include neighborhood organizations, governmental entities (excluding Special Management Districts), or taxing entities so evidence of how the organization was created and by whom/what group, etc., should be included.

▪ Two (2) points for a letter of support from a property owners association created for a master planned community containing the Development Site that does not meet the requirements of a Neighborhood Organization for the purpose of awarding points under 10 TAC §11.9(d)(4). Include documentation evidencing the establishment of the association and the master planned community to which it belongs.

▪ Two (2) points for a letter of support from a Special Management District whose boundaries include the Development Site, as of the Full Application Delivery Date as identified in 10 TAC §11.2(a). Include evidence of the District's boundaries, indicating the location of the Development Site inside those boundaries, along with evidence of the existence of the District itself.

Please note that input evidencing unlawful discrimination under Fair Housing law or scoring the Department determines to be contrary to the Department's efforts to affirmatively further fair housing will not be considered. The Department will refer input appearing to indicate non-compliance under the Fair Housing Act, to the Texas Workforce Commission for investigation, but the referral will not, standing alone, cause staff or the Department to terminate the Application. Staff will report all such referrals to the Board and summarize the status of any such referrals in any recommendations.

Third Party Reports

All third party reports must be submitted in their entirety by the deadline. Incomplete reports will result in termination of the Application. Reports should be submitted in a searchable electronic copy in the format of a single file containing all of the required information and conform to Subchapter D of the

QAP. Exhibits should be clearly bookmarked. Third Party Reports combined into one PDF will not be accepted.

All third party reports must contain the following statement, "all persons who have a property interest in this report hereby acknowledge 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."

Tab 47: Third Party Reports

The required Environmental Site Assessment (ESA) must be submitted to the Department no later than 5:00 p.m. (Austin local time) on March 1, 2024 for 9% HTC Applications under 10 TAC §11.2(a), pursuant to 10 TAC §11.201(2) for Tax-Exempt Bond Applications, or at the time of Application submission for MFDL funds. The ESA must meet the requirements of 10 TAC §§11.205(1) and 11.305.

- All Applications for Direct Loans from the Department, except for those which are ultimately awarded TCAP RF must complete the environmental clearance process in accordance with 24 CFR Part 93 or Part 58 (prior to engaging in choice limiting activities such as closing on land, loans, beginning demolition or construction activities, or entering into construction contracts). A Phase I ESA will not satisfy the environmental clearance required for use of Direct Loan funds. Mark the appropriate yellow highlighted cells.

The Primary Market Area (PMA) Map is required with full Application submission. For 9% HTC Applications, this is on March 1, 2024. A PDF copy of the map as well as the definition of the PMA, based on census tracts, ZIP codes, or census place should be included with the Application to ensure timely submission.

The Market Analysis is required for all Developments and must be submitted no later than 5:00 (Austin local time) on April 4, 2024 for Competitive HTC Applications under 10 TAC §11.2(a), pursuant to 10 TAC §11.201(2) for Tax-Exempt Bond Applications, or at the time of Application submission for MFDL. The Market Analysis must meet the requirements of 10 TAC §§11.205(2) and 11.304.

- It is the responsibility of the Applicant to ensure this analysis forms a sufficient basis for the Applicant to be able to use the information obtained to ensure the Development will comply with fair housing laws.
-

If applicable, the Scope and Cost Review (SCR) must be submitted to the Department no later than 5:00 p.m. (Austin local time) on March 1, 2024 for Competitive HTC Applications under 10 TAC §11.2(a), pursuant to 10 TAC §11.201(2) for Tax-Exempt Bond Applications, or at the time of Application submission for MFDL funds. The SCR must meet the requirements of 10 TAC §§11.205(3) and 11.306.

- For Rehabilitation (excluding Reconstruction) and Adaptive Reuse Tax-Exempt Bond

Developments that do not include a request for Direct Loan or where the Department is not the bond issuer, a Scope and Cost Review is not required. The Application must include a Scope of Work Narrative as described in 10 TAC §11.306(j).

- The Applicant must upload the Department's SCR Supplement as an Excel workbook, which can be found on the Apply for Funds page of the TDHCA website or at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm.

If applicable, the Appraisal must be submitted to the Department no later than 5:00 p.m. (Austin local time) on March 1, 2024 for Competitive HTC Applications under §11.2(a), pursuant to 10 TAC §11.201(2) for Tax-Exempt Bond Applications, or at the time of Application submission for MFDL funds. The Appraisal must meet the requirements of 10 TAC §§11.205(4) and 11.304.

- If the Application contains a Market Analysis and the Appraisal is not required to fulfill purposes other than establishing the value of land or buildings, an appraisal is not required if no acquisition costs are entered in the Development Cost Schedule.

If applicable, the Feasibility Report must be submitted to the Department no later than 5:00 p.m. (Austin local time) on March 1, 2024 for Competitive HTC Applications under 10 TAC §11.2(a), pursuant to 10 TAC §11.201(2) for Tax-Exempt Bond Applications, or at the time of Application submission for MFDL funds. The Feasibility Report, if required, must meet the requirements of 10 TAC §11.204(14).

Tie Breakers

Tab 48: Tie Breakers

Pursuant to 10 TAC §11.7(1), there is a three-step tie breaker for 9% HTC Applications in the event of a tie. The first step of the tie breaker is only for applications funded through the USDA Set-Aside, Applications proposing to rehabilitate a property with the earliest year of initial construction. The second step of the tie breaker will apply to all Competitive Applications - proposing a site in closest proximity to the features outlined in the Qualified Allocation Plan. If tied Applications do not meet the second step in the tie breaker process, those tied Applications move to the third step of the tie breaker involving linear distance (10 TAC §11.7(3)).

Review Tabs

These tabs will be used by staff in the review process. While there is nothing to be completed or supplied with these tabs at submission, they should be included and bookmarked.

Tab 53 - Deficiency Documents
Tab 54 – Scoring Notice
Tab 55 - Third-Party Requests for Administrative Deficiency
Tab 56 – REA Division RFI Documents
Tab 58 – Board Action
Tab 59 – Public Comment
Tab 60 – Commitment or Determination Notice
Tab 61 – MFDL Award Letter
Tab 62 – Carryover Documents

Instructions for Converting From Excel to PDF Format

Once the Excel Application file is complete and you are ready to convert the Excel file to PDF, follow these instructions. Be sure to check all of the page breaks in the Excel file before you convert to PDF.

Please note that both the Excel and PDF files must be submitted in order for the Application to be considered complete. The Excel file must be converted to PDF, and **Applications submitted as a scanned copy of the Excel file will be rejected as materially deficient**.

Excel 2016 users should follow these steps:

1. With the file open, click the File menu. Choose Save as Adobe PDF.
2. Choose Sheets or Entire Workbook. If using Sheets, choose each item you would like to convert to PDF by clicking on the item in the Sheets in Excel box and clicking Add. The item will appear in the Sheets in PDF box.
3. Once all items are selected for conversion, click Convert to PDF.
4. Save a copy of the PDF file to your computer.
5. Once files are saved in PDF, click on the Page Thumbnails icon to look through the document.
6. Make sure to insert bookmarks by selecting the Bookmarks icon. Review automatic bookmarks before submitting and edit automatic labels as needed by right clicking and choosing Rename.

Excel 2007 users should follow these steps:

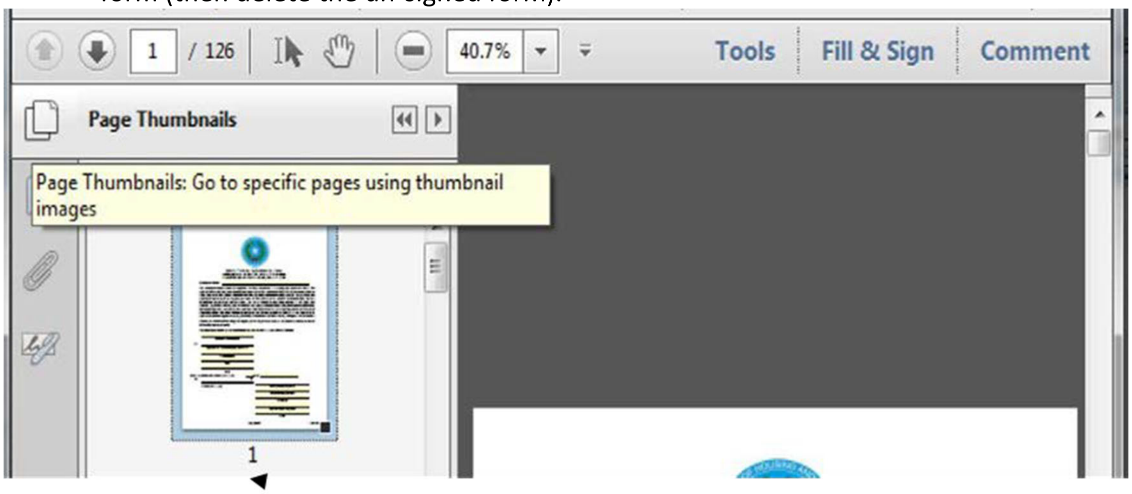
1. Click the Microsoft Office Button, point to the arrow next to Save As, and then click PDF or XPS.
2. In the File Name list, type or select a name for the workbook.
3. In the Save as type list, click PDF.
4. If you want to open the file immediately after saving it, select the Open file after publishing check box. This check box is available only if you have a PDF reader installed on your computer.
5. Next to Optimize for, do one of the following, depending on whether file size or print quality is more important to you:
    a. If the workbook requires high print quality, click Standard (publishing online and printing).

   b. If the print quality is less important than file size, click Minimum size (publishing online).
6. Click Options. Under Publish What select Entire Workbook and click OK.
7. Click Publish.

Inserting Documents into the PDF

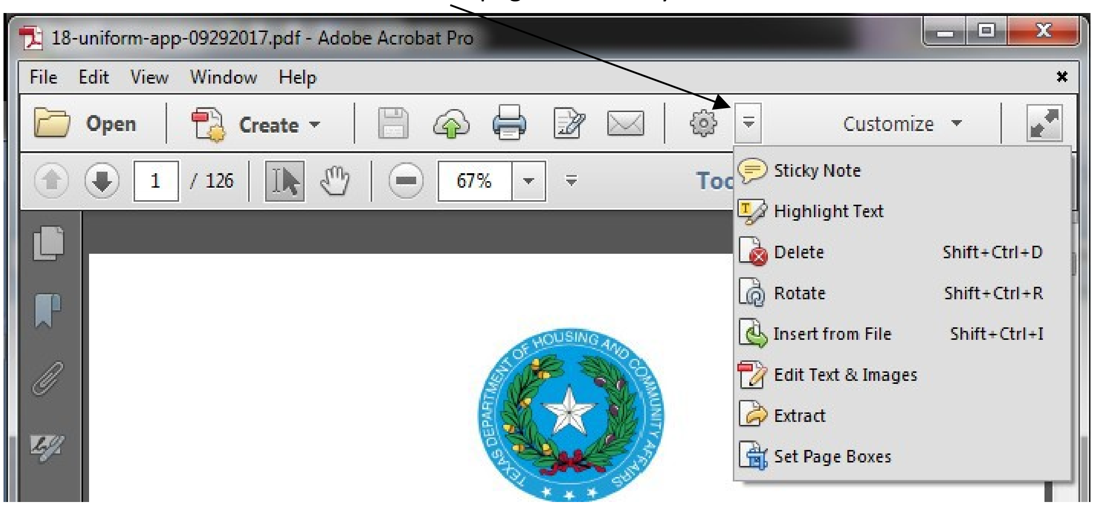
If there are documents to be submitted as part of the Application, include those documents in the PDF Application. To do this, applicants should follow these steps:

1. Convert the Excel application to PDF per the instructions above.
2. Once you have collected all required executed documents, scan them as individual files and name them ("app-cert.pdf", "owner-cert.pdf", etc).
3. Insert the scanned forms into the PDF Application in the order required. For instance, you will need to insert the signed Applicant Certification form. You can either:
4. Click the "thumbnails" button, then drag and drop the PDF form before or after the existing form (then delete the un-signed form).



Alternatively, applicants could use the "insert from file" option:

1. Select "Insert from File", navigate to document to be inserted and select it.
2. In the dialog box, selected appropriate page number and indicate whether the document is to be inserted before or after that page. Click Okay.



The Application submitted should be the PDF file created from converting the Excel file (into which additional documentation has been inserted), as well as the Excel file itself.

Creating Bookmarks

Because they cannot be reviewed, Applications submitted without bookmarks will be terminated.

Once the file has been converted to PDF and all executed forms have been inserted into their appropriate locations within the file, the Applicant will need to create Bookmarks. Bookmarks may or may not have already been created as part of the conversion process. The locations may need to be designated for the rest. To correctly set the Bookmark locations, open the PDF file in Adobe Acrobat. Click on the Bookmark icon located on the left- hand side of the Adobe Acrobat screen, or go to the task bar and select these options in the following order: **View → Navigation Panels → Bookmarks**.

If a Bookmark has already been created for each tab within the Excel file, re-set the bookmarks to the correct locations. To re-set the location for the Bookmarks, go to the first page of each separately labeled form/exhibit, right-click on the corresponding Bookmark for the form/exhibit, **select Set Destination** and a pop-up box will appear ask: "Are you sure you want to set the destination of the selected bookmark to the current location?" Select Yes.

If Bookmarks were not already created within the Excel file, they will need to be created: **Document → Add Bookmark**. Right-click on the first Bookmark and re-name it for the appropriate form or exhibit. Set the location of the Bookmark by going to the first page of each form or exhibit, right click on the corresponding Bookmark and select Set Destination. A pop-up box will appear asking: "Are you sure you want to set the destination of the selected bookmark to the current location?" **Select Yes**.

Tabs within the Excel Application workbook have been color coded to distinguish between “Parts” of the Application consistent with this manual. Additionally, beside each bulleted item a label to use for purposes of bookmarking the final PDF Application file is included in parentheses.

If there are extra blank pages of any exhibit after conversion of the Excel file to PDF, they must be deleted in order to limit the size of the Application file. To delete any extra, unnecessary pages identify the page number(s) to be deleted. On the Adobe Acrobat Task Bar click on Document and select Delete Pages from the drop down list. A box will appear prompting a selection of the page(s) to be deleted. Enter the page numbers to be deleted and hit OK. If a page is deleted, the Applicant is responsible for ensuring it was done correctly and did not inadvertently delete pages that should have been retained.

The PDF formatted file should be checked for the following prior to submission:

- ✓ All tabs and/or volumes must be correctly bookmarked
- ✓ Files should average less than 100 kilobytes per page
- ✓ Files must be readable with free PDF file viewers including Adobe Reader and be compatible with Adobe Reader 5.0 and above
- ✓ Files should be saved so that “Fast Web View” (or page at a time downloading) is enabled
- ✓ Text within the PDF file should be searchable using the “Find” command in the PDF viewer

For questions on using or difficulties with the Microsoft Excel based Application, contact Josh Goldberger via email at josh.goldberger@tdhca.state.tx.us. In some instances a file may have small variations in bookmarks, file sizes, or readability that are not explicitly cited as requirements in the rule. Staff will use a reasonableness standard in determining when such deviations rise to the level of necessitating termination or other remedy.

Application Assembly Instructions

Prior to submitting any Application fees or the Application itself, a fully-executed 2024 Electronic Application Filing Agreement should have already been submitted.

Applicants are reminded that both the Excel and PDF files must be submitted, along with the Application Fee, in order for the Application to be considered complete. **The Excel file must be converted to PDF, Applications submitted as a scanned copy of the Excel file will be rejected as materially deficient**.

For each Application, the Applicant must ensure execution of all necessary forms and supporting documentation, and place them in the appropriate order according to this manual. The submitted Application should be the Excel file as well as the PDF created from the Excel file (with added documents). Do not print and scan the Excel file. Do not print and scan the PDF file. Convert the Excel form to a PDF, and then insert scanned pages only as indicated below. Scanned copies of the Application are difficult to read, are not searchable, raise questions regarding accuracy and will not be accepted.

All Application materials must be submitted via the Department's secure web transfer server. The Applicant must physically deliver the following:

- Completed hard copy of the 2024 Payment Receipt. Attach evidence of nonprofit status (as applicable) and a check for the correct Application Fee made out to "Texas Department of Housing and Community Affairs". If submitting a Bond pre-application, submit the additional fees pursuant to §12.10 of the Multifamily Housing Revenue Bond Rules and reflect such fees on the Payment Receipt; and
- Copy of the Certificate of Reservation (for Tax-Exempt Bond Developments only).
    - Note: Applicants intending to submit an Application Fee that does not include evidence that a Certificate of Reservation from the Texas Bond Review Board has been issued will not be accepted. **Applications that are uploaded regardless of this provision will not be acknowledged as submitted**.
- The applicable Application Fee pursuant to 10 TAC §11.901(3). Please do not submit checks for more than the applicable fee. In order to protect your financial information, do not include a copy of the check in your Application.

Application Delivery Instructions

Applications are accepted only through the Serv-U portal. Physical delivery of Applications will not be accepted. For guidance on using Serv-U, refer to the Electronic Document Upload User Guide (MF Serv-U FTP) posted on the Department's "Apply for Funds" page.

Application payments are accepted during regular business hours. **Do not send regular mail to this address**.

Deliver To:	Multifamily Finance Division
(overnights)	Texas Department of Housing and Community Affairs

221 East 11th Street
Austin, Texas 78701

Regular Mail: P.O. Box 13941 Austin, Texas 78711

The applicant is solely responsible for proper delivery of the Application and payment.

4% HTC and Bond Applications

4% Housing Tax Credit Applications and Multifamily Bond pre-applications can be submitted throughout the year. Submission dates are posted on the Departments website at the following link: https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm.

Multifamily Direct Loan Program Applications

Multifamily Direct Loan Applications may be submitted throughout the submission period described in the applicable Notice of Funding Availability (NOFA) http://www.tdhca.state.tx.us/multifamily/nofas-rules.htm.

9% HTC Applications

The Application and fee payment for competitive Applications must be received by TDHCA no later than 5:00 p.m. (Austin local time) on March 1, 2024. Mailed or couriered payments must be received by the same deadline. TDHCA is not responsible for any delivery failure on the part of the Applicant. If the Applicant chooses to use a postal or courier service to deliver the payment to TDHCA and such service fails to deliver the payment by the deadline, then the Application will be considered untimely and will not be accepted.

The Department will accept walk-in delivery of the Application fee payment by appointment. The Application must be uploaded to Department's ServU system by 5:00 p.m. (Austin local time). All required supplemental reports must be submitted simultaneously with the Application (unless otherwise noted). The ServU system will be disabled at 5:00 p.m. (Austin local time) on March 1, 2024. The Department is not responsible for transmission failures whether caused by malware, internet connectivity problems or equipment failures on the part of the Applicant. Applicants are advised to take any steps necessary to ensure timely delivery of all Application materials.

Multifamily Direct Loan Program Instructions

Application Delivery Instructions

All Applicants must upload a PDF copy and Excel copy of the complete Application to the Department's secure web transfer server. Each copy must be in a single file and individually bookmarked as further described in this manual. Additional files required for Application submission (e.g., Third Party Reports) outside the Multifamily Uniform Application must also be uploaded to the secure web transfer server. It is the responsibility of the Applicant to confirm the upload to the Department's secure web transfer server was successful.

If the Application is for Multifamily Direct Loan (MFDL) funds in conjunction with 4%, then any section within the Application that indicates that it is required for MFDL Applications must be completed. In general, these sections include (but may not necessarily be limited to):

- Multifamily Direct Loan Certification
- Tab 6a – Auto-populated based on selections made in Tabs 9 and 19
- Tab 8 – Site and Neighborhood Standards (New Construction only)
- Tab 17 – Section 5 (Direct Loan request)
- Tab 17 – Section 6
- Tab 20 – Section 3
- Tab 21 – Uniform Relocation Act/104: Actions that involve demolition, Conversion, or removal of housing units, farms, nonprofits or commercial business.
- Tab 24 –National HTF (NHTF) Units or MF Direct Loan Units (all other Set-Asides) column as applicable
- Tab 32 - (if applicable)
- Tab 33 – Match Funds
- Tab 44 – Unique Entity Identifier and SAM.gov Registration (all MFDL) and Davis Bacon Labor Standards (not required for NHTF)
- Tab 47 – Section 2

Applications for Multifamily Direct Loan funds as the only source of Department funds, or applying when the Development has already received an award from the Department must include all sections of the 2023 Multifamily Uniform Application, except for those sections that reference Housing Tax Credit Applications only or as reflected in the NOFA. All applicable Third Party Reports are required in accordance with 10 TAC §11.205 regardless of whether the Application is layered with Housing Tax Credits, except as reflected in the NOFA.

The Application submission deadliness and Application Acceptance Dates are described in the NOFAs. If the Application is for HOME funds under the CDHO Set Aside, the CHDO box in Tab 17 of the 2023 Multifamily Uniform Application must be checked, and the 2023 CHDO Certification Packet (located on the Apply for Funds page of the

Multifamily Direct Loan Program Information

Multifamily Direct Loan funds may be made available through program income generated from prior year HOME allocations, de-obligated funds from prior year HOME allocations, the HOME allocations, loan repayments from the Tax Credit Assistance Program (TCAP Repayment Funds or "TCAP RF"), National Housing Trust Fund (NHTF) allocations. Set asides under the annual NOFA for the Multifamily Direct Loan Program include General/Soft Repayment, Community Housing Development Organizations (CHDO), in the amounts described in the NOFA. Other Set-Asides may be described in the annual NOFA or a special purpose NOFA.

Multifamily Direct Loan funds are typically structured as fully amortizing, with a term of 15-40 years and an amortization of 30-40 years. This does not apply in cases where the first lien mortgage is a federally insured HUD or FHA mortgage, as described in 10 TAC §13.8(c)(5) or (6). Additional information on treatment of FHA-insured mortgages is detailed in the NOFA. If the Direct Loan is in a second or third lien position, the term should match within six months of the shortest term of the senior loan(s) so long as neither exceeds 40 years. The interest rate requested on the loan may be as low as the minimum interest rate described in the NOFA.

Please refer to the applicable Multifamily NOFA and 10 TAC Chapter 13 for more information. The NOFA, the QAP, and the Multifamily Direct Loan Rule work in conjunction; Applicants are encouraged to fully review all federal and state laws and regulations.

Community Housing Development Organizations (CHDO)

The 2024 CHDO Certification Packet must be submitted for all Applicants requesting funds under the CHDO Set-Aside. Applicants, or the sole members of the general partners of applicants, for HOME funds under the CHDO Set Aside must meet the requirements of the definition of Community Housing Development Organization in 24 CFR §92.2 and 10 TAC §13.2(4). Applicants are cautioned to read carefully the requirements under the CHDO definition in 24 CFR §92.2 and 10 TAC §13.2(4) to ensure the organization meets these requirements before submitting an Application under the CHDO Set Aside. Furthermore, a CHDO must be the Owner, developer, or sponsor of the housing proposed to be built in accordance with 24 CFR §92.300. Finally, a member of a CHDO's board cannot be a Principal of the Development beyond his/her role as a board member of the CHDO or be an employee of the Development Team, and may not receive financial benefit other than reimbursement of expenses from the CHDO (e.g. a voting board member cannot also be the paid executive director of the CHDO).

A CHDO must demonstrate its accountability to the low income community where the housing is being proposed in accordance with 8(i) and (ii) of the CHDO definition in 24 CFR §92.2. This requirement may be met, in part, by having board members from the community where the housing is being proposed and/or having an advisory board comprised of members from the community where the housing is being proposed. Additionally, the CHDO must have a formal process for low-income input to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing. As a final requirement within 8(i) and (ii), the CHDO must have a designated service area (i.e. the "community" in which it produces housing) and have demonstrated experience serving the community for at least one year prior to applying for HOME funds. A community can be a neighborhood or neighborhoods, city, county, metropolitan area, or multi-county area (but not the entire state).

Supplemental Information

Requests for Waivers and Staff Determinations

The Department will accept requests for waivers and staff determinations during the Application Acceptance Period. These requests can be submitted with the pre-application or full Application submission, or separately. Requests **will not** be accepted after full Application submission for 9% HTC Applications. Requests should be submitted directly to the appropriate staff below and when possible submitted electronically, either through the Serv-U system (with an email to the appropriate staff member), or by email attachment. **Hard copies will not be accepted**. Applicants should refer to 10 TAC §11.207 and 10 TAC §11.1(k) for more information on waivers and staff determinations, respectively. Waivers for Direct Loans are also limited by 10 TAC §13.1(c), and may be further limited by the requirements of an applicable NOFA.

For Competitive 9% HTC Applications, contact Joshua Goldberger at joshua.goldberger@tdhca.state.tx.us.

For 4% HTC/Bond Applications, contact Jon Galvan at jonathan.galvan@tdhca.state.tx.us.

For Multifamily Direct Loan Program Applications, contact Connor Jones at connor.jones@tdhca.state.tx.us.

Appeals

For 9% Applications, an Applicant or Development Owner may appeal decisions made by the Department pursuant to Tex. Gov't Code §2306.0321 and §2306.6715 and the process identified 10 TAC §11.902. Matters that can be appealed are described in the Rule. An Applicant or Development Owner may not appeal a decision made regarding an Application filed by or an issue related to another Applicant or Development Owner.

Appeals must be filed in writing not later than seven (7) calendar days after the date the Department publishes the results of any stage of the Application evaluation or otherwise notifies the Applicant or Development Owner of a decision subject to appeal. The appeal must be signed by the person designated to act on behalf of the Applicant or an attorney that represents the Applicant. The Applicant must specifically identify the grounds for appeal, based on the original Application and additional documentation filed as a result of the Deficiency process. Appeals may not be used to introduce new information or documents that were not available prior to Application submission.

The Executive Director may respond in writing not later than fourteen (14) calendar days after the date of actual receipt of the appeal by the Department. If the Applicant is not satisfied with the Executive Director's response to the appeal or the Executive Director does not respond, the Applicant may appeal directly in writing to the Board.

Generally, an appeal filed with the Board must be received by Department staff not more than seven (7) days after a response from the Executive Director and at least seven (7) days prior to the applicable

Board meeting.

Board review of an Application related appeal will be based on the original Application. A witness in an appeal may not present or refer to any document, instrument, or writing not already contained within the Application. The decision of the Board regarding an appeal is the final decision of the Department.

For 4% HTC, Direct Loan only, an Applicant or Development Owner may appeal decisions made by the Department pursuant to 10 TAC §1.7, as applicable. Matters that can be appealed are described in the Rule.

Applicants must file a written appeal of a staff decision with the Executive Director not later than the seventh calendar day after notice has been provided to the appealing party of the staff decision. Posting of materials or logs on the Department's website is considered "notice". The written appeal must specifically identify the grounds for the appeal.

The Executive Director will respond in writing not later than the fourteenth day after the date of receipt of the appeal. If the Applicant is not satisfied with the Executive Director's response, they may appeal in writing directly to the Board within seven days after the date of the Executive Director's response. The appeal must be received by the Department at least fourteen days prior to the next scheduled Board meeting. Appeals received after the fourteenth calendar day prior to the Board meeting will generally be scheduled at the next subsequent Board meeting.

If the Applicant receives additional information after the Executive Director has denied the appeal, but prior to the posting of the appeal for Board consideration, the new information must be provided to the Executive Director for further consideration or the Board will not consider it. New information will cause the appeal deadlines to begin again.

The Board will hear public comment on the appeal under its Public Comment Procedures in 10 TAC §1.10. While public comment will be heard, persons making public comment are not parties to the appeal and no rights accrue to them as a result of the appeal process.

Applicable appeals not submitted in accordance with 10 TAC §1.7 will not be considered, unless the Executive Director or Board, in the exercise of its discretion, determines there is good cause to consider the appeal.

All written appeals should be submitted to the Multifamily Programs Director and the Administrator of the applicable program. Appeals may be uploaded to the Serv-U file for the Application, in all instances the Applicant must email notification of the appeal to staff as follows in order for it to be considered received:

For all Applications, contact Cody Campbell at cody.campbell@tdhca.state.tx.us.

and

For 9% HTC Applications, contact Joshua Goldberger at joshua.goldberger@tdhca.state.tx.us.

For 4% HTC/Bond Applications, contact Jon Galvan at jonathan.galvan@tdhca.state.tx.us.

For Multifamily Direct Loan Applications, contact Connor Jones at connor.jones@tdhca.state.tx.us.

Public Access to Applications

The Department will allow the public to view any pre-applications or Applications that have been submitted to the Department in an electronic format. These electronic versions should be available within approximately two weeks of the close of the Application Acceptance Period on the Department's website at http://www.tdhca.state.tx.us/multifamily/housing-tax-credits-9pct/ for 9% HTC Applications and at http://www.tdhca.state.tx.us/multifamily/housing-tax-credits-4pct/index.htm for 4% HTC Applications. An Applicant may request, via an open records request, a paper copy between the hours of 8:00 a.m. and 5:00 p.m. (Austin local time) Monday through Friday. There may be an associated cost with requesting this information.

Applicable Rules and Reference Materials

2024 SITE DEMOGRAPHIC CHARACTERISTICS REPORT

2024 Multifamily Housing Revenue Bond Rule (10 TAC Chapter 12)

2024 Multifamily Direct Loan Rule (10 TAC Chapter 13)

2024 Post Award and Asset Management Requirements (10 TAC Chapter 10 Subchapter E)

2024 Qualified Allocation Plan (10 Tac Chapter 11)

Texas Government Code Chapter 2306

Internal Revenue Code Section 42

Texas Government Code Chapter 1372

Notices Of Funding Availability (NOFA)

File #: 475	**Agenda Date:** 12/7/2023	**Agenda #:** 29.

Presentation, discussion, and possible action on multiple requests for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Applications previously awarded 9% housing tax credits

22141 - Twin Oaks Apartments

22231 - Woodcrest Apartments

RECOMMENDED ACTION

WHEREAS, the above listed developments were awarded 9% housing tax credits during the 2022 competitive Application round;

WHEREAS, staff executed Carryover Allocation Agreements with the Development Owners, which included certifications from the Development Owners that each building for which the allocations were made would be placed in service by December 31, 2024;

WHEREAS, the Department received requests from the Development Owners to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, other than in situations covered by force majeure, the Department lacks authority to extend federal deadlines for placement in service; and

WHEREAS, the Development Owners have presented evidence that relief under force majeure is appropriate.

NOW, therefore, it is hereby

RESOLVED, the requests for treatment under an application of the force majeure rule are approved, with the 2022 Qualified Allocation Plan and Uniform Multifamily Rules, and the 2023 Program Calendar applicable to the Developments.

BACKGROUND

Awards of Competitive (9%) Housing Tax Credits were approved by the Board for the above-listed developments in 2022. Staff executed Carryover Allocation Agreements with the Development Owners which included a certification from the Development Owners that documentation for the 10% Test would be submitted by a set date, and, in order to satisfy the requirements of §42 of the Internal Revenue Code, each building for which the allocations were made would be placed in service by December 31, 2024. The Department received requests from the Development Owners to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credits Returns Resulting from Force Majeure Events. Staff determined that this effective "extension" of the 10% Test deadline due to Force Majeure events was appropriate under these circumstances.

Per 10 TAC §11.6(5) of the Qualified Allocation Plan (QAP), related to Credits Returns Resulting from Force Majeure Events, a Development Owner is allowed to return issued credits within three years of award, and have those credits re-allocated to the Development outside of the usual regional allocation system if all of the requirements of the subsection are met. Per 10 TAC §11.6(5), the Department's Governing Board may approve the execution of a current program year Carryover Allocation Agreement regarding the returned credits with the Development Owner that returned such credits only if:

(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.

The Development Owners have communicated to staff that rising construction costs, labor shortages, supply chain issues, inflation and interest rate increases have impacted the construction timelines. One Development has also experienced significant delays in closing on financing due to organizational changes at the U.S. Department of Agriculture.

Staff has determined there is sufficient evidence of "sudden and unforeseen circumstances outside the control of the Development Owner . . . [regarding] supplier failures; or materials or labor shortages," as described in 10 TAC §11.6(5), for the Department to treat the Developments under an application of the force majeure rule. If the Board approves the request to consider these force majeure events, the Development Owners will return the awarded credits and execution of a 2023 Carryover Allocation Agreement will result in a new award and a new placed-in-service deadline of December 31, 2025, for the Developments, with a new 10% Test deadline of July 1, 2024. The 2022 Qualified Allocation Plan and Uniform Multifamily Rules will be applicable to the Developments for the purposes of the force majeure event.

If the Board denies the requests regarding the force majeure events, the date by which the denied Developments must be placed in service will remain as previously agreed. Because the Development Owners have anticipated not meeting the placed in service deadline, the credits are expected to be returned. If the Development Owners return the credits, the credits would first be made available in the subregions from which they were originally awarded, pursuant to 10 TAC §11.6(2), related to returned credits. If there are pending Applications on the 2023 or 2024 (depending on when the credits are returned) waiting list from the relevant subregions, the next Application would be awarded, assuming there are enough credits to make the award. If there are not enough credits in the subregion to make an award, the credits will go into the statewide collapse and contribute the next award.

Staff recommends the Board approve the requests for treatment under an application of the force majeure rule for the Developments. Approval of this request does not change any federal or state deadlines for MFDL or HOME-ARP.

Hamilton Valley Management, Inc.

November 16, 2023

Mr. Cody Campbell
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
211 E 11th Street
Austin, TX 78701

Re: TDHCA Application #22141 – Twin Oaks Apts.-Little River, TX

Dear Mr. Campbell,

HVM 2022 Little River, LLC (the "Owner") received an allocation of Tax Credits from the Texas Department of Housing and Community Affairs ("TDHCA") for the rehabilitation of Twin Oaks Apartments (the "Development"). The Owner is required to meet the 10% test by December 20, 2023, and place the Development in service by December 31, 2024. However, due to circumstances concerning delays with closing the acquisition transfer with USDA-RD, the Owner will not meet the deadlines required by Section 42(h)(1)(E)(i) and Section 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 deadline is the result of events that we believe qualify under Section 11.6(5) of the 2022 Qualified Allocation Plan ("QAP") relating to Force Majeure.

<u>Event Description</u>

The Twin Oaks Apartments are situated in Little River, Texas, in Bell County. Tax Credits were applied for during the 2022 TDHCA cycle. Credits were awarded to the property and the process for transferring ownership with USDA Rural Development ("RD") had begun in October of 2022.

<u>Our Delay:</u>

We filed our application for transfer/rehab with the USDA-RD on January 13, 2023. The first response we received from USDA-RD was not until April 10, 2023.

1. RD's application process for a transfer/rehab is very involved, with full underwriting and review just like a new loan application. Please note: RD is not providing any new funds. It has become a slow process partially because RD has been understaffed. *See attached letter from USDA.
2. USDA-RD's Reorganization slowed them even further and is another contribution to the problem in their slow response time over the last couple of years. Reorganization involved the dissolving of the individual state office organization and moving to a regional and national organizational structure.
3. With the new reorganization came several new application items to the process.
4. A timeline of all the correspondence with RD can be provided if requested, however, please see the attached letter from USDA-RD for a full explanation of the reason for the delay.

Hamilton Valley Management, Inc.

In Summary, with our application to RD on January 13, 2023, and the first response from USDA-RD was not until April 10, 2023, the owner, just this week, received a few more items they are requesting which had not been on any previous correspondence from them. The application will still need to go to Underwriting. After Underwriting, it will go to their Office of General Counsel for them to issue closing instructions; then we respond with any requests they may have; then we schedule closing.

We will not be able to close by December 20, 2022, our 10% test deadline. And, of course depending on when RD allows us to close the transfer, our Placed In-Service deadline of 12/31/2024 is also in jeopardy.

We request that the Owner be permitted to return the Tax Credits allocated in 2022 and that TDHCA reallocate those Tax Credits to the Owner in the current year in accordance with §11.6(5) of the 2022 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 the 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 that is a direct result of the delays.

4. The Force Majeure threatens to prevent the Owner from meeting the 10% Test and Place in Service requirements of the original allocation.

5. The requested current year Carryover Agreement would allocate the same amount of Tax Credits as those that would be returned.

If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at 512-756-6809 ext. 212 or dennishoover@hamiltonvalley.com.

Sincerely,

Dennis Hoover

Dennis Hoover, Member
HVM Housing LLC, Managing Member
HVM 2022 Little River, LLC

USDA

United States Department of Agriculture

Rural Development

Daniel J. Rogers
Director

Production &
Preservation Division
Multifamily Housing

Rural Housing Service

1400 Independence Ave SW
Room 5017
Washington, D.C. 20250

Telephone (202) 400-0127

November 15, 2023

Joel Cortez
209 S West St. PO Box 190
Burnet, TX 78611

Leeann Chance
TDHCA
PO Box 13941
Austin, TX 78711

Subject: HVM 2022 Little River, LLC Transfer of Ownership Application

Dear Mr. Cortez and Ms. Chance,

This office received a transfer of ownership application for the subject transaction on January 13, 2023. The transfer application is for an existing USDA Rural Development Section 515 property, Twin Oaks Village Apartments, located at 1407 West Main Street, Little River-Academy, TX. The transfer application also included a proposed recapitalization with its primary source being Low-Income Housing Tax Credits (LIHTC).

This transfer application has been in our Processing and Report Review (PRR) Branch for an extended period, at no fault of the applicant. The Agency experienced significant delays in the processing of this application with contributing factors that were outside of the applicant's control. It is the agency's understanding that this delay has jeopardized the applicant's LIHTC award and has adversely impacted the applicant's ability to meet LIHTC programmatic deadlines and requirements.

The application has been forwarded to our Underwriting Branch. While some items are still under review, Multifamily Housing anticipates a closing timeframe of March 2024.

The outstanding items, which were only very recently communicated to the applicant, include:

- USDS Office of General Counsel legal entity review of applicant
- Applicant registration in SAMs and receipt of UEI number
- Final concurrence on construction documents (currently under agency review)

The Agency would like to reiterate that the delays in the processing of this application are at no fault of the applicant and outside of the applicant's control. We are appreciative of our industry partners who assist in providing funding for the rehabilitation of affordable housing in our rural communities. We extend our sincerest apologies for the processing delays and the subsequent inconveniences that this has caused to both the applicant and TDHCA. As we prioritize the processing of this transaction, please communicate any questions to my attention at Daniel.Rogers2@usda.gov.

Sincerely,

Daniel J. Rogers
Director

RISE Residential

November 22, 2023

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

Re: 2023 - 9% HOME-ARP 22231/23707 Force Majeure Request – Woodcrest Apartments

Dear Mr. Campbell,

On or about July 31, 2022, TX Woodcrest HAP, LP (the "Partnership"), received an allocation of Housing Tax Credits from the Texas Department of Housing and Community Affairs ("TDHCA") for the rehabilitation of a project called Woodcrest Apartments, located at 2550 W 8th Street, 314 Odessa, Texas (the "Project"). The Partnership is required to place the Project into service no later than December 31, 2024, as required by Section 42(h)(1)(E)(i) of the Internal Revenue Code of 1986, as amended. Unfortunately, the Partnership faces the likelihood that it will not be able to place the Project into service by that date due to certain events and delays that we believe fall under the Force Majeure provisions of §11.6(5) of the Texas Administrative Code. I am writing to provide an update on the Project and submit a written request for an extension of the placed in-service deadline. The Project comprises 80 units, with over 90% of the units serviced by a HUD Housing Assistance Payments (HAP) contract.

Woodcrest Apartments has been directly impacted by the local market conditions, where we are in competition with the oil field industry for essential materials and labor. This competition has significantly heightened the difficulty in securing necessary resources, contributing to delays and increased costs.

The regional supply chain issues in Odessa and the rapid increase in interest rates have necessitated a shift in our approach to the Woodcrest Apartments project. To adapt to these challenges, we have undertaken a more efficient design for the project. This redesign, while crucial for moving forward, has required additional time and resources. The redesign process has been thorough and mindful of the project's long-term sustainability and efficiency. Consequently, we are also in the process of preparing a material amendment, which will be submitted to TDHCA in the near future.

These supply chain difficulties, coupled with the need for a redesign of the project, fall within the purview of unforeseen circumstances that have significantly hindered our ability to meet the original project timelines. We believe these challenges align with the force majeure conditions as outlined in §11.6(5) of the Texas Administrative Code.

In early December 2022, TDHCA acknowledged the increase in construction costs from the 2022 to 2023 QAP and released the HOME ARP Rental NOFA in connection with its efforts to support projects, specifically 9% and 4% projects awarded in 2022, experiencing construction cost increases. On or about January 31, 2023, the Partnership applied for HOME ARP funds to assist with increasing construction costs to rehabilitate the Project. The Project is a good use of HOME ARP funds as it has rental assistance on over 90% of the property, and because of the rental assistance received from the HAP contract, TDHCA isn't required to use funds for COCA (Capitalized Operating Cost Assistance Reserves).

On or about October 26, 2023, TDHCA approved the Project's application for HOME ARP funds. However, as soon as the Partnership applied for HOME ARP funds, federal regulations precluded us from undertaking any choice-limiting decisions, which includes the commencement of any construction or development work on-site. This restriction was in compliance with the federal regulatory requirements associated with the HOME ARP funding and has resulted in a substantial delay to the commencement of construction and/or development work on-site.

The Project is now in serious jeopardy of being unable to meet the placed-in-service requirements by the December 31, 2024, deadline due to the delays described above and, therefore, we are requesting a one (1) year extension in accordance with §11.6(5) of the 2022 QAP relating to Force Majeure. We believe the Partnership and Project meet all of the requirements in §11.6(5), in that:

1. The events that caused the delay (i.e., the federal regulations related to the HOME ARP funds that precluded us from commencing construction) occurred before the issuance of 8609s and are the result of a presidentially declared disaster (i.e., TDHCA's allocation of HOME ARP funds came from HUD under Section 3205 of the American Rescue Plan Act, which was enacted in connection with the economic effects of the COVID-19 pandemic), which TDHCA may treat under the applicable federal provisions related thereto;

2. The delays were not caused by willful negligence or acts of the Partnership, any affiliate of the Partnership, or any other related party of the Partnership;

3. The Partnership, through this letter, has provided evidence and a timeline of the events related to the initial availability, application and final approval of HOME ARP funds for the Project, which shows that the delays were the direct result of the Force Majeure event;

4. Though there was little that could be done to minimize or mitigate the delays caused by the HOME ARP federal regulations, we took all reasonable steps to expedite the approval of the Partnership's application for the HOME ARP funds in an effort to minimize or mitigate such delay by promptly responding to each and every deficiency noted by TDHCA in the Partnership's application and providing any and all documents requested by TDHCA. Since the application was submitted, we received environmental clearance and a draft of the HOME ARP contract. We are working towards the Notice to Proceed, which will allow us to start and complete construction.

5. The Force Majeure prevents the Partnership from meeting the place in service requirements of the original allocation;

6. The current year Carryover Agreement, if applicable, allocates the same amount of Housing Tax Credits as those that would be returned; and

7. The Project continues to be financially feasible, as these delays have not significantly increased the original construction budget, nor have there been any insurance proceeds received related to the Force Majeure event.

We appreciate the TDHCA Board's and staff's understanding and support in this matter.

We reserve the right to supplement prior to any deadline.

Sincerely,

Melissa Fisher
RISE Residential

Cc: Bill Fisher
Wallace Reed

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 456 **Agenda Date:** 12/7/2023 **Agenda #:** 30.

Presentation, discussion, and possible action regarding a Material Amendment of the Housing Tax Credit Application of HTC #23013 The Laurel at Blackhawk.

RECOMMENDED ACTION

WHEREAS, in 2023 the Board awarded 9% housing tax credits for the new construction of The Laurel at Blackhawk (the Development), an Elderly Development in Houston, Harris County, as a single, three-story, elevator-served building containing 120 units on a 5.46 acre site;

WHEREAS, substantial increases in the cost of insurance, construction loan interest and permanent loan interest have made the Development financially infeasible as originally proposed, the applicant proposes to reduce costs by downsizing the Development from 120 units to 105 units by eliminating 15 market rate units while leaving in place all 89 of the originally proposed tax credit units and 16 of the original 31 market rate units;

WHEREAS, the downsizing will reduce the Development's Net Rentable Area by 12.1%, from 94,804 square feet to 83,291 square feet, Common Area will decline by 7.1%, from 32,292 square feet to 30,016 square feet, and residential density will decrease by 12.7%, from 22.0 units per acre to 19.2 units per acre;

WHEREAS, the proposed changes do not affect the number, unit mix, square footage or rent restrictions of the tax credit units, the changes reduce the original 17 one-bedroom and 14 two-bedroom market rate units to 8 units each;

WHEREAS, the Common Areas of the Development are reduced in size by eliminating 11% of the breezeway and stair areas, 5% of the maintenance area and 3% of the amenity center, the grille house areas increase in size by 16% and a 317 square foot amenity porch and 354 square foot delivery parcel area are added to the Development;

WHEREAS, the effects of the changes are presented to the Board for evaluation under §2306.6712(d), particularly with respect to any negative effects from

- a modification of the number of units or bedroom mix of units;
- a reduction of three percent or more in the square footage of the units or common areas;
- a modification of the residential density of the development of at least five percent; and
- any other modification considered significant by the board;

NOW, therefore, it is hereby

RESOLVED, that the requested Material Amendment of the Application for The Laurel at Blackhawk is approved as presented to 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

The Laurel at Blackhawk in Houston, Harris County, received a 9% HTC award in 2023 for the new construction of 120 multifamily units for elderly tenants in one three-story, elevator served building on a 5.76 acre site, with 120 units restricted to rents for tenants within the 30% to 60% range of Area Median Gross Income and 31 market rate units. On September 20, 2023, the Owner submitted a request for approval of a Material Amendment of the Application that reduced the number of units from 120 to 105 thereby increasing the cost per unit by 21.8% from $194,206 to $236,510.

In its treatment of amendments of the application, Tex. Gov't Code §2306.6712 specifies six changes as material alterations and includes "any other modification considered significant by the Board" as a seventh material alteration. The following bullets discuss the alterations that the statute specifies as material alterations as such material alterations relate to the currently proposed amendment.

- There is not a significant modification of the site plan [§2306.6712(d)(1)]. The layout and building footprint of the site do not change substantially. The changes do not violate the Rules and would not have affected the scoring of the application or the recommendation for an award.

- There is a modification of the number of units and bedroom mix of units [§2306.6712(d)(2)], but the changes do not affect the tax credit units. The total number of income and rent restricted units remains at 53-1BR/1bath units + 36-2BR/2bath units = 89 units. The numbers of units restricted to 30%, 50% and 60% incomes and rents in the amendment are the same as in the Application. The number of market rate units decreases from 17-1BR/1bath units to 8-1BR/1bath units and from 14-2BR/2bath units to 8-2BR/2bath units.

- There is a reduction of more than three percent in the square footage of the units and Common Area [§2306.6712(d)(4)]. The NRA as originally proposed in the application was 94,804 square feet. As amended the NRA is 83,291 square feet. The decrease in NRA is 12.1%. The Common Area [§11.1(d)(22)] as amended, 30,016 square feet, is approximately 7.1% less than the original Common Area, 32,292 square feet. As stated in the amendment request, the decrease in Common Area is entirely due to changes in the areas of corridors and stairs. Amenity related Common Area reportedly increased by 562 square feet.

- There is not a significant modification of the architectural design [§2306.6712(d)(5)] in that the Development remains a single rectangular three-story building ringed by a parking lot and enclosing a landscaped space. The amended building plan does not violate the Rules and would not have affected the scoring of the application or the recommendation for an award.

- There is a modification of the residential density of the development of at least five percent [§2306.6712(d)(6)]. The residential density decreases by 12.7% from 22.0 units per acre to 19.2 units per acre.

- Regarding any other modification considered significant by the Board [§2306.6712(d)(7)], there is an decrease in the total construction contract of $1,990,806, from $17,207,229 at application to $15,216,423 as amended. Total development cost decreased by $1,840,350, from $26,673,923 at application to $24,833,573 as amended. The tax credits requested remain the same in the amendment as at application, $2,000,000. As reported in the amendment request, a 71% increase in insurance expense, an increase of approximately 1% in the interest rate of the construction loan, and an increase of approximately 0.65% in the interest rate of the permanent debt financing resulted in total lost proceeds from debt financing of approximately $1,596,000.

- Department staff are instructed by §2306.6712(e) to “consider whether the need for modification proposed in the amendment was . . . reasonably foreseeable by the applicant at the time the application was submitted” [§2306.6712(e)(1)] or “preventable by the applicant” [§2306.6712(e)(1)]. As reflected by staff’s analysis of the application prior to the award of tax credits, it is staff’s opinion that the current need for modification was neither foreseeable nor preventable.

In staff’s judgement, the unforeseeable and unpreventable circumstances that created the need for the changes proposed in this amendment request support a recommendation for approval. The Development Owner has complied with the amendment requirements under 10 TAC §10.405(a).

Staff recommends approval of the amendment request as presented herein.

Real Estate Analysis Division
October 23, 2023

Addendum to Underwriting Report

TDHCA Application #: **23013** Program(s): **9% HTC**

Laurel at Blackhawk

Address/Location: 9205 Wayfarer Ln

City: Houston County: Harris Zip: 77075

	APPLICATION HISTORY
Report Date	**PURPOSE**
10/23/23	**Underwriting Update**
06/12/23	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$2,000,000				**$2,000,000**				

CONDITIONS STATUS

- Receipt and acceptance by Cost Certification:
  - Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

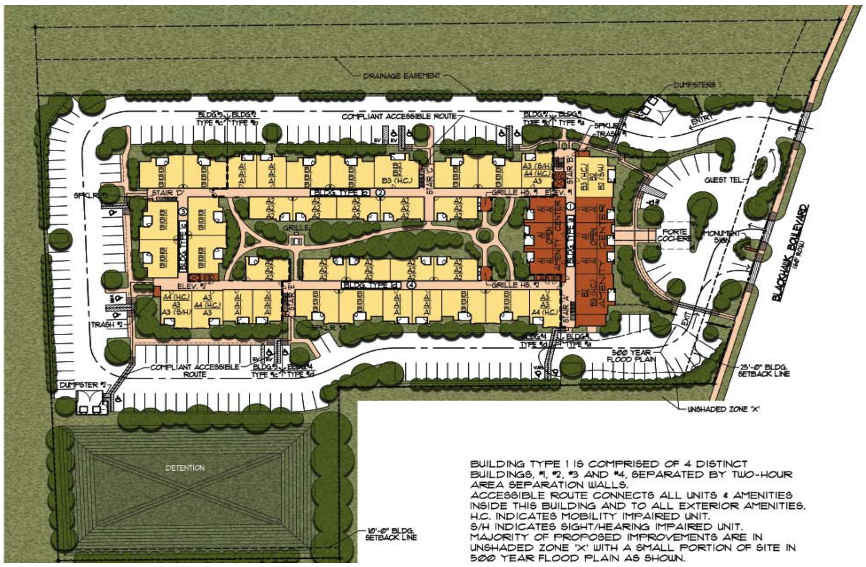
TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	36
60% of AMI	60% of AMI	44

ANALYSIS

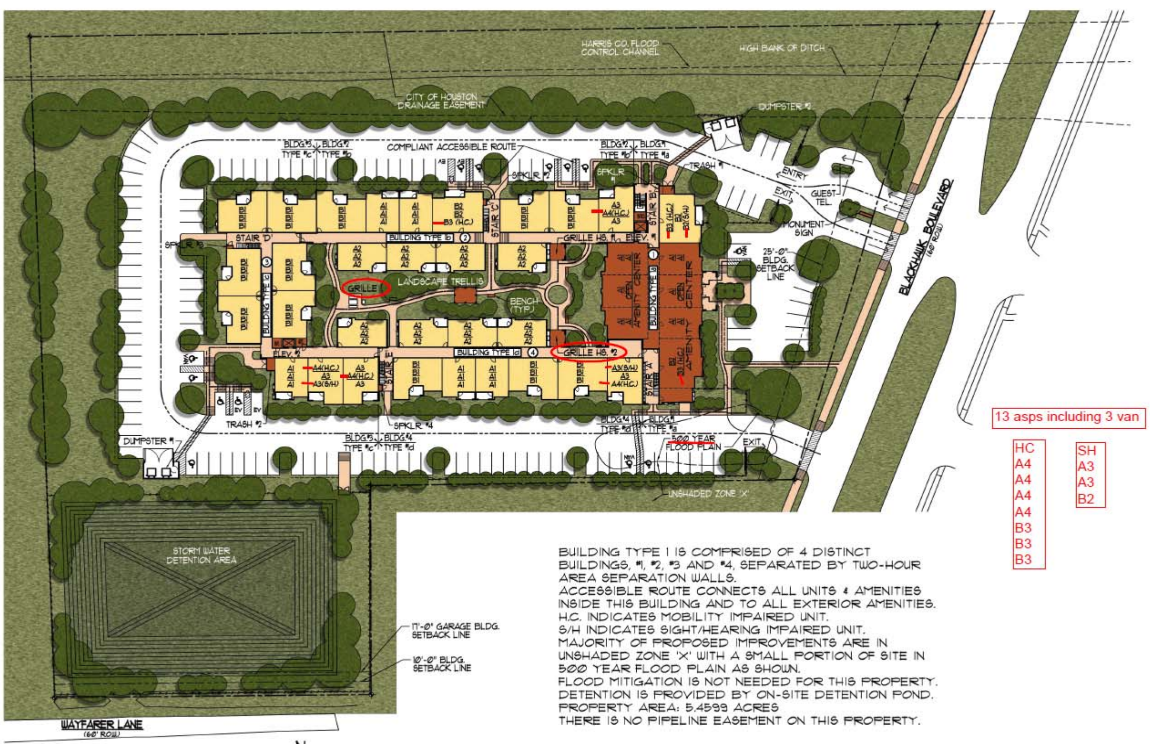
In June 2023, the development was awarded a 9% HTC allocation. Due to rising expenses and increasing interest rates, the Applicant is requesting a material amendment that involves a restructuring of the deal to ensure feasibility. These increase in costs have created an approximate $1.6M financing gap.

The material amendment consists of:
-A reduction of total units from 120 to 105
-A reduction of Net Rentable Area by more than 3% (94,804 SF to 83,291 SF)
-A reduction of Common Area Square Footage by more than 3% (32,292 SF to 30,016 SF)

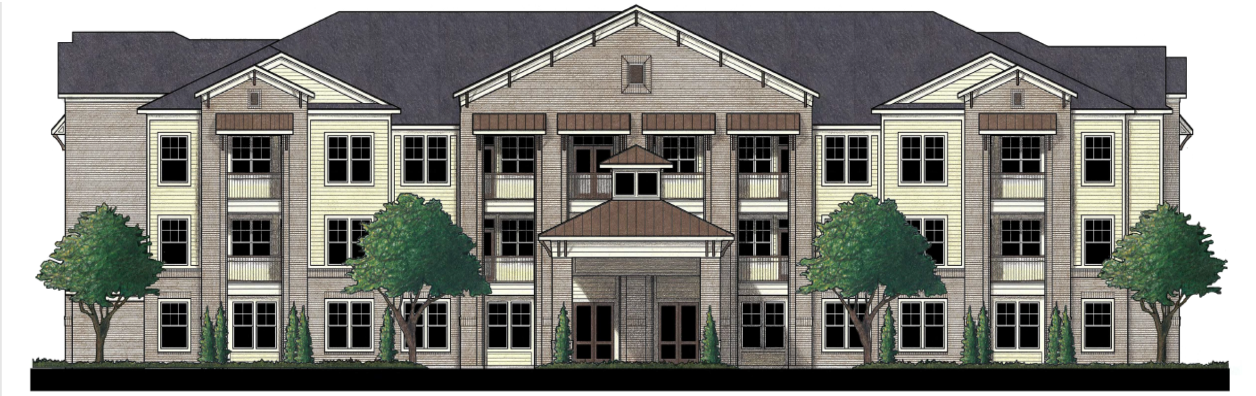
Original Site Plan



Updated Site Plan



Original Elevation



Updated Elevation

Operating Pro Forma

The total number of units is being reduced from 120 to 105. The number of affordable units and units per AMGI band has not changed. All 15 units taken out are market rate units.

Applicant is now using 2023 rents.
Total income has been reduced by $171K, expenses have decreased by $54K, and NOI has decreased by $116K. Although the number of units has decreased, insurance has increased by $45K, approximately $535/unit from the original estimate. Payroll was the biggest expense reduction by about $50K.

Development Cost

Total development costs have decreased by $1.8M with building costs decreasing by $1.4M. Soft costs have increased.

The Applicant has overstated their new eligible financing costs by $299K.

Sources of Funds

The Citi construction loan has decreased to $18,995,963 with an interest rate of 8%. The permanent period loan is now $5.4M with a 7.50%.

Underwriter recommends an annual tax credit allocation of $2,000,000 per the Applicant's request.

Underwriter:	*Jeffrey Price*
Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Laurel at Blackhawk, Houston, 9% HTC #23013

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$90,100
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	61	58.1%	0	0	0
2	44	41.9%	0	0	0
3	-	0.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL	**105**	**100.0%**	**-**	**-**	**-**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	83.73%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	793 sf

53%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	# Units	-	9	-	36	44	-	-	16	**105**
	% Total	0.0%	8.6%	0.0%	34.3%	41.9%	0.0%	0.0%	15.2%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$524	3	1	1	655	$524	$76	$448	$0	$0.68	$448	**$1,344**	**$1,344**	$448	$0.68	$0	$1,200	$1.83	$1,275
TC 50%	$874	11	1	1	655	$874	$76	$798	$0	$1.22	$798	**$8,778**	**$8,778**	$798	$1.22	$0	$1,200	$1.83	$1,275
TC 60%	$1,049	10	1	1	655	$1,049	$76	$973	$0	$1.49	$973	**$9,730**	**$9,730**	$973	$1.49	$0	$1,200	$1.83	$1,275
MR		1	1	1	655	$0	$76		NA	$1.83	$1,200	**$1,200**	**$1,200**	$1,200	$1.83	NA	$1,200	$1.83	$1,275
TC 30%	$524	2	1	1	674	$524	$76	$448	$0	$0.66	$448	**$896**	**$896**	$448	$0.66	$0	$1,200	$1.78	$1,275
TC 50%	$874	7	1	1	674	$874	$76	$798	$0	$1.18	$798	**$5,586**	**$5,586**	$798	$1.18	$0	$1,200	$1.78	$1,275
TC 60%	$1,049	13	1	1	674	$1,049	$76	$973	$0	$1.44	$973	**$12,649**	**$12,649**	$973	$1.44	$0	$1,200	$1.78	$1,275
MR		2	1	1	674	$0	$76		NA	$1.78	$1,200	**$2,400**	**$2,400**	$1,200	$1.78	NA	$1,200	$1.78	$1,275
TC 60%	$1,049	2	1	1	777	$1,049	$76	$973	$0	$1.25	$973	**$1,946**	**$1,946**	$973	$1.25	$0	$1,200	$1.54	$1,378
MR		5	1	1	777	$0	$76		NA	$1.54	$1,200	**$6,000**	**$6,000**	$1,200	$1.54	NA	$1,200	$1.54	$1,378
TC 50%	$874	1	1	1	787	$874	$76	$798	$0	$1.01	$798	**$798**	**$798**	$798	$1.01	$0	$1,200	$1.52	$1,378
TC 60%	$1,049	3	1	1	787	$1,049	$76	$973	$0	$1.24	$973	**$2,919**	**$2,919**	$973	$1.24	$0	$1,200	$1.52	$1,378
TC 30%	$629	3	2	2	924	$629	$100	$529	$0	$0.57	$529	**$1,587**	**$1,587**	$529	$0.57	$0	$1,450	$1.57	$1,475
TC 50%	$1,048	15	2	2	924	$1,048	$100	$948	$0	$1.03	$948	**$14,220**	**$14,220**	$948	$1.03	$0	$1,450	$1.57	$1,475
TC 60%	$1,258	13	2	2	924	$1,258	$100	$1,158	$0	$1.25	$1,158	**$15,054**	**$15,054**	$1,158	$1.25	$0	$1,450	$1.57	$1,475
MR		5	2	2	924	$0	$100		NA	$1.57	$1,450	**$7,250**	**$7,250**	$1,450	$1.57	NA	$1,450	$1.57	$1,475
TC 30%	$629	1	2	2	1,014	$629	$100	$529	$0	$0.52	$529	**$529**	**$529**	$529	$0.52	$0	$1,450	$1.43	$1,565
TC 50%	$1,048	1	2	2	1,014	$1,048	$100	$948	$0	$0.93	$948	**$948**	**$948**	$948	$0.93	$0	$1,450	$1.43	$1,565
TC 60%	$1,258	3	2	2	1,014	$1,258	$100	$1,158	$0	$1.14	$1,158	**$3,474**	**$3,474**	$1,158	$1.14	$0	$1,450	$1.43	$1,565
MR		3	2	2	1,014	$0	$100		NA	$1.43	$1,450	**$4,350**	**$4,350**	$1,450	$1.43	NA	$1,450	$1.43	$1,565
TOTALS/AVERAGES:		**105**			**83,291**				**$0**	**$1.23**	**$976**	**$102,456**	**$102,456**	**$976**	**$1.23**	**$0**	**$1,306**	**$1.65**	**$1,377**

ANNUAL POTENTIAL GROSS RENT:	**$1,229,472**	**$1,229,472**

STABILIZED PRO FORMA

Laurel at Blackhawk, Houston, 9% HTC #23013

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PREVIOUS UW		TDHCA				VARIANCE	
	Database		County Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.23	$976	$1,229,472	$1,411,128	$1,411,128	$1,229,472	$976	$1.23		0.0%	$0
Laundry, Vending, Deposit Forfeitures							$20.00	$25,200	28,800							
Total Secondary Income							$20.00			28,800	$25,200	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,254,672	$1,439,928	$1,439,928	$1,254,672				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(94,100)	(107,995)	(107,995)	(94,100)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,160,572	$1,331,933	$1,331,933	$1,160,572				0.0%	$0
General & Administrative	$46,259	$441/Unit	$36,518	$348	2.52%	$0.35	$278	$29,200	$29,700	$41,734	$36,518	$348	$0.44	3.15%	-20.0%	(7,318)
Management	$45,785	3.9% EGI	$47,744	$455	5.00%	$0.70	$553	$58,029	$66,597	$66,597	$58,029	$553	$0.70	5.00%	0.0%	0
Payroll & Payroll Tax	$144,642	$1,378/Unit	$182,575	$1,739	12.68%	$1.77	$1,402	$147,200	$198,400	$198,400	$147,200	$1,402	$1.77	12.68%	0.0%	-
Repairs & Maintenance	$78,943	$752/Unit	$89,344	$851	4.91%	$0.68	$543	$57,000	$65,000	$78,000	$68,250	$650	$0.82	5.88%	-16.5%	(11,250)
Electric/Gas	$26,014	$248/Unit	$26,191	$249	1.29%	$0.18	$143	$15,000	$20,000	$20,000	$15,000	$143	$0.18	1.29%	0.0%	-
Water, Sewer, & Trash	$75,457	$719/Unit	$50,447	$480	5.39%	$0.75	$595	$62,500	$70,000	$70,000	$62,500	$595	$0.75	5.39%	0.0%	-
Property Insurance	$67,127	$0.81 /sf	$109,902	$1,047	11.63%	$1.62	$1,286	$135,000	$90,000	$90,000	$135,000	$1,286	$1.62	11.63%	0.0%	-
Property Tax (@ 100%) 2.5600	$91,930	$876/Unit			9.48%	$1.32	$1,048	$110,000	$125,000	$125,000	$110,000	$1,048	$1.32	9.48%	0.0%	-
Reserve for Replacements					2.26%	$0.32	$250	$26,250	$30,000	$30,000	$26,250	$250	$0.32	2.26%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.31%	$0.04	$34	$3,560	$3,560	$3,560	$3,560	$34	$0.04	0.31%	0.0%	-
TOTAL EXPENSES					**55.47%**	**$7.73**	**$6,131**	**$643,739**	**$698,257**	**$723,291**	**$662,306**	**$6,308**	**$7.95**	**57.07%**	**-2.8%**	**$ (18,567)**
NET OPERATING INCOME ("NOI")					**44.53%**	**$6.21**	**$4,922**	**$516,833**	**$633,676**	**$608,642**	**$498,265**	**$4,745**	**$5.98**	**42.93%**	**3.7%**	**$ 18,567**
CONTROLLABLE EXPENSES							$2,961/Unit					$3,138/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Laurel at Blackhawk, Houston, 9% HTC #23013

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							PREVIOUS UW		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Citi		1.14	1.18	436,909	7.50%	35	15.0	$5,400,000	$7,250,000	$7,250,000	$5,400,000	15.0	35	7.50%	$436,909	1.18	21.7%
CASH FLOW DEBT / GRANTS																	
City of Houston		1.14	1.18		0.00%	0	0.0	$500	$500	$500	$500	0.0	0	0.00%		1.18	0.0%
				$436,909	**TOTAL DEBT / GRANT SOURCES**			**$5,400,500**	**$7,250,500**	**$7,250,500**	**$5,400,500**	**TOTAL DEBT SERVICE**			**$436,909**	**1.18**	21.7%
NET CASH FLOW		$61,356	$79,924								**APPLICANT**	**NET OPERATING INCOME**		**$516,833**	**$79,923**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					PREVIOUS UW		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
Hudson Housing Capital	LIHTC Equity	74.1%	$2,000,000	$0.92	$18,398,160	$18,398,160	$18,398,160	$18,398,160	$0.9199	$2,000,000	74.1%	$19,048	Previous Allocation
The Laurel at Blackhawk Developers, LLC	Deferred Developer Fees	4.2%	(37% Deferred)		$1,034,913	$1,025,263	$1,025,263	$1,034,913	(37% Deferred)		4.2%	**Total Developer Fee:**	**$2,810,005**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		78.3%			$19,433,073	$19,423,423	$19,423,423	$19,433,073			78.3%		
TOTAL CAPITALIZATION					**$24,833,573**	**$26,673,923**	**$26,673,923**	**$24,833,573**				**15-Yr Cash Flow after Deferred Fee:**	**$584,608**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					PREVIOUS UW		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	**New Const. Rehab**			**Total Costs**	**Applicant**	**TDHCA**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition				$20,238 / Unit	$2,125,000	$2,125,000	$2,125,000	$2,125,000	$20,238 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Off-Sites				$ / Unit	$0	$0	$0	$0	$ / Unit		$0		0.0%	$0
Site Work		$1,217,475		$11,595 / Unit	$1,217,475	$1,391,400	$1,391,400	$1,217,475	$11,595 / Unit		$1,217,475		0.0%	$0
Site Amenities		$391,125		$3,725 / Unit	$391,125	$447,000	$447,000	$391,125	$3,725 / Unit		$391,125		0.0%	$0
Building Cost		$10,865,925	$130.46 /sf	$103,485/Unit	$10,865,925	$12,268,200	$13,370,084	$11,699,524	$111,424/Unit	$140.47 /sf	$10,865,925		-7.1%	($833,599)
Contingency		$873,216	7.00%	7.00%	$873,216	$987,462	$987,462	$873,216	6.56%	7.00%	$873,216		0.0%	$0
Contractor Fees		$1,868,682	14.00%	14.00%	$1,868,682	$2,113,167	$2,113,167	$1,868,682	13.18%	14.00%	$1,868,682		0.0%	$0
Soft Costs	$0	$1,537,310		$14,641 / Unit	$1,537,310	$1,509,410	$1,509,410	$1,537,310	$14,641 / Unit		$1,537,310	$0	0.0%	$0
Financing	$0	$2,278,940		$24,147 / Unit	$2,535,440	$2,136,866	$2,136,866	$2,535,440	$24,147 / Unit		$1,979,637	$0	0.0%	$0
Developer Fee	$0	$2,810,005	14.76%	14.76%	$2,810,005	$3,089,775	$3,089,775	$2,810,005	14.36%	15.00%	$2,810,005	$0	0.0%	$0
Reserves				7 Months	$609,395	$605,643	$605,643	$609,395	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$21,842,678**		$236,510 / Unit	**$24,833,573**	**$26,673,923**	**$27,775,807**	**$25,667,172**	$244,449 / Unit		**$21,543,375**	**$0**	**-3.2%**	**($833,599)**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0			$0	$0								
Financing Cost		($299,303)												
Developer Fee	$0	$0			$0	$0								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$21,543,375**		$236,510/unit	**$24,833,573**	**$26,673,923**	**$27,775,807**	**$25,667,172**	$244,449/unit		**$21,543,375**	**$0**	**-3.2%**	**($833,599)**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						**$24,833,573**								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Laurel at Blackhawk, Houston, 9% HTC #23013

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$21,543,375	$0	$21,543,375
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$21,543,375	$0	$21,543,375
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$28,006,387	$0	$28,006,387
Applicable Fraction	83.73%	83.73%	84%	84%
TOTAL QUALIFIED BASIS	$0	$23,450,234	$0	$23,450,234
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,110,521	$0	$2,110,521
CREDITS ON QUALIFIED BASIS	$2,110,521		$2,110,521	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9199	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,110,521	$19,414,852	----	----	----
Needed to Fill Gap	$2,112,502	$19,433,073	----	----	----
Previous Allocation	$2,000,000	$18,398,160	**$2,000,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	83,291 SF	$116.09	9,669,357
Adjustments				
Exterior Wall Finish	0.00%		0.00	$0
Elderly	3.00%		3.48	290,081
9-Ft. Ceilings	3.00%		3.48	290,081
Roof Adjustment(s)			0.00	0
Subfloor			(0.16)	(13,049)
Floor Cover			2.82	234,881
Breezeways	$30.56	22,505	8.26	687,678
Balconies	$30.20	8,581	3.11	259,114
Plumbing Fixtures	$1,610	80	1.55	128,800
Rough-ins	$600	202	1.46	121,200
Built-In Appliances	$2,950	105	3.72	309,750
Exterior Stairs	$3,050	18	0.66	54,900
Heating/Cooling			2.37	197,400
Storage Space	$30.56		0.00	0
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$127.77	6,476	9.93	827,451
Elevators	$132,200	2	3.17	264,400
Other:			0.00	0
Fire Sprinklers	$3.65	112,272	4.92	409,793
SUBTOTAL			**164.87**	**13,731,836**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**164.87**	**$13,731,836**
Plans, specs, survey, bldg permits	3.30%		(5.44)	($453,151)
Contractor's OH & Profit	11.50%		(18.96)	(1,579,161)
NET BUILDING COSTS		$111,424/unit	$140.47/sf	$11,699,524

Long-Term Pro Forma

Laurel at Blackhawk, Houston, 9% HTC #23013

	Growth Rate	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 10**	**Year 15**	**Year 20**	**Year 25**	**Year 30**	**Year 35**
EFFECTIVE GROSS INCOME	2.00%	$1,160,572	$1,183,783	$1,207,459	$1,231,608	$1,256,240	$1,386,990	$1,531,350	$1,690,734	$1,866,707	$2,060,995	$2,275,505
TOTAL EXPENSES	3.00%	$643,739	$662,471	$681,753	$701,602	$722,034	$833,569	$962,507	$1,111,583	$1,283,964	$1,483,314	$1,713,880
NET OPERATING INCOME ("NOI")		**$516,833**	**$521,312**	**$525,706**	**$530,006**	**$534,206**	**$553,422**	**$568,843**	**$579,150**	**$582,743**	**$577,680**	**$561,625**
EXPENSE/INCOME RATIO		55.5%	56.0%	56.5%	57.0%	57.5%	60.1%	62.9%	65.7%	68.8%	72.0%	75.3%
MUST -PAY DEBT SERVICE												
Citi		$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909
TOTAL DEBT SERVICE		$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909	$436,909
DEBT COVERAGE RATIO		1.18	1.19	1.20	1.21	1.22	1.27	1.30	1.33	1.33	1.32	1.29
ANNUAL CASH FLOW		**$79,923**	**$84,403**	**$88,796**	**$93,097**	**$97,297**	**$116,513**	**$131,933**	**$142,241**	**$145,834**	**$140,771**	**$124,715**
Deferred Developer Fee Balance		$954,989	$870,587	$781,790	$688,693	$591,397	$45,980	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$584,608	$1,277,541	$2,002,571	$2,720,450	$3,381,060

23013 Laurel at Blackhawk - Application Summary

REAL ESTATE ANALYSIS DIVISION
June 12, 2023

PROPERTY IDENTIFICATION

Application #	23013
Development	Laurel at Blackhawk
City / County	Houston / Harris
Region/Area	6 / Urban
Population	Elderly Limitation
Set-Aside	General
Activity	Reconstruction

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$2,000,000	$2,000,000	$16,667/Unit	$0.92

KEY PRINCIPALS / SPONSOR

Resolution Companies/Jeremy Bartholomew
Developer/Guarantor

Audrey Martin/Consultant

Related Parties	Contractor -	TBD	Seller -	No

TYPICAL BUILDING ELEVATION/PHOTO

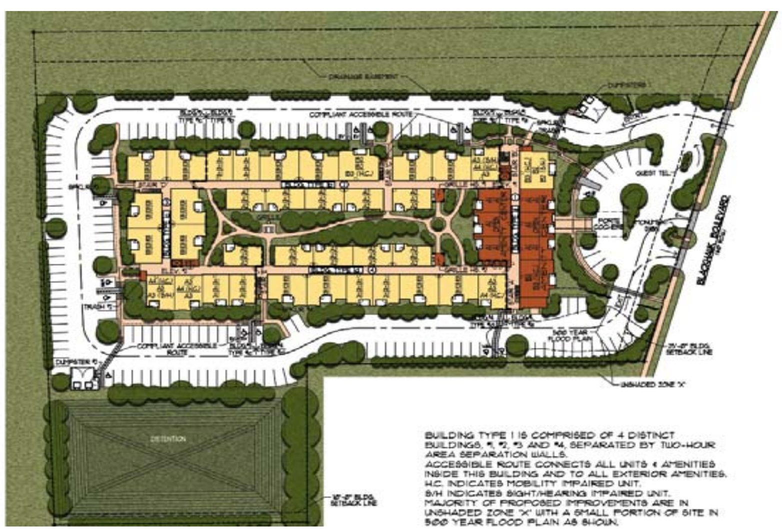
UNIT DISTRIBUTION / INCOME DISTRIBUTION

# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	70	58%	30%	9	8%
2	50	42%	40%	-	0%
3	-	0%	50%	36	30%
4	-	0%	60%	44	37%
			70%	-	0%
			80%	-	0%
			MR	31	26%
TOTAL	120	100%	TOTAL	120	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.16	Expense Ratio	52.4%
Breakeven Occ.	86.5%	Breakeven Rent	$915
Average Rent	$980	B/E Rent Margin	$65
Property Taxes	$1,042/unit	Exemption/PILOT	0%
Total Expense	$5,819/unit	Controllable	$3,193/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			2.0%
Highest Unit Capture Rate	6%	1 BR/60%	28
Dominant Unit Cap. Rate	6%	1 BR/60%	28
Premiums (↑60% Rents)	Yes		$309/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	790 SF	Density	22.0/acre
Acquisition		$18K/unit	$2,125K
Building Cost	$129.41/SF	$102K/unit	$12,268K
Hard Cost		$126K/unit	$15,094K
Total Cost		$222K/unit	$26,674K
Developer Fee	$3,090K	(33% Deferred)	Paid Year: 10
Contractor Fee	$2,113K	30% Boost	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Citi	15/35	6.85%	$7,250,000	1.16
TOTAL DEBT (Must Pay)			$7,250,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Houston	0/0	0.00%	$500	1.16
CASH FLOW DEBT / GRANTS			$500	

EQUITY / DEFERRED FEES	
Source	Amount
Hudson Housing Capital	$18,398,160
The Laurel at Blackhawk Developers, LL	$1,025,263
TOTAL EQUITY SOURCES	$19,423,423
TOTAL DEBT SOURCES	$7,250,500
TOTAL CAPITALIZATION	$26,673,923

CONDITIONS

- Receipt and acceptance by Cost Certification:
  - Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER

RISK PROFILE

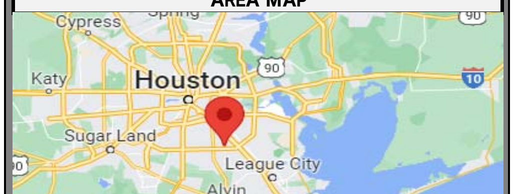
STRENGTHS/MITIGATING FACTORS

- Low gross capture rate

WEAKNESSES/RISKS

- Raising expense environment with 1.16 DCR

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
June 12, 2023

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **23013** Program(s): **9% HTC**

Laurel at Blackhawk

Address/Location: 9205 Wayfarer Ln

City: Houston County: Harris Zip: 77075

Population: Elderly Limitation Program Set-Aside: General Area: Urban

Activity: Reconstruction Building Type: Elevator Served Region: 6

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$2,000,000				**$2,000,000**				

CONDITIONS

- Receipt and acceptance by Cost Certification:
  - Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	36
60% of AMI	60% of AMI	44

DEVELOPMENT SUMMARY

The Laurel at Blackhawk is a proposed new construction (single family residence to be demolished) development for elderly persons located in the City of Houston at 9205 Wayfarer Lane. The development will feature 1- and 2-bedroom units at 30%, 50%, and 60% of Area Median Income, as well as at market rates. The acquisition is an arms-length transaction.

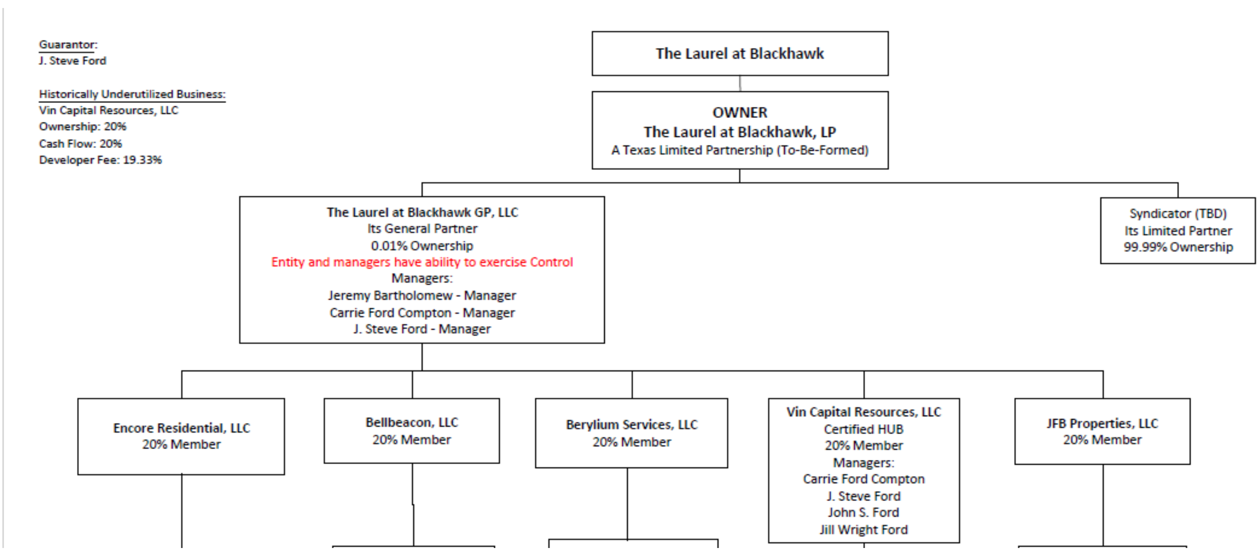
RISK PROFILE

	STRENGTHS/MITIGATING FACTORS
▫	Low gross capture rate

	WEAKNESSES/RISKS
▫	Raising expense environment with 1.16 DCR

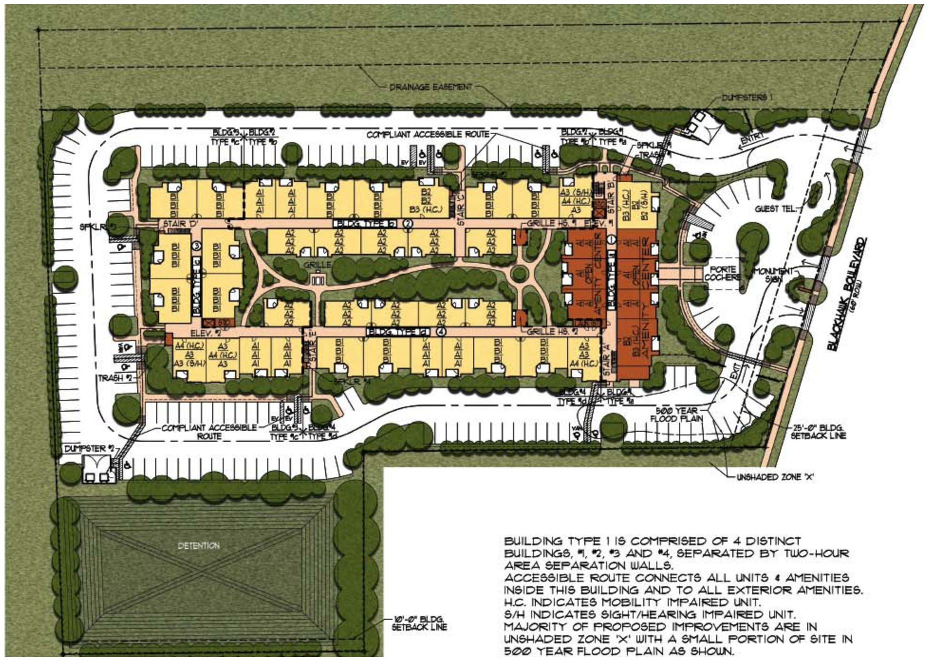
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



Comments:

Provided parking of 155 spaces is compliant with requirements.

BUILDING ELEVATION

BUILDING CONFIGURATION

Building Type	1a	1b	1c	1d									Total Buildings
Floors/Stories	3	3	3	3									
Number of Bldgs	1	1	1	1									4
Units per Bldg	15	39	33	33									
Total Units	15	39	33	33									**120**

Avg. Unit Size (SF)	**790 sf**	**Total NRA (SF)**	**94,804**	**Common Area (SF)***	**31,968**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 5.46 acres Density: 22.0 units/acre

Site Control: 5.46 **Site Plan:** 5.46 **Appraisal:** N/A **ESA:** 5.46

Feasibility Report Survey: 5.46 **Feasibility Report Engineer's Plan:** 5.46

Control Type: Earnest Money Contract

Development Site: 5.46 acres Cost: $2,125,000 $17,708 per unit

Seller: Patricia French

Buyer: Encore Residential, LLC

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

Flood Zone:	Unshaded X and Shaded X	Scattered Site?	No
Zoning:	No Zoning	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	NA	Title Issues?	No

Current Uses of Subject Site:

One single family dwelling and one storage shed. The proposed development site currently includes one single family residence that is owned by the seller and occupied by a relative of the seller. There is no lease and no rent is paid.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: The Murillo Company   Date: 2/23/2023

Recognized Environmental Conditions (RECs) and Other Concerns:

- Testing for asbestos containing materials is recommended considering the structure on the subject property was constructed in 1954.
- A pipeline containing highly volatile liquid is located approximtely 1/4 mile south of the property. Records indicate that the pipeline contains Liquefied Petroleum Gas.
  According to Code of Federal Regulations (CFR) Part 51 Subpart C, liquified petroleum pipelines are an exception to the requirement of needing to determine a “Blast zone” (i.e., acceptable separation distance). CFR Part 51 Subpart C states that the term “hazard” does not include pipelines for the transmission of hazardous substances, if such pipelines are underground or comply with applicable federal, state, and local safety standards. The pipeline is underground; therefore, we do not believe that it is appropriate to assess a “blast zone” for the pipeline.

MARKET ANALYSIS

Provider: Araiza Appraisal & Consulting   Date: 3/24/2023

Primary Market Area (PMA): 18 sq. miles   2 mile equivalent radius

AFFORDABLE HOUSING INVENTORY

Stabilized Affordable Developments in PMA		
	Total Units	1,356
	Total Developments	7
	Average Occupancy	93%

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	31,867			
Senior Households in the Primary Market Area	9,801			
Potential Demand from the Primary Market Area	4,111			
10% External Demand	411			
Potential Demand from Other Sources	0			
GROSS DEMAND	4,522			
Subject Affordable Units	89			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	89			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	2.0%			

Population:	Elderly Limitation	Market Area:	Urban	Maximum Gross Capture Rate:	10%

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND

	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	925	93	9	0	1%					
50% AMGI	1,408	141	36	0	2%					
60% AMGI	1,778	178	44	0	2%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE

	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	544	54	5	0	1%					
1 BR/50%	433	43	20	0	4%					
1 BR/60%	440	44	28	0	6%					
2 BR/30%	258	26	4	0	1%					
2 BR/50%	395	40	16	0	4%					
2 BR/60%	581	58	16	0	3%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$633,676	Avg. Rent:	$980	Expense Ratio:	52.4%
Debt Service:	$546,683	B/E Rent:	$915	Controllable Expenses:	$3,193
Net Cash Flow:	$86,993	UW Occupancy:	92.5%	Property Taxes/Unit:	$1,042
Aggregate DCR:	1.16	B/E Occupancy:	86.5%	Program Rent Year:	2022

Undewriter utilized Applicant's market rents which are 6-7% lower than determined by the market study.

Deferred fee pays off in year 10 with a 15 year cumulative cash flow of $908k.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$389,265/ac	$17,708/unit	**$2,125,000**	Contractor Fee	**$2,113,167**
Off-site + Site Work		$15,320/unit	**$1,838,400**	Soft Cost + Financing	**$3,646,276**
Building Cost	$129.41/sf	$102,235/unit	**$12,268,200**	Developer Fee	**$3,089,775**
Contingency	7.00%	$8,229/unit	**$987,462**	Reserves	**$605,643**
Total Development Cost	$222,283/unit	**$26,673,923**	**Rehabilitation Cost**	**N/A**	

Qualified for 30% Basis Boost?	High Opportunity Index [9% only]

Building Cost:

Underwriter utilized Marshall & Swift's "good" base cost adjusted for Covid cost increases, and increases for the small number of units..

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$26,673,923	**$23,688,280**	**$2,039,326**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Citi	Conventional Loan	$20,544,463	7.00%	88%
Hudson Housing Capital	HTC	$2,759,724	$0.92	12%
City of Houston	Local Government Funds	$500	0.00%	0%
		$23,304,687	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Citi	$7,250,000	6.85%	35	15.0	$7,250,000	6.85%	35	15.0	27%
City of Houston	$500	0.00%	0	0.0	$500	0.00%	0	0.0	0%
Total	**$7,250,500**				**$7,250,500**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Hudson Housing Capital	$18,398,160	$0.92		$18,398,160	$0.92	69%	
The Laurel at Blackhawk Developers, LLC	$1,025,263		33%	$1,025,263		4%	33%
Total	**$19,423,423**			**$19,423,423**			
				$26,673,923	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.971	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.874	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$26,673,923
Permanent Sources (debt + non-HTC equity)	$7,250,500
Gap in Permanent Financing	$19,423,423

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$18,759,927	$2,039,326
Needed to Balance Sources & Uses	$19,423,423	$2,111,453
Requested by Applicant	$18,398,160	$2,000,000

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$18,398,160**	**$2,000,000**

Deferred Developer Fee	**$1,025,263**	**(33% deferred)**
Repayable in	**10 years**	

Recommendation:

Underwriter recommends an annual tax credit allocation of $2,000,000 per the applicant's request.

Underwriter:	*Jeffrey Price*
Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Laurel at Blackhawk, Houston, 9% HTC #23013

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$90,100
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	70	58.3%	0	0	0
2	50	41.7%	0	0	0
3	-	0.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL	**120**	**100.0%**	**-**	**-**	**-**

Pro Forma ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	73.58%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	790 sf

53%	**Income**	20%	30%	40%	50%	60%	70%	80%	EO / MR	**TOTAL**
Average Income	**# Units**	-	9	-	36	44	-	-	31	**120**
	% Total	0.0%	7.5%	0.0%	30.0%	36.7%	0.0%	0.0%	25.8%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$498	3	1	1	655	$498	$76	$422	$0	$0.64	$422	**$1,266**	**$1,266**	$422	$0.64	$0	$1,200	$1.83	$1,275
TC 50%	$831	8	1	1	655	$831	$76	$755	$0	$1.15	$755	**$6,040**	**$6,040**	$755	$1.15	$0	$1,200	$1.83	$1,275
TC 60%	$997	10	1	1	655	$997	$76	$921	$0	$1.41	$921	**$9,210**	**$9,210**	$921	$1.41	$0	$1,200	$1.83	$1,275
MR		7	1	1	655	$0	$76		NA	$1.83	$1,200	**$8,400**	**$8,400**	$1,200	$1.83	NA	$1,200	$1.83	$1,275
TC 30%	$498	2	1	1	674	$498	$76	$422	$0	$0.63	$422	**$844**	**$844**	$422	$0.63	$0	$1,200	$1.78	$1,275
TC 50%	$831	10	1	1	674	$831	$76	$755	$0	$1.12	$755	**$7,550**	**$7,550**	$755	$1.12	$0	$1,200	$1.78	$1,275
TC 60%	$997	13	1	1	674	$997	$76	$921	$0	$1.37	$921	**$11,973**	**$11,973**	$921	$1.37	$0	$1,200	$1.78	$1,275
MR		5	1	1	674	$0	$76		NA	$1.78	$1,200	**$6,000**	**$6,000**	$1,200	$1.78	NA	$1,200	$1.78	$1,275
TC 50%	$831	2	1	1	777	$831	$76	$755	$0	$0.97	$755	**$1,510**	**$1,510**	$755	$0.97	$0	$1,200	$1.54	$1,378
TC 60%	$997	5	1	1	777	$997	$76	$921	$0	$1.19	$921	**$4,605**	**$4,605**	$921	$1.19	$0	$1,200	$1.54	$1,378
MR		5	1	1	777	$0	$76		NA	$1.54	$1,200	**$6,000**	**$6,000**	$1,200	$1.54	NA	$1,200	$1.54	$1,378
TC 30%	$598	3	2	2	924	$598	$100	$498	$0	$0.54	$498	**$1,494**	**$1,494**	$498	$0.54	$0	$1,450	$1.57	$1,475
TC 50%	$997	15	2	2	924	$997	$100	$897	$0	$0.97	$897	**$13,455**	**$13,455**	$897	$0.97	$0	$1,450	$1.57	$1,475
TC 60%	$1,197	13	2	2	924	$1,197	$100	$1,097	$0	$1.19	$1,097	**$14,261**	**$14,261**	$1,097	$1.19	$0	$1,450	$1.57	$1,475
MR		11	2	2	924	$0	$100		NA	$1.57	$1,450	**$15,950**	**$15,950**	$1,450	$1.57	NA	$1,450	$1.57	$1,475
TC 30%	$598	1	2	2	1,014	$598	$100	$498	$0	$0.49	$498	**$498**	**$498**	$498	$0.49	$0	$1,450	$1.43	$1,565
TC 50%	$997	1	2	2	1,014	$997	$100	$897	$0	$0.88	$897	**$897**	**$897**	$897	$0.88	$0	$1,450	$1.43	$1,565
TC 60%	$1,197	3	2	2	1,014	$1,197	$100	$1,097	$0	$1.08	$1,097	**$3,291**	**$3,291**	$1,097	$1.08	$0	$1,450	$1.43	$1,565
MR		3	2	2	1,014	$0	$100		NA	$1.43	$1,450	**$4,350**	**$4,350**	$1,450	$1.43	NA	$1,450	$1.43	$1,565
TOTALS/AVERAGES:		**120**			**94,804**				**$0**	**$1.24**	**$980**	**$117,594**	**$117,594**	**$980**	**$1.24**	**$0**	**$1,304**	**$1.65**	**$1,375**
ANNUAL POTENTIAL GROSS RENT:												**$1,411,128**	**$1,411,128**						

STABILIZED PRO FORMA

Laurel at Blackhawk, Houston, 9% HTC #23013

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		County Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.24	$980	$1,411,128	$1,411,128	$980	$1.24		0.0%	$0
Laundry, Vending, Deposit Forfeitures							$20.00	$28,800						
Total Secondary Income							$20.00		$28,800	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,439,928	$1,439,928				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(107,995)	(107,995)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,331,933	$1,331,933				0.0%	$0
General & Administrative	$52,761	$440/Unit	$41,734	$348	2.23%	$0.31	$248	$29,700	$41,734	$348	$0.44	3.13%	-28.8%	(12,034)
Management	$52,222	3.9% EGI	$54,565	$455	5.00%	$0.70	$555	$66,597	$66,597	$555	$0.70	5.00%	0.0%	0
Payroll & Payroll Tax	$165,305	$1,378/Unit	$208,657	$1,739	14.90%	$2.09	$1,653	$198,400	$198,400	$1,653	$2.09	14.90%	0.0%	-
Repairs & Maintenance	$90,221	$752/Unit	$102,107	$851	4.88%	$0.69	$542	$65,000	$78,000	$650	$0.82	5.86%	-16.7%	(13,000)
Electric/Gas	$29,667	$247/Unit	$29,933	$249	1.50%	$0.21	$167	$20,000	$20,000	$167	$0.21	1.50%	0.0%	-
Water, Sewer, & Trash	$86,236	$719/Unit	$57,653	$480	5.26%	$0.74	$583	$70,000	$70,000	$583	$0.74	5.26%	0.0%	-
Property Insurance	$76,717	$0.81 /sf	$125,603	$1,047	6.76%	$0.95	$750	$90,000	$90,000	$750	$0.95	6.76%	0.0%	-
Property Tax (@ 100%) 2.5600	$104,858	$874/Unit			9.38%	$1.32	$1,042	$125,000	$125,000	$1,042	$1.32	9.38%	0.0%	-
Reserve for Replacements					2.25%	$0.32	$250	$30,000	$30,000	$250	$0.32	2.25%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.27%	$0.04	$30	$3,560	$3,560	$30	$0.04	0.27%	0.0%	-
Security					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES					**52.42%**	**$7.37**	**$5,819**	**$698,257**	**$723,291**	**$6,027**	**$7.63**	**54.30%**	**-3.5%**	**$ (25,034)**
NET OPERATING INCOME ("NOI")					**47.58%**	**$6.68**	**$5,281**	**$633,676**	**$608,642**	**$5,072**	**$6.42**	**45.70%**	**4.1%**	**$ 25,034**
CONTROLLABLE EXPENSES							$3,193/Unit			$3,401/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Laurel at Blackhawk, Houston, 9% HTC #23013

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Citi		1.11	1.16	546,683	6.85%	35	15.0	$7,250,000	$7,250,000	15.0	35	6.85%	$546,683	1.16	27.2%
CASH FLOW DEBT / GRANTS															
City of Houston		1.11	1.16		0.00%	0	0.0	$500	$500	0.0	0	0.00%		1.16	0.0%
				$546,683	**TOTAL DEBT / GRANT SOURCES**			**$7,250,500**	**$7,250,500**		**TOTAL DEBT SERVICE**		**$546,683**	**1.16**	27.2%
NET CASH FLOW		$61,959	$86,993				**APPLICANT**			**NET OPERATING INCOME**			**$633,676**	**$86,993**	**NET CASH FLOW**

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Hudson Housing Capital	LIHTC Equity	69.0%	$2,000,000	$0.92	$18,398,160	$18,398,160	$0.9199	$2,000,000	69.0%	$16,667	Applicant Request
The Laurel at Blackhawk Developers, LLC	Deferred Developer Fees	3.8%	(33% Deferred)		$1,025,263	$1,025,263	(33% Deferred)		3.8%	**Total Developer Fee:**	**$3,089,775**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		72.8%			$19,423,423	$19,423,423			72.8%		
TOTAL CAPITALIZATION					**$26,673,923**	**$26,673,923**				**15-Yr Cash Flow after Deferred Fee:**	**$908,289**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	New Const. Rehab		Total Costs		Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$17,708 / Unit	$2,125,000	$2,125,000	$17,708 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
Off-Sites				$ / Unit	$0	$0	$ / Unit		$0		0.0%	$0
Site Work		$1,391,400		$11,595 / Unit	$1,391,400	$1,391,400	$11,595 / Unit		$1,391,400		0.0%	$0
Site Amenities		$447,000		$3,725 / Unit	$447,000	$447,000	$3,725 / Unit		$447,000		0.0%	$0
Building Cost		$12,268,200	$129.41 /sf	$102,235/Unit	$12,268,200	$13,370,084	$111,417/Unit	$141.03 /sf	$12,268,200		-8.2%	($1,101,884)
Contingency		$987,462	7.00%	7.00%	$987,462	$987,462	6.49%	7.00%	$987,462		0.0%	$0
Contractor Fees		$2,113,167	14.00%	14.00%	$2,113,167	$2,113,167	13.05%	14.00%	$2,113,167		0.0%	$0
Soft Costs	$0	$1,509,410		$12,578 / Unit	$1,509,410	$1,509,410	$12,578 / Unit		$1,509,410	$0	0.0%	$0
Financing	$0	$1,881,866		$17,807 / Unit	$2,136,866	$2,136,866	$17,807 / Unit		$1,881,866	$0	0.0%	$0
Developer Fee	$0	$3,089,775	15.00%	15.00%	$3,089,775	$3,089,775	14.24%	15.00%	$3,089,775	$0	0.0%	$0
Reserves				6 Months	$605,643	$605,643	6 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$23,688,280**		$222,283 / Unit	**$26,673,923**	**$27,775,807**	$231,465 / Unit		**$23,688,280**	**$0**	**-4.0%**	**($1,101,884)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$23,688,280**		$222,283/unit	**$26,673,923**	**$27,775,807**	$231,465/unit		**$23,688,280**	**$0**	**-4.0%**	**($1,101,884)**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$26,673,923**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Laurel at Blackhawk, Houston, 9% HTC #23013

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$23,688,280	$0	$23,688,280
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$23,688,280	$0	$23,688,280
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$30,794,764	$0	$30,794,764
Applicable Fraction	73.58%	73.58%	74%	74%
TOTAL QUALIFIED BASIS	$0	$22,659,182	$0	$22,659,182
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,039,326	$0	$2,039,326
CREDITS ON QUALIFIED BASIS	$2,039,326		$2,039,326	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9199	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,039,326	$18,759,927	----	----	----
Needed to Fill Gap	$2,111,453	$19,423,423	----	----	----
Applicant Request	$2,000,000	$18,398,160	**$2,000,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	94,804 SF	$115.82	10,980,215
Adjustments				
Exterior Wall Finish	1.36%		1.58	$149,331
Elderly	3.00%		3.47	329,406
9-Ft. Ceilings	3.17%		3.67	348,073
Roof Adjustment(s)			0.00	0
Subfloor			(0.16)	(14,853)
Floor Cover			2.82	267,347
Breezeways	$30.56	25,343	8.17	774,398
Balconies	$30.67	6,943	2.25	212,976
Plumbing Fixtures	$1,610	150	2.55	241,500
Rough-ins	$600	240	1.52	144,000
Built-In Appliances	$2,950	120	3.73	354,000
Exterior Stairs	$3,050	18	0.58	54,900
Heating/Cooling			2.37	224,685
Storage Space	$30.56		0.00	0
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$126.12	7,118	9.47	897,691
Elevators	$132,200	2	2.79	264,400
Other:			0.00	0
Fire Sprinklers	$3.65	127,265	4.90	464,517
SUBTOTAL			**165.53**	**15,692,587**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**165.53**	**$15,692,587**
Plans, specs, survey, bldg permits	3.30%		(5.46)	($517,855)
Contractor's OH & Profit	11.50%		(19.04)	(1,804,647)
NET BUILDING COSTS		$111,417/unit	$141.03/sf	$13,370,084

Long-Term Pro Forma

Laurel at Blackhawk, Houston, 9% HTC #23013

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$1,331,933	$1,358,572	$1,385,744	$1,413,458	$1,441,728	$1,591,784	$1,757,458	$1,940,375	$2,142,331	$2,365,307	$2,611,490
TOTAL EXPENSES	3.00%	$698,257	$718,539	$739,416	$760,905	$783,026	$903,763	$1,043,316	$1,204,639	$1,391,152	$1,606,814	$1,856,210
NET OPERATING INCOME ("NOI")		**$633,676**	**$640,033**	**$646,328**	**$652,553**	**$658,702**	**$688,021**	**$714,142**	**$735,737**	**$751,179**	**$758,493**	**$755,279**
EXPENSE/INCOME RATIO		52.4%	52.9%	53.4%	53.8%	54.3%	56.8%	59.4%	62.1%	64.9%	67.9%	71.1%
MUST -PAY DEBT SERVICE												
Citi		$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683
TOTAL DEBT SERVICE		$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683	$546,683
DEBT COVERAGE RATIO		1.16	1.17	1.18	1.19	1.20	1.26	1.31	1.35	1.37	1.39	1.38
ANNUAL CASH FLOW		**$86,993**	**$93,350**	**$99,645**	**$105,870**	**$112,019**	**$141,338**	**$167,459**	**$189,053**	**$204,496**	**$211,810**	**$208,596**
Deferred Developer Fee Balance		$938,270	$844,920	$745,275	$639,405	$527,386	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$121,712	$908,289	$1,812,479	$2,806,902	$3,855,021	$4,909,179

File #: 479 **Agenda Date:** 12/7/2023 **Agenda #:** 31.

Presentation, discussion, and possible action on amendment to the loan terms and waivers of 10 TAC Chapter 13 for Rio Manor (22204)

RECOMMENDED ACTION

WHEREAS, the Board has previously approved a HOME loan of $1,257,000 to Rio Manor, which proposes the reconstruction of 60 affordable units in Del Rio, Val Verde County;

WHEREAS, the Development also includes financing from the U.S. Department of Housing and Urban Affairs (HUD), which is scheduled to close by December 12, 2023, and in order to meet this deadline, the Owner has made a sponsor loan to the Development which will be repayable with the Department's HOME funds when that loan closes;

WHEREAS, due to the layering of HUD funding, the Housing Tax Credit funding, and the Department's HOME funds, a modification of the initially proposed 22 HOME units is required, and staff recommends approval of this modification only to the extent necessary to maintain feasibility and only in a manner that would not have impacted the Application's original competitiveness; and

WHEREAS, proceeding with the sponsor loan and modification of the number of HOME units requires Board approval of a waiver of 10 TAC §13.3(e)(15) and loan term amendments, as further detailed below;

NOW, therefore, it is hereby

RESOLVED, that the waiver of 10 TAC §13.3(e)(15) and the modification of the loan terms for Rio Manor is hereby approved, conditioned on the requirement that the Applicant may not draw down or expend any of the funds from the sponsor loan prior to the closing of the HOME loan.

BACKGROUND

Rio Manor was previously approved for $1,450,000 in annual Housing Tax Credit funding and $1,257,000 in HOME funds structured as a repayable loan at 0.5% interest. The Development also includes funding from HUD, which is scheduled to close on December 12, 2023. While the Department anticipates contracting and closing the HOME loan in the near future, it is not possible to close concurrently with the HUD loan. In order to close on the HUD loan, the Applicant has made a sponsor loan that is equivalent to the HOME loan to the Development that will be repayable once the HOME loan closes. Department staff finds this to be a reasonable proposal; however, this structure requires a waiver in order to be allowable. 10 TAC §13.3(e)(15) establishes that certain costs are ineligible for Department funding, including:

> Costs that have been allocated to or paid by another fund source (except for soft costs that are attributable to the entire project as specifically identified in the applicable federal rule, or for TCAP RF if specifically allowed by the NOFA), including but not limited to, contingency, including soft cost contingency, **and general partner loans and advances**. (Emphasis added).

This provision of the rule is necessary because, in order for repayment of a loan or interest on a loan to be federally eligible for reimbursement, any costs paid from that initial loan must have been program eligible. Because the Department does not have procedures in place for appropriately enforcing this requirement, and enacting such procedures would create a significant administrative burden, the rule prohibits such a transaction entirely. Accordingly, staff is recommending that a waiver of this rule be granted, conditioned on the requirement that the Applicant may not expend or draw down any funds from the sponsor loan prior to it being replaced by the Department's HOME loan.

Finally, the Application was initially submitted with 22 HOME units restricted at the 50% AMI. All units at the Development are restricted by the Housing Tax Credit program to at least 60% AMI, and 19 of the units have been approved by HUD for project-based Section 8 to be restricted to either 30% or 50% AMI. In accordance with HUD's approval, the Department can layer 19 of the 22 50% HOME units onto 19 of the project-based units that are restricted to either 30% or 50% AMI; however, it is not possible to layer the remaining three HOME units onto the remaining project-based units, as it would restrict those units beyond what HUD has approved. In order to maintain 22 HOME units, the remaining three would need to be layered onto 60% Housing Tax Credit units that do not have HUD funding; however, the first-year stabilized Debt Coverage Ratio for the project is currently 1.15, which is the minimum allowable under program rules, and it is not likely that the deal will underwrite when three of the 60% units are restricted to 50%.

Applicants are generally not allowed to reduce the number of HOME units from what was initially represented in the Application, except at the Department's sole discretion. Because of this, staff is requesting approval to modify the 22 50% HOME units that were initially presented to the Board, and believes that the least-disruptive way to make the deal feasible would be to convert three of those units to 60% AMI. Because these units will be layered onto 60% Housing Tax Credit units, those units will, for all practical purposes, be unaffected by this change. Staff does not currently anticipate that the number of HOME units will have to decrease; however, the final determination of what change needs to be made will be determined by the Department's Real Estate Analysis division. In any case, all units at the Development will remain restricted due the combination of fund sources present. All of the units are affordable, and no market units will be created through any change to the loan terms. No change will be made by the Real Estate Analysis division that would have affected the Application's initial competitiveness for funding.

Real Estate Analysis Division
September 25, 2023

Addendum to Underwriting Report

TDHCA Application #: **22204** Program(s): **9% HTC/MDL**

Rio Manor Apartments

Address/Location: 600 W. Cantu Road

City: Del Rio County: Val Verde Zip: 78840

	APPLICATION HISTORY
Report Date	**PURPOSE**
09/25/23	**MDL Award Update**
03/31/23	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan Const. to Perm. (Repayable)	$1,257,000	4.75%	40	40	**$1,257,000**	**0.50%**	**40**	**40**	**2**
LIHTC (9% Credit)	$1,450,000				**$1,450,000**				

* Multifamily Direct Loan Terms:

* the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 Receipt and acceptance by the earlier of Direct Loan Contract or 10% Test:

a: Documentation of agreement from HUD of proposed HAP Rent increase.

Status: Satisfied.

b: Written permission from HUD to have a different income distribution than in Section 4 of the existing use agreement, or written confirmation from HUD stating the existing use agreement is null upon demolition of the buildings.

Status: Moved to MDL closing due to conditioned contract.

2 Receipt and acceptance by Direct Loan Contract:

- Updated Notice of Displacement/Notice of Non-Displacement's that comply with and contain select language from section 104(d) of the Uniform Relocation Act will need to be submitted to the department before a contract can be executed.

Status: Satisfied.

3 Receipt and acceptance before Direct Loan Closing

a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders.

d: Substantially final draft of limited partnership agreement.

e: TDHCA Board approval for MDL interest rate reduction.

f: Written permission from HUD to have a different income distribution than in Section 4 of the existing use agreement, or written confirmation from HUD stating the existing use agreement is null upon demolition of the buildings.

4 Receipt and acceptance by Cost Certification:

- Certification that testing for asbestos and lead-based paint was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	14
60% of AMI	60% of AMI	41

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	22

ANALYSIS

The Development received a 9% HTC Award from the 2022 application cycle. The application included a request for a $1,257,000 Multifamily Direct Loan at 0.5% interest with 40-year amortization and term.

The Underwriting Report recommended the interest rate on the MFDL be set at 4.75% in order to satisfy the maximum 1.35 Debt Coverage Ratio.

Operating Pro Forma

HTC and MFDL Rents have been updated to 2023 Program Rents; Rents for 27 Section 8 units have been updated to HUD-approved HAP Contract Rents. Utility allowances of $32, $38, and $54 are assumed as specified in the HAP Contract.

Secondary income has been increased to $30 per unit per month.

Underwritten NOI has increased $31,940 to $379,265.

Development Cost

Hard Cost for Site Work and Building Cost has increased $1,700,699 to $11,860,479.

Total Development Cost has increased $2,223,821 to $20,569,864.

Sources of Funds

Wells Fargo will provide a Bridge Loan of up to $7,400,000 at SOFR plus 2.00% interest.

Senior permanent debt consists of a $3,800,000 Wells Fargo construction-to-perm FHA 221(d)(4) loan at 6.40% interest with40-year amortization and term.

Since the previous underwriting, the interest rate on the senior debt has more than doubled from 3.15% to 6.40%. As a result, in order to meet the minimum 1.15 Debt Coverage Ratio, the Underwriter recommends reducing the interest rate on the Multifamily Direct Loan to 0.50%

Prospera will provide $1,000,000 from a Capital Magnet Award in the form of a cash flow loan at 4.00% interest.

The Seller (TG 109, Inc) will provide a $450,000 Seller Note at 1.00% payable from cash flow.

Prospera will provide a $400,000 Gap loan at 4.34% payable from cash flow.

Wells Fargo will provide $12,903,710 in equity at a $0.89 price for $1,450,000 in annual tax credits.

Underwriting still supports a 9% tax credit award in the amount of $1,450,000 as requested by Applicant.

Underwriter recommends a $1,257,000 Direct Loan as a second lien mortgage at 0.5% interest as conditioned above. Per the 2022 QAP, for Developments financed with a Direct Loan subordinate to FHA financing, DCR on the Direct Loan will be calculated using 75% of the Surplus Cash. The construction term is 24 months to match the senior lender.

Underwriter:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

LOCATION DATA	
CITY:	Del Rio
COUNTY:	Val Verde
Area Median Income	$0
PROGRAM REGION:	11
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	12	20.0%	6	5
2	36	60.0%	15	12
3	12	20.0%	6	5
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**60**	**100.0%**	**27**	**22**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	981 sf

55%	**Income**	20%	30%	40%	50%	60%	70%	80%	EO / MR	**TOTAL**
Average Income	**# Units**	-	5	-	14	41	-	-	-	**60**
	% Total	0.0%	8.3%	0.0%	23.3%	68.3%	0.0%	0.0%	0.0%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		MF Direct Loan Units (HOME Rent/Inc)		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mkt Analyst
TC 30%	$405			Sec. 8	$1,169	1	1	1	762	$1,169	$32	$1,137	$0	$1.49	$1,137	**$1,137**	**$1,137**	$1,137	$1.49	$0	$1,100	$1.44	$1,100
TC 50%	$676	LH/50%	$676	Sec. 8	$1,169	3	1	1	762	$1,169	$32	$1,137	$0	$1.49	$1,137	**$3,411**	**$3,411**	$1,137	$1.49	$0	$1,100	$1.44	$1,100
TC 60%	$811	LH/50%	$676	Sec. 8	$1,169	2	1	1	762	$1,169	$32	$1,137	$0	$1.49	$1,137	**$2,274**	**$2,274**	$1,137	$1.49	$0	$1,100	$1.44	$1,100
TC 60%	$811			0		6	1	1	762	$811	$32	$779	$0	$1.02	$779	**$4,674**	**$4,674**	$779	$1.02	$0	$1,100	$1.44	$1,100
TC 30%	$486			Sec. 8	$1,392	3	2	2	983	$1,392	$38	$1,354	$0	$1.38	$1,354	**$4,062**	**$4,062**	$1,354	$1.38	$0	$1,250	$1.27	$1,250
TC 50%	$811	LH/50%	$811	Sec. 8	$1,392	8	2	2	983	$1,392	$38	$1,354	$0	$1.38	$1,354	**$10,832**	**$10,832**	$1,354	$1.38	$0	$1,250	$1.27	$1,250
TC 60%	$973	LH/50%	$811	Sec. 8	$1,392	4	2	2	983	$1,392	$38	$1,354	$0	$1.38	$1,354	**$5,416**	**$5,416**	$1,354	$1.38	$0	$1,250	$1.27	$1,250
TC 60%	$973		Match	0		1	2	2	983	$973	$38	$935	$0	$0.95	$935	**$935**	**$935**	$935	$0.95	$0	$1,250	$1.27	$1,250
TC 60%	$973			0		20	2	2	983	$973	$38	$935	$0	$0.95	$935	**$18,700**	**$18,700**	$935	$0.95	$0	$1,450	$1.48	$1,450
TC 30%	$562			Sec. 8	$1,678	1	3	2	1,192	$1,678	$54	$1,624	$0	$1.36	$1,624	**$1,624**	**$1,624**	$1,624	$1.36	$0	$1,450	$1.22	$1,450
TC 50%	$937	LH/50%	$937	Sec. 8	$1,678	3	3	2	1,192	$1,678	$54	$1,624	$0	$1.36	$1,624	**$4,872**	**$4,872**	$1,624	$1.36	$0	$1,450	$1.22	$1,450
TC 60%	$1,125	LH/50%	$937	Sec. 8	$1,678	2	3	2	1,192	$1,678	$54	$1,624	$0	$1.36	$1,624	**$3,248**	**$3,248**	$1,624	$1.36	$0	$1,450	$1.22	$1,450
TC 60%	$1,125		Match	0		1	3	2	1,192	$1,125	$54	$1,071	$0	$0.90	$1,071	**$1,071**	**$1,071**	$1,071	$0.90	$0	$1,450	$1.22	$1,450
TC 60%	$1,125			0		5	3	2	1,192	$1,125	$54	$1,071	$0	$0.90	$1,071	**$5,355**	**$5,355**	$1,071	$0.90	$0	$1,450	$1.22	$1,450
TOTALS/AVERAGES:						**60**			**58,836**				**$0**	**$1.15**	**$1,127**	**$67,611**	**$67,611**	**$1,127**	$1.15	$0	**$1,327**	**$1.35**	**$1,327**

ANNUAL POTENTIAL GROSS RENT:	**$811,332**	**$811,332**

STABILIZED PRO FORMA

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.15	$1,127	$811,332	$718,488	$718,488	$811,332	$1,127	$1.15		0.0%	$0
Deposits, Late Fees, App Fees & Tenant							$15.00	$10,800	0							
Damage Fees							$15.00	$10,800	10,800							
Total Secondary Income							$30.00			10,800	$21,600	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$832,932	$729,288	$729,288	$832,932				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(62,470)	(54,697)	(54,697)	(62,470)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$770,462	$674,591	$674,591	$770,462				0.0%	$0
General & Administrative	$31,104	$518/Unit	$21,060	$351	4.22%	$0.55	$542	$32,500	$32,500	$31,104	$31,104	$518	$0.53	4.04%	4.5%	1,396
Management	$45,026	7.6% EGI	$21,290	$355	5.67%	$0.74	$728	$43,695	$27,506	$33,595	$43,695	$728	$0.74	5.67%	0.0%	-
Payroll & Payroll Tax	$73,966	$1,233/Unit	$67,603	$1,127	14.28%	$1.87	$1,833	$109,998	$90,000	$89,978	$109,998	$1,833	$1.87	14.28%	0.0%	-
Repairs & Maintenance	$38,356	$639/Unit	$26,921	$449	5.43%	$0.71	$697	$41,800	$40,500	$39,000	$39,000	$650	$0.66	5.06%	7.2%	2,800
Electric/Gas	$14,845	$247/Unit	$8,527	$142	1.30%	$0.17	$167	$10,000	$10,000	$10,000	$10,000	$167	$0.17	1.30%	0.0%	-
Water, Sewer, & Trash	$34,929	$582/Unit	$32,522	$542	5.52%	$0.72	$708	$42,500	$42,500	$42,500	$42,500	$708	$0.72	5.52%	0.0%	-
Property Insurance	$30,608	$0.52 /sf	$23,617	$394	7.89%	$1.03	$1,013	$60,804	$35,000	$30,608	$60,804	$1,013	$1.03	7.89%	0.0%	-
Property Tax (@ 50%) 2.3694	$37,449	$624/Unit	$7,392	$123	3.24%	$0.42	$417	$25,000	$25,000	$37,220	$40,769	$679	$0.69	5.29%	-38.7%	(15,769)
Reserve for Replacements					1.95%	$0.25	$250	$15,000	$15,000	$15,000	$15,000	$250	$0.25	1.95%	0.0%	-
Supportive Services					0.97%	$0.13	$125	$7,500	$7,500	$7,500	$7,500	$125	$0.13	0.97%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.31%	$0.04	$40	$2,400	$1,760	$2,400	$2,400	$40	$0.04	0.31%	0.0%	-
TOTAL EXPENSES					**50.77%**	**$6.65**	**$6,520**	**$391,197**	$327,266	$338,906	**$402,770**	**$6,713**	**$6.85**	**52.28%**	**-2.9%**	**$ (11,573)**
NET OPERATING INCOME ("NOI")					**49.23%**	**$6.45**	**$6,321**	**$379,265**	$347,325	$335,686	**$367,692**	**$6,128**	**$6.25**	**47.72%**	**3.1%**	**$ 11,573**
CONTROLLABLE EXPENSES							$3,947/Unit					$3,877/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	Applicant	TDHCA	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Wells Fargo - FHA 221(d)(4)	0.25%	1.35	1.39	273,088	6.40%	40	40	$3,800,000	$3,250,000	$3,250,000	$3,800,000	40	40	6.40%	$273,226	1.39	18.5%
TDHCA		1.19	1.23	$34,679	0.50%	40	40	$1,257,000	$1,257,000	$1,257,000	$1,257,000	40	40	0.50%	$34,679	1.15	6.1%
CASH FLOW DEBT / GRANTS																	
TG 109, Inc. Seller Note		1.19	1.23		4.00%	0	40	$1,000,000	$450,000	$450,000	$1,000,000	40	0	4.00%			4.9%
City of Del Rio		1.19	1.23		0.00%	0	0	$250	$250	$250	$250	0	0	0.00%			0.0%
TG 109 Inc		1.19	1.23		1.00%	0	40	$450,000	$0	$0	$450,000	40	0	1.00%			2.2%
Prospera		1.19	1.23		4.34%	0	30	$400,000	$0	$0	$400,000	30	0	4.34%			1.9%
				$307,767	**TOTAL DEBT / GRANT SOURCES**			**$6,907,250**	$4,957,250	$4,957,250	**$6,907,250**	**TOTAL DEBT SERVICE**			**$307,905**	**1.15**	33.6%
NET CASH FLOW		$59,925	$71,498								**APPLICANT**	**NET OPERATING INCOME**			**$379,265**	**$71,360**	**NET CASH FLOW**

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE					
						Prior Underwriting							
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
Wells Fargo	LIHTC Equity	62.7%	$1,450,000	$0.89	$12,903,710	$13,193,680	$13,193,680	$12,903,710	$0.89	$1,450,000	62.7%	$24,167	Applicant Request
Prospera	Deferred Developer Fees	3.7%	(34% Deferred)		$758,904	$562,893	$195,113	$758,904	(34% Deferred)		3.7%	**Total Developer Fee:**	**$2,220,000**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		66.4%			$13,662,614	$13,756,573	$13,388,793	$13,662,614			66.4%		
TOTAL CAPITALIZATION					**$20,569,864**	$18,713,823	$18,346,043	**$20,569,864**				**15-Yr Cash Flow after Deferred Fee:**	**$735,143**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	**New Const. Rehab**			**Total Costs**	Applicant	TDHCA	**Total Costs**			**New Const. Rehab**	**Acquisition**	%	$
Land Acquisition				$8,333 / Unit	$500,000	$500,000	$500,000	$500,000	$8,333 / Unit				0.0%	$0
Off-Sites		$0		$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$2,275,265		$44,384 / Unit	$2,663,029	$1,478,000	$1,478,000	$2,309,364	$38,489 / Unit		$2,275,265		15.3%	$353,665
Site Amenities		$0		$ / Unit	$0	$671,240	$671,240	$353,665	$5,894 / Unit		$0		-100.0%	($353,665)
Building Cost		$9,197,450	$156.32 /sf	$153,291/Unit	$9,197,450	$8,010,540	$7,785,001	$9,197,450	$153,291/Unit	$156.32 /sf	$9,197,450		0.0%	$0
Contingency		$615,809	5.37%	5.52%	$655,116	$507,989	$507,989	$655,116	5.52%	5.37%	$615,809		0.0%	$0
Contractor Fees		$1,020,990	8.45%	11.53%	$1,443,097	$1,813,435	$1,461,912	$1,443,097	11.53%	8.45%	$1,020,990		0.0%	$0
Soft Costs	$0	$1,312,750		$31,296 / Unit	$1,877,750	$2,198,000	$2,198,000	$1,877,750	$31,296 / Unit		$1,312,750	$0	0.0%	$0
Financing	$0	$402,738		$23,657 / Unit	$1,419,422	$1,169,627	$1,169,627	$1,419,422	$23,657 / Unit		$402,738	$0	0.0%	$0
Developer Fee	$0	$1,701,600	11.48%	14.56%	$2,220,000	$2,129,992	$2,082,159	$2,220,000	14.56%	11.48%	$1,701,600	$0	0.0%	$0
Reserves				10 Months	$594,000	$235,000	$235,000	$594,000	10 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$16,526,602**		$342,831 / Unit	**$20,569,864**	$18,713,823	$18,088,929	**$20,569,864**	$342,831 / Unit		**$16,526,602**	**$0**	**0.0%**	**$0**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0			$0	($319,947)								
Financing Cost		$0												
Developer Fee	$0	$0			$0	($47,833)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$16,526,602**		$342,831/unit	**$20,569,864**	$18,346,043	$18,088,929	**$20,569,864**	$342,831/unit		**$16,526,602**	**$0**	**0.0%**	**$0**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$20,569,864**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$16,526,602	$0	$16,526,602
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$16,526,602	$0	$16,526,602
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$21,484,583	$0	$21,484,583
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$21,484,583	$0	$21,484,583
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,933,612	$0	$1,933,612
CREDITS ON QUALIFIED BASIS	$1,933,612		$1,933,612	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8899	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,933,612	$17,207,430	----	----	----
Needed to Fill Gap	$1,535,279	$13,662,614	----	----	----
Applicant Request	$1,450,000	$12,903,710	**$1,450,000**	**$0**	**$0**

Long-Term Pro Forma

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$770,462	$785,871	$801,589	$817,621	$833,973	$920,774	$1,016,608	$1,122,418	$1,239,240	$1,368,221	$1,510,627	$1,667,854
TOTAL EXPENSES	3.00%	$391,197	$402,496	$414,125	$426,094	$438,413	$505,631	$583,283	$673,002	$776,681	$896,507	$1,035,014	$1,195,137
NET OPERATING INCOME ("NOI")		**$379,265**	**$383,375**	**$387,464**	**$391,526**	**$395,560**	**$415,143**	**$433,326**	**$449,416**	**$462,559**	**$471,714**	**$475,612**	**$472,717**
EXPENSE/INCOME RATIO		50.8%	51.2%	51.7%	52.1%	52.6%	54.9%	57.4%	60.0%	62.7%	65.5%	68.5%	71.7%
MUST -PAY DEBT SERVICE													
Wells Fargo - FHA 221(d)(4)		$273,226	$273,174	$273,117	$273,057	$272,993	$272,604	$272,069	$271,332	$270,318	$268,923	$267,004	$264,363
TDHCA		$34,679	$34,679	$34,679	$34,679	$34,679	$34,679	$34,679	$34,679	$34,679	$34,679	$34,679	$34,679
TOTAL DEBT SERVICE		$307,905	$307,852	$307,796	$307,736	$307,672	$307,283	$306,747	$306,011	$304,997	$303,602	$301,683	$299,042
DEBT COVERAGE RATIO		1.15	1.16	1.17	1.18	1.19	1.24	1.28	1.32	1.36	1.39	1.40	1.41
ANNUAL CASH FLOW		**$71,360**	**$75,523**	**$79,668**	**$83,790**	**$87,888**	**$107,860**	**$126,578**	**$143,405**	**$157,562**	**$168,112**	**$173,929**	**$173,675**
Deferred Developer Fee Balance		$687,544	$612,021	$532,353	$448,563	$360,675	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$139,069	$735,143	$1,419,416	$2,180,156	$3,001,270	$3,861,426	$4,733,036

22204 Rio Manor Apartments - Application Summary

REAL ESTATE ANALYSIS DIVISION
March 31, 2023

PROPERTY IDENTIFICATION

Application #	22204
Development	Rio Manor Apartments
City / County	Del Rio / Val Verde
Region/Area	11 / Rural
Population	General
Set-Aside	Non-Profit
Activity	Reconstruction

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$1,450,000	$1,450,000	$24,167/Unit	$0.91

	Amount	Rate	Amort	Term	Lien
MF Direct Loan Const. to Perm. (Re	$1,257,000	4.75%	40	40	2

KEY PRINCIPALS / SPONSOR

Prospera Housing Community Services (100% of fee)

Related Parties	Contractor - No	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	12	20%
2	36	60%
3	12	20%
4	-	0%
TOTAL	60	100%

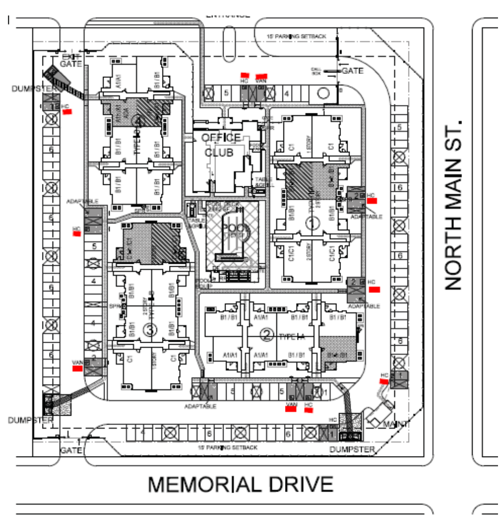
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	5	8%
40%	-	0%
50%	14	23%
60%	41	68%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	60	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.35	Expense Ratio	48.5%
Breakeven Occ.	75.2%	Breakeven Rent	$809
Average Rent	$998	B/E Rent Margin	$189
Property Taxes	$417/unit	Exemption/PILOT	50%
Total Expense	$5,454/unit	Controllable	$3,592/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (30% Maximum)			4.5%
Highest Unit Capture Rate	13%	2 BR/60%	21
Dominant Unit Cap. Rate	13%	2 BR/60%	21
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	27	45% Total Units	

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	981 SF	Density	14.7/acre
Acquisition		$08K/unit	$500K
Building Cost	$136.15/SF	$134K/unit	$8,011K
Hard Cost		$178K/unit	$10,668K
Total Cost		$306K/unit	$18,346K
Developer Fee	$2,082K	(9% Deferred)	Paid Year: 2
Contractor Fee	$1,493K	30% Boost	Yes

DEBT (Must Pay)				
Source	**Term**	**Rate**	**Amount**	**DCR**
Wells Fargo - FHA 221(d)(4)	40/40	3.15%	$3,250,000	2.30
TDHCA	40/40	4.75%	$1,257,000	1.35
TOTAL DEBT (Must Pay)			**$4,507,000**	

CASH FLOW DEBT / GRANT FUNDS				
Source	**Term**	**Rate**	**Amount**	**DCR**
City of Del Rio	40/0	1.00%	$250	1.35
CASH FLOW DEBT / GRANTS			**$250**	

EQUITY / DEFERRED FEES	
Source	**Amount**
Wells Fargo	$13,193,680
Prospera	$195,113
TOTAL EQUITY SOURCES	**$13,388,793**
TOTAL DEBT SOURCES	**$4,507,250**
TOTAL CAPITALIZATION	**$17,896,043**

CONDITIONS

1 Receipt and acceptance by the earlier of Direct Loan Contract or 10% Test:

a: Documentation of agreement from HUD of proposed HAP Rent increase.

b: Written permission from HUD to have a different income distribution than in Section 4 of the existing use agreement, or written confirmation from HUD stating the existing use agreement is null upon demolition of the buildings.

2 Receipt and acceptance by Direct Loan Contract:

- Updated Notice of Displacement/Notice of Non-Displacement's that comply with and contain select language from section 104(d) of the Uniform Relocation Act will need to be submitted to the department before a contract can be executed.

3 Receipt and acceptance before Direct Loan Closing

a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders.

d: Substantially final draft of limited partnership agreement.

e: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.

4 Receipt and acceptance by Cost Certification:

- Certification that testing for asbestos and lead-based paint was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ CHDO tax exemption
▫ HAP Contract covers 27 units
▫ Developer Experience
WEAKNESSES/RISKS
▫ Feasibility relies on tax exemption

AREA MAP

AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
March 31, 2023

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22204** Program(s): **9% HTC/MDL**

Rio Manor Apartments

Address/Location: 600 W. Cantu Road

City: Del Rio County: Val Verde Zip: 78840

Population: General Program Set-Aside: Non-Profit Area: Rural

Activity: Reconstruction Building Type: Garden (Up to 4-story) Region: 11

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan Const. to Perm. (Repayable)	$1,257,000	0.50%	40	40	**$1,257,000**	**4.75%**	**40**	**40**	**2**
LIHTC (9% Credit)	$1,450,000				**$1,450,000**				

* Multifamily Direct Loan Terms:
* The term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).
* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS

1 Receipt and acceptance by the earlier of Direct Loan Contract or 10% Test:

a: **Documentation of agreement from HUD of proposed HAP Rent increase.**

b: **Written permission from HUD to have a different income distribution than in Section 4 of the existing use agreement, or written confirmation from HUD stating the existing use agreement is null upon demolition of the buildings.**

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Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	14
60% of AMI	60% of AMI	41

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	22

DEVELOPMENT SUMMARY

Rio Manor Apartments will be a reconstruction of a 45-year-old, 48 unit affordable apartment community located at 600 W. Cantu Road, Del Rio, Val Verde County, Texas. The existing development will be demolished and the reconstructed apartment community will be built on the same site. It will then consist of 60 units, of which 27 will be covered by the renewal of an existing Project-Based Section 8 HAP contract.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	CHDO tax exemption
▫	HAP Contract covers 27 units
▫	Developer Experience

WEAKNESSES/RISKS	
▫	Feasibility relies on tax exemption
▫	
▫	

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE

RIO MANOR APARTMENTS

PHCS Rio Manor, LP,
a Texas limited partnership
Owner
100%

PHCS Rio Manor GP, LLC,
a Texas limited liability company,
Sole General Partner
.01%

Limited Partner
Housing and Community Services, Inc. d/b/a
Prospera Housing Community Services
Interim limited partner
To be replaced by
(LIHTC Investor)

99.99%

Sole Member – 100%
Housing and Community Services, Inc.
d/b/a Prospera Housing Community Services,
a Texas 501(c)(3) non-profit corporation
EIN: 74-2685268

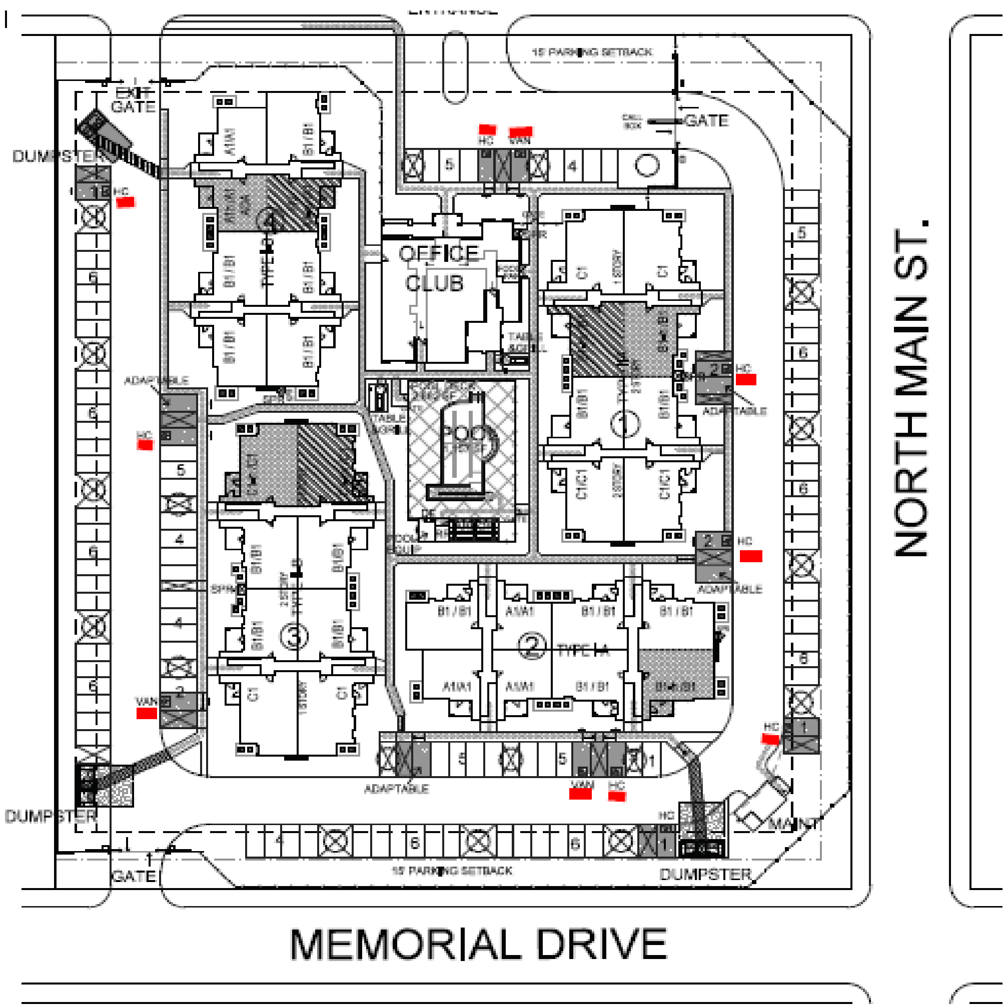
Executive Director (non-voting) – 0%
*Gilbert M. Piette
Housing and Community Services, Inc.
d/b/a Prospera Housing Community Services
Board Members – 0%

*Darrell Deming, Chair
*Anita M. Remerowski, M.D., Vice Chair
*Nancy L. Hard, Secretary
*Perry L. Deckard, Treasurer/Assistant Secretary
Carole O. Bufler, Director
Harry B.Adams, IV, Director
Virginia Delerme, Director
Herb Friedrich, Director
Charles Glenn, Director
Dadiri Jama, Director
Alicia Thomas, Ph.D., Director
Rafael I. Torres, Director
David A. Valdez, M.D., Director
*__Denotes signatory authority.__

Natural persons with Control of Housing and Community Services, Inc. dba Prospera Housing Community Services are highlighted in yellow.

DEVELOPMENT SUMMARY

SITE PLAN



Comments:

There are a total of 105 open surface parking spaces reflected on the Site Plan (1.75/unit), which exceeds the minimum City parking requirement. All parking for the development will be provided at no charge to the residents.

BUILDING ELEVATION

BUILDING CONFIGURATION

Building Type	IA	IB	II-A	II-B									Total Buildings
Floors/Stories	2	2	2	2									
Number of Bldgs	1	1	1	1									4
Units per Bldg	16	16	14	14									
Total Units	16	16	14	14									**60**

Avg. Unit Size (SF)	**981 sf**	**Total NRA (SF)**	**58,836**	**Common Area (SF)***	**9,189**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 4.089 acres Density: 14.7 units/acre

Site Control: 4.09 **Site Plan:** 4.09 **Appraisal:** 4.089 **ESA:** 4.09

Feasibility Report Survey: 4.089 **Feasibility Report Engineer's Plan:** 4.089

Control Type: Real Estate Purchase Contract

Development Site: 4.09 acres Cost: $500,000 $8,333 per unit

Seller: TG 109, Inc.

Buyer: Prospera Housing Community Services

Related-Party Seller/Identity of Interest: Yes

Comments:

Gilbert M. Piette is the Executive director of TG 109, Inc. and Housing and Community Services, Inc. dba Prospera Housing Community Services. The Board Members of TG 109, Inc. are the officers of Housing and Community Services, Inc. dba Prospera Housing Community Services.

The LURA will encumber 4.09 acres.

APPRAISED VALUE

Appraiser:	CBRE		Date:	2/26/2022
Land as Vacant: 4.089 acres		$540,000	Per Unit:	$9,000
Existing Buildings: (as-is)		$0	Per Unit:	$0
Total Development: (as-is)		**$540,000**	Per Unit:	**$9,000**

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	C1	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	N/A	Title Issues?	No

Current Uses of Subject Site:

Existing apartments to be demolished.

TENANT RELOCATION PLAN

The relocation budget is $500K for 35 occupied households.

Prospera's Relocation Specialist will provide assistance before, during and after the reconstruction over an 18-month period: $ 67,500

Unit Types and Current Occupancy

Tenant Based Housing Vouchers from Local Housing Authority – 13 (all occupied)
Project Based Section 8 Units – 27 units (19 occupied)
Non-Subsidized units – 8 units (3 occupied)

Temporary Housing Costs

It is contemplated that all remaining residents will be temporarily relocated during the reconstruction at approximately $1,280/mo. for rent and utilities.
13 units of Tenant Based Housing Vouchers – rent/utilities for these units will be provided for through the Tenant Based Vouchers.
27 Project Based Section 8 units – rent/utilities for 19 occupied units will be provided in part via the Section 8 pass through at approximately $800/mo. resulting in a net cost per unit of $480/mo. (or $1,280 - $800): 19 units X 11 @ $480/mo. $100,320
8 Nonsubsidized Units – rent/utilities for the three occupied units at $1,280/mo. 3 units X 11 @ $1,280: $42,240
Deposits of $1,280 (one month's rent) for 22 units: $ $28,160
Application Fees: $ $2,200
Moving Costs - $ 105,500
Storage – $ 29,040
Utility and Miscellaneous Costs: $ 14,000
Special Needs: Three units are currently being targeted as special needs.3 units @ Average $2,000/unit: $6,000
Subtotal $394,960
Contingency $ 105,040
TOTAL BUDGET $ 500,000

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: ASTEX ENVIRONMENTAL SERVICES Date: 2/25/2022

Recognized Environmental Conditions (RECs) and Other Concerns:

- A lead based paint inspection and lead O&M plan were prepared in 2019 and the previous conclusions and recommendations were confirmed to still be applicable. The lead O&M was renewed in 2021.
- Asbestos testing was conducted at the target property in 2002. Samples of wall system components, floor tile and mastic, and HVAC seaming materials were collected from all six buildings. Due to asbestos containing black mastic and/or floor tile, either as top layer flooring or as bottom layer under newer materials, ALL floor covering materials, throughout the apartment complex must be considered asbestos containing and ALL wall system materials (due to positive joint compound) throughout the apartment complex must be considered asbestos containing.

MARKET ANALYSIS

Provider: Apartment MarketData, LLC Date: 3/20/2022

Primary Market Area (PMA): 126.77 sq. miles 6 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Val Verde County Income Limits								
HH Size		1	2	3	4	5	6	7+
60% AMGI	Min	$20,580	$20,580	$24,690	$24,690	$28,500	$28,500	---
	Max	$25,620	$29,280	$32,940	$36,540	$39,480	$42,420	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
21052	Del Rio Lofts	Yes	New	General	38	61
Other Affordable Developments in PMA since 2017						
17400-1	Casas Del Rio		Rehab	General	n/a	170
17400-2	Villa Hermosa		Rehab	General	n/a	50
21051	Canyon Lofts		New	Elderly	n/a	72
Stabilized Affordable Developments in PMA			Total Units			500
			Total Developments			6
			Average Occupancy			99.3%

Proposed, Under Construction, and Unstabilized Competitive Supply:

21052 Del Rio Lofts is an awarded 9% property currently under construction in the PMA with 38 units that will directly compete with Subject.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	14,033	14,033		
Senior Households in the Primary Market Area	5,873	5,873		
Potential Demand from the Primary Market Area	1,419	1,434		
10% External Demand	142	143		
Potential Demand from Other Sources				
GROSS DEMAND	1,561	1,578		
Subject Affordable Units	33	27		
Unstabilized Competitive Units	38			
RELEVANT SUPPLY	71	27		
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**4.5%**	**1.7%**		

Population:	General	Market Area:	Rural	Maximum Gross Capture Rate:	30%

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI - Sec 8	548	55	5	0	0.8%					
50% AMGI - Sec 8	477	48	14	0	2.7%					
60% AMGI - Sec 8	410	41	8	0	1.8%					
60% AMGI	1,419	142	33	38	4.5%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/60%	128	13	6	10	11%					
2 BR/60%	319	32	21	23	13%					
3 BR/60%	200	20	6	5	5%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$347,325	Avg. Rent:	$998	Expense Ratio:	48.5%
Debt Service:	$221,386	B/E Rent:	$809	Controllable Expenses:	$3,592
Net Cash Flow:	$125,939	UW Occupancy:	92.5%	Property Taxes/Unit:	$417
Aggregate DCR:	1.35	B/E Occupancy:	75.2%	Program Rent Year:	2021

Project will be 100% HTC restricted. Twenty-seven (27) units will be covered by Project Based Vouchers under a HAP contract, while the other 33 units are expected to achieve max program rents.

The existing HAP Contract covers 27 units. Furthermore, Applicant has assumed increased HAP rents as follows base on a rent comparability study:

Unit Type	Current Net HAP Rent	Proposed Net HAP Rent	Increase	Variance
1BR	$676	$1,100	$424	63%
2BR	$805	$1,250	$445	55%
3BR	$955	$1,450	$495	52%

If current HAP rents were used in the underwriting analysis, the DCR would drop below a 1.15. The Underwriter would then have to assume a $400,000 reduction in the FHA 221(d)(4) permanent loan in order to achieve the required 1.15 minimum DCR.

Applicant expects to achieve a 50% property tax exemption afforded by their CHDO status.

The Lender signed a long-term pro forma that includes a $7.5K annual expense for Supportive Services. Pursuant to §11.302(d)(2)(K), the estimated expenses underwritten at Application will be included in the DCR calculation at Cost Cert regardless if actually incurred.

Since the financing structure has a TDHCA Direct Loan that is subordinate to an FHA permanent loan, the DCR on the Direct Loan is calculated using 75% of the Surplus Cash Flow after the permanent loan payment. The resulting overall DCR is at the maximum 1.35 threshold.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$122,279/ac	$8,333/unit	**$500,000**	Contractor Fee	**$1,493,488**
Off-site + Site Work		$35,821/unit	**$2,149,240**	Soft Cost + Financing	**$3,367,627**
Building Cost	$136.15/sf	$133,509/unit	**$8,010,540**	Developer Fee	**$2,082,159**
Contingency	5.00%	$8,466/unit	**$507,989**	Reserves	**$235,000**

Total Development Cost	$305,767/unit	**$18,346,043**	**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Rural [9% only]

Acquisition:

Identity of interest acquisition cost of $500K was supported by a third party appraisal valuing the property at $540K.

Site Work:

At $1,478,000 (24.6K/unit), site work costs exceed $15K/unit. However, Applicant provided an Independent Accountant's Report from CohnReznick dated 11/03/2022 that classifies $1,278,000 ($21.3K/unit) as eligible. The remaining $200,000 is for demolition cost and is therefore not to be included in eligible basis.

Building Cost:

The existing 45 unit complex will be demolished and a new 60 unit garden-style development will be built on the site.

Underwriter's estimate is based on Marshall & Swift's good quality cost model adjusted for the small number of units. Underwriter's estimate came in at $7.9M ($132.32 psf / $130K per unit), which is 2.9% less than Applicant.

For scoring purposes, Applicant limited voluntary eligible building cost to $4,866,442 ($82.71 psf).

Contractor Fee:

Applicant overstated contractor fee by $320K.

Developer Fee:

Applicant overstated developer fee by $48K.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$18,346,043	**$12,449,921**	**$1,456,641**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Wells Fargo - FHA 221(d)(4)	FHA 221(d)(4)	$3,250,000	3.15%	18%
TDHCA	Multifamily Direct Loan-HOME	$1,257,000	0.00%	7%
Wells Fargo	Conventional Loan	$9,250,000	3.30%	50%
TG 109, Inc. Seller Note	Seller Note	$450,000	1.00%	2%
Wells Fargo	HTC	$2,450,000	$0.91	13%
Prospera	Deferred Developer Fee	$1,906,573	0.00%	10%
City of Del Rio	Fee Waiver	$250	0.00%	0%
		$18,563,823	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Wells Fargo - FHA 221(d)(4)	$3,250,000	3.15%	40	40	$3,250,000	3.15%	40	40	18%
TDHCA	$1,257,000	0.50%	40	40	$1,257,000	4.75%	40	40	7%
TG 109, Inc. Seller Note	$450,000	1.00%	0	40	$450,000	1.00%	0	40	2%
City of Del Rio	$250	0.00%	0	0	$250	0.00%	0	0	0%
Total	**$4,957,250**				**$4,957,250**				

Comments:

Debt service on the TG 109, Inc. Seller Note is subject to available cash flow.

Per the 2022 QAP, for Developments financed with a Direct Loan subordinate to FHA financing, DCR on the Direct Loan will be calculated using 75% of the Surplus Cash. This generates a 1.61 DCR with the assumed increased HAP rents as shown in the rent comparability study. In order to meet the 1.35 maximum allowed DCR, underwriting assumes a 4.75% interest rate on the MDL. Because HUD has not yet approved the rent increases for the HAP Contract, before executing the direct loan contract, the MFDL may be adjusted within the limitations of 10 TAC 13.12(b)(4), if needed, to achieve a DCR between 1.15 and 1.35.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Wells Fargo	$13,193,680	$0.91		$13,193,680	$0.91	72%	
Prospera	$562,893		27%	$195,113		1.1%	9%
Total	**$13,756,573**			**$13,388,793**			
				$18,346,043	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.923	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.780	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$18,346,043
Permanent Sources (debt + non-HTC equity)	$4,957,250
Gap in Permanent Financing	$13,388,793

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$13,254,105	$1,456,641
Needed to Balance Sources & Uses	$13,388,793	$1,471,443
Requested by Applicant	$13,193,680	$1,450,000

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$13,193,680**	**$1,450,000**

	Amount	**Interest Rate**	**Amort**	**Term**	**Lien**
TDHCA Multifamily Direct Loan	**$1,257,000**	**4.75%**	**40**	**40**	**2**
Deferred Developer Fee	**$195,113**	**(9% deferred)**			
Repayable in	**2 years**				

Recommendation:

Underwriter recommends a 9% tax credit award in the amount of $1,450,000 as requested by Applicant.

Underwriter also recommends an award of $1,257,000 Direct Loan as a second lien mortgage at 4.75% interest amortized over 40 years with a 40-year permanent term and 24 month construction term to match the senior lender.

Underwriter:	*Deborah Willson*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

LOCATION DATA	
CITY:	Del Rio
COUNTY:	Val Verde
Area Median Income	$54,000
PROGRAM REGION:	11
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	12	20.0%	6	5
2	36	60.0%	15	12
3	12	20.0%	6	5
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**60**	**100.0%**	**27**	**22**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	981 sf

55%	**Income**	20%	30%	40%	50%	60%	70%	80%	EO / MR	**TOTAL**
Average Income	**# Units**	-	5	-	14	41	-	-	-	**60**
	% Total	0.0%	8.3%	0.0%	23.3%	68.3%	0.0%	0.0%	0.0%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		MF Direct Loan Units (HOME Rent/Inc)		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mkt Analyst
TC 30%	$343			Sec. 8	$1,131	1	1	1	762	$1,131	$31	$1,100	$0	$1.44	$1,100	**$1,100**	**$1,100**	$1,100	**$1.44**	**$0**	$1,100	$1.44	$1,100
TC 50%	$571	LH/50%	$571	Sec. 8	$1,131	3	1	1	762	$1,131	$31	$1,100	$0	$1.44	$1,100	**$3,300**	**$3,300**	$1,100	**$1.44**	**$0**	$1,100	$1.44	$1,100
TC 60%	$686	LH/50%	$571	Sec. 8	$1,131	2	1	1	762	$1,131	$31	$1,100	$0	$1.44	$1,100	**$2,200**	**$2,200**	$1,100	**$1.44**	**$0**	$1,100	$1.44	$1,100
TC 60%	$686			0		6	1	1	762	$686	$31	$655	$0	$0.86	$655	**$3,930**	**$3,930**	$655	**$0.86**	**$0**	$1,100	$1.44	$1,100
TC 30%	$411			Sec. 8	$1,287	3	2	2	983	$1,287	$37	$1,250	$0	$1.27	$1,250	**$3,750**	**$3,750**	$1,250	**$1.27**	**$0**	$1,250	$1.27	$1,250
TC 50%	$686	LH/50%	$686	Sec. 8	$1,287	8	2	2	983	$1,287	$37	$1,250	$0	$1.27	$1,250	**$10,000**	**$10,000**	$1,250	**$1.27**	**$0**	$1,250	$1.27	$1,250
TC 60%	$823	LH/50%	$686	Sec. 8	$1,287	4	2	2	983	$1,287	$37	$1,250	$0	$1.27	$1,250	**$5,000**	**$5,000**	$1,250	**$1.27**	**$0**	$1,250	$1.27	$1,250
TC 60%	$823		Match	0		1	2	2	983	$823	$37	$786	$0	$0.80	$786	**$786**	**$786**	$786	**$0.80**	**$0**	$1,250	$1.27	$1,250
TC 60%	$823			0		20	2	2	983	$823	$37	$786	$0	$0.80	$786	**$15,720**	**$15,720**	$786	**$0.80**	**$0**	$1,450	$1.48	$1,450
TC 30%	$475			Sec. 8	$1,502	1	3	2	1,192	$1,502	$52	$1,450	$0	$1.22	$1,450	**$1,450**	**$1,450**	$1,450	**$1.22**	**$0**	$1,450	$1.22	$1,450
TC 50%	$791	LH/50%	$791	Sec. 8	$1,502	3	3	2	1,192	$1,502	$52	$1,450	$0	$1.22	$1,450	**$4,350**	**$4,350**	$1,450	**$1.22**	**$0**	$1,450	$1.22	$1,450
TC 60%	$950	LH/50%	$791	Sec. 8	$1,502	2	3	2	1,192	$1,502	$52	$1,450	$0	$1.22	$1,450	**$2,900**	**$2,900**	$1,450	**$1.22**	**$0**	$1,450	$1.22	$1,450
TC 60%	$950		Match	0		1	3	2	1,192	$950	$52	$898	$0	$0.75	$898	**$898**	**$898**	$898	**$0.75**	**$0**	$1,450	$1.22	$1,450
TC 60%	$950			0		5	3	2	1,192	$950	$52	$898	$0	$0.75	$898	**$4,490**	**$4,490**	$898	**$0.75**	**$0**	$1,450	$1.22	$1,450
TOTALS/AVERAGES:						**60**			**58,836**				**$0**	**$1.02**	**$998**	**$59,874**	**$59,874**	**$998**	**$1.02**	**$0**	**$1,327**	**$1.35**	**$1,327**

ANNUAL POTENTIAL GROSS RENT:	**$718,488**	**$718,488**

STABILIZED PRO FORMA

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.02	$998	$718,488	$718,488	$998	$1.02		0.0%	$0
Deposits, Late Fees, App Fees & Tenant							$0.00	$0						
Damage Fees							$15.00	$10,800						
Total Secondary Income							$15.00		$10,800	$15.00			0.0%	$0
POTENTIAL GROSS INCOME								$729,288	$729,288				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(54,697)	(54,697)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$674,591	$674,591				0.0%	$0
General & Administrative	$31,104	$518/Unit	$21,060	$351	4.82%	$0.55	$542	$32,500	$31,104	$518	$0.53	4.61%	4.5%	1,396
Management	$45,026	7.6% EGI	$21,290	$355	4.08%	$0.47	$458	$27,506	$33,595	$560	$0.57	4.98%	-18.1%	(6,089)
Payroll & Payroll Tax	$73,966	$1,233/Unit	$67,603	$1,127	13.34%	$1.53	$1,500	$90,000	$89,978	$1,500	$1.53	13.34%	0.0%	22
Repairs & Maintenance	$38,356	$639/Unit	$26,921	$449	6.00%	$0.69	$675	$40,500	$39,000	$650	$0.66	5.78%	3.8%	1,500
Electric/Gas	$14,845	$247/Unit	$8,527	$142	1.48%	$0.17	$167	$10,000	$10,000	$167	$0.17	1.48%	0.0%	-
Water, Sewer, & Trash	$34,929	$582/Unit	$32,522	$542	6.30%	$0.72	$708	$42,500	$42,500	$708	$0.72	6.30%	0.0%	-
Property Insurance	$30,608	$0.52 /sf	$23,617	$394	5.19%	$0.59	$583	$35,000	$30,608	$510	$0.52	4.54%	14.3%	4,392
Property Tax (@ 50%) 2.3694	$37,449	$624/Unit	$7,392	$123	3.71%	$0.42	$417	$25,000	$37,220	$620	$0.63	5.52%	-32.8%	(12,220)
Reserve for Replacements					2.22%	$0.25	$250	$15,000	$15,000	$250	$0.25	2.22%	0.0%	-
Supportive Services					1.11%	$0.13	$125	$7,500	$7,500	$125	$0.13	1.11%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.26%	$0.03	$29	$1,760	$2,400	$40	$0.04	0.36%	-26.7%	(640)
TOTAL EXPENSES					**48.51%**	**$5.56**	**$5,454**	**$327,266**	**$338,906**	**$5,648**	**$5.76**	**50.24%**	**-3.4%**	**$ (11,640)**
NET OPERATING INCOME ("NOI")					**51.49%**	**$5.90**	**$5,789**	**$347,325**	**$335,686**	**$5,595**	**$5.71**	**49.76%**	**3.5%**	**$ 11,640**
CONTROLLABLE EXPENSES							$3,592/Unit			$3,543/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Wells Fargo - FHA 221(d)(4)	0.25%	2.22	2.30	151,133	3.15%	40	40	$3,250,000	$3,250,000	40	40	3.15%	$151,131	2.30	17.7%
TDHCA		1.81	1.87	$34,750	0.50%	40	40	$1,257,000	$1,257,000	40	40	4.75%	$70,255	1.35	6.9%
CASH FLOW DEBT / GRANTS															
TG 109, Inc. Seller Note		1.81	1.87		1.00%	0	40	$450,000	$450,000	40	0	1.00%		1.35	2.5%
				$185,883	**TOTAL DEBT / GRANT SOURCES**			**$4,957,250**	**$4,957,250**			**TOTAL DEBT SERVICE**	**$221,386**	**1.35**	27.0%
NET CASH FLOW		$149,803	$161,442						**APPLICANT**	**NET OPERATING INCOME**			**$347,325**	**$125,939**	**NET CASH FLOW**

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
Wells Fargo	LIHTC Equity	71.9%	$1,450,000	$0.91	$13,193,680	$13,193,680	$0.91	$1,450,000	71.9%	$24,167	Applicant Request
Prospera	Deferred Developer Fees	3.1%	(26% Deferred)		$562,893	$195,113	(9% Deferred)		1.1%	**Total Developer Fee:**	**$2,082,159**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		75.0%			$13,756,573	$13,388,793			73.0%		
TOTAL CAPITALIZATION					**$18,713,823**	**$18,346,043**				**15-Yr Cash Flow after Deferred Fee:**	**$2,111,674**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	**New Const. Rehab**			**Total Costs**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition				$8,333 / Unit	$500,000	$500,000	$8,333 / Unit				0.0%	$0
Off-Sites		$0		$ / Unit	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,278,000		$24,633 / Unit	$1,478,000	$1,478,000	$24,633 / Unit		$1,278,000		0.0%	$0
Site Amenities		$671,240		$11,187 / Unit	$671,240	$671,240	$11,187 / Unit		$671,240		0.0%	$0
Building Cost		$4,866,442	$136.15 /sf	$133,509/Unit	$8,010,540	$7,785,001	$129,750/Unit	$132.32 /sf	$4,866,442		2.9%	$225,539
Contingency		$477,098	7.00%	5.00%	$507,989	$507,989	5.11%	7.00%	$477,098		0.0%	$0
Contractor Fees		$1,020,990	14.00%	17.00%	$1,813,435	$1,461,912	14.00%	14.00%	$1,020,989		24.0%	$351,523
Soft Costs	$0	$1,633,000		$36,633 / Unit	$2,198,000	$2,198,000	$36,633 / Unit		$1,633,000	$0	0.0%	$0
Financing	$0	$879,250		$19,494 / Unit	$1,169,627	$1,169,627	$19,494 / Unit		$879,250	$0	0.0%	$0
Developer Fee	$0	$1,624,022	15.00%	15.00%	$2,129,992	$2,082,159	14.90%	15.00%	$1,623,903	$0	2.3%	$47,833
Reserves				5 Months	$235,000	$235,000	5 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$12,450,041**		$311,897 / Unit	**$18,713,823**	**$18,088,929**	$301,482 / Unit		**$12,449,922**	**$0**	**3.5%**	**$624,894**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		($1)			($319,947)							
Financing Cost		$0										
Developer Fee	$0	($119)	15.00%	15.00%	($47,833)							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$12,449,921**		$305,767/unit	**$18,346,043**	**$18,088,929**	$301,482/unit		**$12,449,922**	**$0**	**1.4%**	**$257,114**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$18,346,043**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$12,449,921	$0	$12,449,922
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$12,449,921	$0	$12,449,922
High Cost Area Adjustment		130%	0	130%
TOTAL ADJUSTED BASIS	$0	$16,184,897	$0	$16,184,899
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$16,184,897	$0	$16,184,899
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,456,641	$0	$1,456,641
CREDITS ON QUALIFIED BASIS	$1,456,641		$1,456,641	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		**FINAL ANNUAL LIHTC ALLOCATION**		
			Credit Price $0.9099	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,456,641	$13,254,105	----	----	----
Needed to Fill Gap	$1,471,443	$13,388,793	----	----	----
Applicant Request	$1,450,000	$13,193,680	**$1,450,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)		58,836 SF	$108.27	6,370,300
Adjustments					
Exterior Wall Finish		7.60%		8.23	$484,143
Elderly		0.00%		0.00	0
9-Ft. Ceilings		3.95%		4.28	251,627
Roof Adjustment(s)				1.02	60,000
Subfloor				(0.93)	(54,423)
Floor Cover				3.37	198,218
Breezeways		$28.86	7,006	3.44	202,160
Balconies		$29.10	6,421	3.18	186,842
Plumbing Fixtures		$1,610	144	3.94	231,840
Rough-ins		$600	180	1.84	108,000
Built-In Appliances		$2,950	60	3.01	177,000
Exterior Stairs		$2,460	16	0.67	39,360
Heating/Cooling				2.37	139,441
Storage Space		$28.86		0.00	0
Carports		$13.00	0	0.00	0
Garages			0	0.00	0
Common/Support Area		$135.45	3,999	9.21	541,675
Elevators			0	0.00	0
Other:				0.00	0
Fire Sprinklers		$2.88	69,841	3.42	201,142
SUBTOTAL				**155.30**	**9,137,326**
Current Cost Multiplier		1.00		0.00	0
Local Multiplier		1.00		0.00	0
Reserved					0
TOTAL BUILDING COSTS				**155.30**	**$9,137,326**
Plans, specs, survey, bldg permits		3.30%		(5.12)	($301,532)
Contractor's OH & Profit		11.50%		(17.86)	(1,050,792)
NET BUILDING COSTS			$129,750/unit	$132.32/sf	$7,785,001

Long-Term Pro Forma

Rio Manor Apartments, Del Rio, 9% HTC/MDL #22204

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$674,591	$688,083	$701,845	$715,882	$730,199	$806,199	$890,109	$982,752	$1,085,038	$1,197,970	$1,322,655	$1,460,318
TOTAL EXPENSES	3.00%	$327,266	$336,809	$346,633	$356,745	$367,156	$423,991	$489,707	$565,702	$653,592	$755,250	$872,846	$1,008,891
NET OPERATING INCOME ("NOI")		**$347,325**	**$351,274**	**$355,212**	**$359,136**	**$363,044**	**$382,208**	**$400,402**	**$417,050**	**$431,446**	**$442,719**	**$449,809**	**$451,427**
EXPENSE/INCOME RATIO		48.5%	48.9%	49.4%	49.8%	50.3%	52.6%	55.0%	57.6%	60.2%	63.0%	66.0%	69.1%
MUST -PAY DEBT SERVICE													
Wells Fargo - FHA 221(d)(4)		$151,131	$151,028	$150,922	$150,812	$150,699	$150,076	$149,347	$148,494	$147,495	$146,326	$144,959	$143,358
TDHCA		$70,255	$70,255	$70,255	$70,255	$70,255	$70,255	$70,255	$70,255	$70,255	$70,255	$70,255	$70,255
TOTAL DEBT SERVICE		$221,386	$221,283	$221,177	$221,067	$220,954	$220,331	$219,602	$218,749	$217,750	$216,581	$215,214	$213,613
DEBT COVERAGE RATIO		1.35	1.36	1.38	1.39	1.40	1.47	1.54	1.60	1.66	1.70	1.74	1.75
ANNUAL CASH FLOW		**$125,939**	**$129,991**	**$134,035**	**$138,069**	**$142,090**	**$161,877**	**$180,800**	**$198,302**	**$213,696**	**$226,138**	**$234,595**	**$237,814**
Deferred Developer Fee Balance		$69,174	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$60,817	$194,853	$332,922	$475,012	$1,245,072	$2,111,674	$3,068,874	$4,107,564	$5,214,742	$6,372,631	$7,557,642

File #: 476 **Agenda Date:** 12/7/2023 **Agenda #:** 32.

Presentation, discussion, and possible action regarding approval of an Invitation to Apply for Neighborhood Stabilization Program funding

RECOMMENDED ACTION

WHEREAS, the Department has accrued approximately $4,000,000 in available Neighborhood Stabilization Program (NSP) 1 Program Income as of November 2023;

WHEREAS, the NSP Allocation Plan, as amended, allows TDHCA to redirect uncommitted amounts or additional allocations of NSP funding to eligible activities;

WHEREAS, Real Gardens, a supportive housing project, applied for the 2023-2 HOME-ARP Rental Notice of Funding Availability, but that funding source is incompatible with the proposed ownership structure of the Development; and

WHEREAS, staff recommends the Board approve authorization to release an Invitation to Apply for NSP 1 Program Income in the amount of $4,000,000, encouraging housing projects that were ineligible under the 2023-2 HOME-ARP NOFA;

NOW, therefore, it is hereby

RESOLVED, that the Invitation to Apply is hereby approved; and

FURTHER 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 release the Invitation to Application for NSP 1 Program Income to be released for Application, and to make any technical corrections or perform such other acts as may be necessary to effectuate the foregoing.

BACKGROUND

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by H.R. 3221, the "Housing and Economic Recovery Act of 2008" (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. From time to time, the Department accrues enough program income from NSP to be able to release a NOFA or Invitation to Apply for eligible activities as outlined in the NSP Allocation Plan, as amended.

Real St. Supportive Housing submitted an application for Real Gardens under the 2023-2 HOME-ARP NOFA in January 2023. The Applicant is proposing a master tenant structure with the Travis County Housing Authority of the land and the rental building to be constructed with Department funding. The

U.S. Department of Housing and Urban Development (HUD) has indicated that the proposed ownership structure would not be eligible due to federal requirements that any HOME-ARP funding must go to the owner of the development rather than a lessee or tenant.

Real St. Supportive Housing is ineligible to apply for a waiver of these provisions to HUD and keep their Application Acceptance Date for HOME-ARP. Because HOME-ARP is oversubscribed, it is unlikely that the Applicant would be able to re-apply for these funds, even in the waiver were to be granted by HUD.

Because there does not appear to be a realistic path for the Development to successfully be awarded HOME-ARP funding, the Department is proposing to release an Invitation to Apply for NSP 1 Program Income in the amount of $4,000,000, as presented in Appendix A. The Invitation to Apply would be made available to Real Gardens, which would be transferred off the 2023-2 HOME-ARP Application Log and referred to the other Departmental funding source, as allowed in the HOME-ARP NOFA. If the Invitation to Apply is approved by the Board, and the referral was made by HOME-ARP staff, Real Gardens would have 14 days to make the changes needed to its application to meet the requirements of the new funding source.

The Invitation to Apply for NSP 1 Program Income has certain key differences from HOME-ARP. One of the main differences is that NSP 1 does not focus on HOME-ARP qualified populations, including persons experiencing homelessness and other vulnerable populations. Because Real Gardens' participated in a competitive NOFA and scored high enough to be considered for an award, to make the referral to the other funding source in-line with the purpose of HOME-ARP, the Invitation to Apply for NSP 1 will include a requirement that persons experiencing homelessness be a preference on the project-based waitlist.

Another difference from HOME-ARP is that NSP 1 Program Income is proposed to be at least partially repayable, and not fully forgivable. This is necessary to ensure that the Department has funding to cover the administration and long-term monitoring of the project, since NSP is no longer being funded through HUD. It also allows for the Department to fund future Developments with master tenant structures, as that structure is not federally allowed in the Department's annually funded programs.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY DIRECT LOAN
2023-4 INVITATION TO APPLY FOR NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
DECEMBER 7, 2023

(1) Summary. The Texas Department of Housing and Community Affairs (the Department) announces the availability of $4,000,000 in Neighborhood Stabilization Program (NSP) 1 Program Income funding for the development of affordable multifamily rental housing for low-income Texans. Applicants invited to apply may submit an application starting December 15, 2023, and the Invitation to Apply will be available until December 13, 2024. The NSP funds were authorized by the Housing and Economic Recovery Act of 2008 ("HERA") as an adjunct to the Community Development Block Grant (CDBG) Program for the redevelopment of abandoned and foreclosed homes and residential properties. The Program Income of NSP has been programmed for several activities, including the development of affordable housing. This funding may be offered, at the Department's sole discretion, to applicants that submitted an Application under the 2023-2 HOME American Rescue Plan (HOME-ARP) Notice of Funding Availability (NOFA), but where the Department was not able to recommended for an award due to incompatibility of the funding source**.** The availability and use of these funds are subject to the following rules, as applicable:

a. Texas Administrative Code
10 TAC Chapter 1 (Administration)
10 TAC Chapter 2 (Enforcement)
10 TAC Chapter 10 (Uniform Multifamily Rules)
10 TAC Chapter 11 (Qualified Allocation Plan)
10 TAC Chapter 12 (Multifamily Housing Revenue Bonds)
10 TAC Chapter 13 (Multifamily Direct Loan Rule)
http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1

b. Texas Government Code
Tex. Gov't. Code Chapter 2306
http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm

c. U.S. Department of Housing and Urban Development (HUD) Program Regulations
24 CFR Part 92 (HOME Investment Partnerships Program Final Rule)
24 CFR Part 570 (Community Development Block Grant regulations)
24 CFR Part 58 for environmental requirements
24 CFR Part 200, as applicable,
24 CFR Parts 100-115 for fair housing

d. Fair Housing
Federal Fair Housing Act, 42 U.S.C. 3601-19.
https://www.tdhca.state.tx.us/fair-housing/index.htm

e. Other Federal laws and regulations:

Minimizing Resident Displacement
All federal sources must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
https://www.tdhca.state.tx.us/program-services/ura/index.htm

Labor Standards

HOME-ARP funds are regulated by Davis-Bacon and Related Labor Acts (40 U.S.C. §3141-3144 and 3146-3148, 24 CFR §92.354, and HUD Handbook Federal Labor Standards Compliance in Housing and Community Development Programs). https://www.tdhca.state.tx.us/program-services/davis-bacon/index.htm

Employment Opportunities

HOME-ARP requires compliance with 24 CFR Part 75 (Section 3). https://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm

NOTE – the Section 3 requirements changed in 2021. Applicants should review the changes to assure they can meet the new hiring and reporting requirements.

Income and Rent Restrictions
At least 25% NSP Units must be restricted for very low income households (i.e. 50% or below Area Median Income (AMI)) as shown here https://www.huduser.gov/portal/datasets/il.html, and must have Low HOME rents. At least 90% of the units must be restricted at 60% or below at High HOME rents. Iincome levels for the remaining units can be up to 120% AMI, with 120% AMI rents .

f. NSP Allocation Plan, as amended.

https://www.tdhca.state.tx.us/nsp/

g. Unit Characteristics

i. All NSP Units will be Floating, unless required to be Fixed by another fund source.
ii. The number of required floating NSP Units will be determined by the number of Units required by proportional NSP Eligible Unit Costs/Total Development Costs.
iii. NSP Units must be proportionally allocated among Unit Types.

(2) Application Deadlines. Applicants may submit an application as early as December 15, 2023, and must submit an application no later than fourteen days after being informed in writing that they are being moved from the HOME ARP-NOFA. Applications cannot be received after the Invitation to Apply has closed. **The Department may suspend this NOFA, at its sole discretion if all funds have been requested.**

(3) Program Activities. Eligible activities under this ITA include acquisition, construction, and rehabilitation of affordable rental property, as eligible under HERA, and the NSP Allocation Plan, as amended.

(4) Eligible Applicants.

a. Applicants must be invited to apply by the Department.

b. Applicants must have a preference for persons experiencing homelessness on their project-based waitlist, as this was one of primary populations to be served under the 2023-2 HOME-ARP NOFA.

c. Applicants proposing a Master Tenant relationship will also be subject to the following:

i. The Department will allow a Master Tenant to provide the affordable rents to the tenant, provide all required notices to the tenant, and will be responsible for income qualification instead of the Owner as described under 24 CFR §92.252(f).

ii. Master Tenant will execute the lease with the NSP household or there will be a triparty lease, as applicable, instead of a lease between the NSP tenant and the Owner as described 24 CFR §92.253.

iii. The Master Tenant may also be responsible, as described in the contract with the state, for complying with affirmative marketing requirements, following the written tenant selection criteria for units where they are leasing to the

NSP household, and following all other requirements under 24 CFR §92.253, otherwise attributable to the Owner.

iv. For these Developments, to ensure that the state can enforce its requirements against all parties, the state will have a triparty contract with the Master Tenant/Owner (as applicable), in addition to its land use restriction agreement.

(5) Loan Terms

a. **<u>Construction-to-Permanent Loans</u>.** All NSP Applicants structured as construction-to-permanent loans will reflect an interest rate of 0% during construction and as low as 0.00% for the permanent term.

b. Loan Structure.

i. The term of the permanent loan (not to exceed 30 years), and the amortization period (not to exceed 40 years), will match any superior hard-pay debt and will be superior to any cash flow debt or grants. .

ii. Loans will be structured with monthly principal and interest payments for a permanent term. Interest will be as low as 0.0%. The Real Estate Analysis Division may recommend that up to 50% of the loan be deferred and forgiven at the end of the permanent term if such deferral and forgiveness is necessary for financial feasibility.

iii. Any amount that is not forgiven will be due at the earlier of the end of the permanent term, or upon sale, refinance, or transfer of the property.

iv. Loans layered with Federal Housing Administration funds, subject to the Multifamily Processing Guide, are not eligible for this ITA.

(6) Maximum per Unit Subsidy and Maximum Per-Unit Subsidy Limits.

a. In addition to the percentage of eligible NSP expenses per unit, the maximum per unit subsidy limits that an Applicant can use to determine the amount of Direct Loan funds per unit that may be requested are listed in the 2023 Maximum Per-Unit Subsidy Limits table provided in this Section 6:

2023 Maximum Per Unit Subsidy Limits[1]		
Bedrooms	**Non-elevator property**	**Elevator-served property**
0 bedroom	$170,777	$179,722
1 bedroom	$196,911	$206,023
2 bedroom	$237,481	$250,530
3 bedroom	$303,987	$324,105
4 bedroom or more	$338,652	$355,765

2023 Maximum Per Unit Rehabilitation Subsidy Limits[2]		
Bedrooms	**Non-elevator property**	**Elevator-served property**
0 bedroom	$56,922	$61,488
1 bedroom	$64,617	$70,490
2 bedroom	$78,107	$85,717
3 bedroom	$98,036	$110,887
4 bedroom or more	$110,779	$121,723

b. Once the Applicant commits a number of Direct-Loan Units in the Application, the number may be raised or lowered only in the Department's sole discretion and provided that it would not have impacted the award of an application, to account for a change in Development costs or to account for other federal funding.

(7) Application Submission Requirements

a. Application Deadlines. Applications under this Invitation to Apply will be accepted starting at December 15, at 5:00 p.m. Austin local time (if sufficient funds remain). Funds will be reserved on a first-come-first-served basis. An Applicant may have only one active Application per Development at a time under this Invitation to Apply or any other Department NOFA.

b. Application Submission Materials. All Application materials including manuals, program guidelines, and rules will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the requirements in

[1] If these limits are updated prior to expiration of this Invitation to Apply, the Department will provide notice via its website and revise the Invitation to Apply accordingly, and then will accept Applications based on the updated limits. Applications pending at the time of such revision will be given opportunity to revise their Application without impact to These limits are inclusive of any federal fund sources in the Development, as applicable.

[2] If these limits are updated prior to expiration of this Invitation to Apply, the Department will provide notice via its website and revise the Invitation to Apply accordingly, and then will accept Applications based on the updated limits. Applications pending at the time of such revision will be given opportunity to revise their Application without impact to Application Acceptance Date. These limits are inclusive of any federal fund sources in the Development, as applicable.

effect at the time of the Application submission including any requirements of federal rules that may apply and subsequent guidance provided by Treasury.

c. Application Forms. An Application must be on forms provided by the Department, and cannot be altered or modified, and must be in final form before submitting it to the Department. An Applicant must submit the Application materials as detailed in the Multifamily Programs Procedures Manual (Manual) in effect at the time the Application is submitted. All scanned copies must be scanned in accordance with the guidance provided in the Manual in effect at the time the Application is submitted.

d. Waivers and Alternative Requirements.

i. 10 TAC §11.101(a)(2) related to Undesirable Risk Features, so long as that the undesirable feature was disclosed at original Application if it was present at that time and does not impact Environmental or Site and Neighborhood review;

ii. 10 TAC §11.01(a)(3)(B)(iv) related to schools, including disclosure requirements, to the extent that the risk factor was disclosed at original Application;

iii. 10 TAC §13.1(c)(1) related to Waivers for Layered Developments, instead Applicant requested Waivers will be treated under 10 TAC §13.1(c)(2);

iv. 10 TAC §13.3(d)(2)(A) related to Ineligible Activities, for Applications that have had Part 2 of the Historic Credit Application, concerning a description of the proposed rehabilitation work, approved by the National Park Service. The approval, along with any conditions, must be submitted with the Application;

v. 10 TAC §13.5(h)(2) and (3)(A)-(C) related to eligibility determinations;

vi. 10 TAC §13.5(i) related to Effective Rules, only to the extent that the requirements of the applicable, 2021, 2022 QAP, or 2023 QAP requirements for prior HTC or Multifamily Direct Loan awards will instead be utilized for 10 TAC §11.101(4) Mandatory Development Amenities, 10 TAC §11.101(5) Common Amenities, 10 TAC §11.101(6) Unit Requirements, and 10 TAC §11.101(7) Resident Supportive Services.

e. Application Fee. No application fee will be required.

f. Application Transmittal Required Steps. An Application must be uploaded to the Department's secure web transfer server in accordance with **10 TAC §11.201(1)(C),** and separate email notification must be made to connor.jones@tdhca.state.tx.us.

(8) Post Award Requirements. Applicants are strongly encouraged to review the applicable Post Award requirements in 10 TAC Chapter 10, Subchapter E, Post Award and Asset Management Requirements and 10 TAC Chapter 13, as well as the Compliance Monitoring requirements in 10 TAC Chapter 10, Subchapters F and G.

a. Awarded Applicants may, at the Department's discretion, be charged fees for underwriting, asset management, and ongoing monitoring.

b. An Applicant will be required to record a Land Use Restriction Agreement (LURA) limiting residents' income and rent for the greater amount of Units required by the guidelines provided by Treasury, or as represented in the Application for the term of the LURA.

c. An Applicant may be required to meet additional requirements prior to contract, as determined by the Board, or federal or state requirements.

d. An awarded Applicant may be required to meet additional documentation requirements in order to draw funds, in accordance with its Previous Participation results.

(9) Miscellaneous

a. This Invitation to Apply does not include text of the various applicable regulatory provisions pertinent to the fund sources. For proper completion of the application, the Department strongly encourages potential Applicants to review the State and Federal regulations.

b. Utility allowances are regulated by **10 TAC §10.614**.

c. All Applicants must comply with public notification requirements in **10 TAC §11.203,** unless previously notified under the application for HOME-ARP.

d. Waivers of any substantive or procedural provision of this Invitation to Apply, if available, will be treated in accordance with **10 TAC §13.1(c).**

e. **10 TAC §13.1(c)** may not be waived.

f. For questions regarding this Invitation to Apply, please contact Connor Jones, Multifamily Direct Loan Program Manager, at connor.jones@tdhca.state.tx.us.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 478 **Agenda Date:** 12/7/2023 **Agenda #:** 33.

Presentation, discussion, and possible action on an amendment to the 2023 One Year Action Plan regarding distribution and allocation priorities for the Department's multifamily Housing Trust Fund and HOME funds

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) has developed the draft 2023 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) 2023, beginning on September 1, 2023, and ending on August 31, 2024;

WHEREAS, the Department seeks to amend the plan reflect current rules and practices for its Housing Trust Fund and HOME funds, and to update the distribution priorities for those funds;

WHEREAS, the amendment was posted to the Department's website for public comment from November 3, 2023, to December 3, 2023, and no comment was received; and

WHEREAS, upon approval of the amendment by the Board, the Department will submit it to HUD for final approval before it may be implemented;

NOW, therefore, it is hereby

RESOLVED, that the amendment to the 2023 State of Texas Consolidated Plan: One-Year Action Plan, in the form presented to this meeting, is hereby approved for submission to HUD for final approval; and

FURTHER RESOLVED, that the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to make such non-substantive grammatical, monetary and technical changes as they deem necessary or advisable

BACKGROUND

The Texas Department of Housing and Community Affairs (TDHCA), Texas Department of Agriculture (TDA), and Texas Department of State Health Services (DSHS) prepared the draft 2023 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. This plan was previously approved by the Board, and was submitted to HUD by the deadline of July 18, 2023.

The Multifamily Division now seeks to amend this plan to bring it more closely in-line with current Department practices and rules. Many of these changes, which are reflected in the attached black-lined document, are clerical or technical in nature and do not represent substantial changes to the programs administered by the Department - for example, the interest rates on our loan products has been fixed at 2% (although the amendment does state that other interest rates may be offered), and the scoring and tie-breakers listed in the Plan now match those recently approved in the 2024 Qualified Allocation Plan. In addition, several rule citations in the Plan have been updated to reflect current rules.

These changes on their own are minor and would not necessarily warrant stakeholder input or Board action; however, the Department has proposed a change to the method of distribution for Housing Trust Fund. Currently, the Plan states that the Department will follow the Regional Allocation Formula (RAF) to distribute those funds throughout Texas' 13 Uniform State Service Regions. While this formula works well for large funding sources such at the 9% Housing Tax Credit program, it is not ideal for smaller sources such as Housing Trust Fund. As an example, the State's most recent HTF grant (approximately $20 million) would be distributed through the RAF as follows:

Region	Urban	Rural	Total
1	$ 600,000.00	$ 600,000.00	$ 1,200,000.00
2	$ 600,000.00	$ 600,000.00	$ 1,200,000.00
3	$ 2,218,957.72	$ 600,000.00	$ 2,818,957.72
4	$ 600,000.00	$ 600,000.00	$ 1,200,000.00
5	$ 600,000.00	$ 600,000.00	$ 1,200,000.00
6	$ 2,122,292.34	$ 600,000.00	$ 2,722,292.34
7	$ 949,894.79	$ 600,000.00	$ 1,549,894.79
8	$ 669,026.45	$ 600,000.00	$ 1,269,026.45
9	$ 1,061,279.43	$ 600,000.00	$ 1,661,279.43
10	$ 600,000.00	$ 600,000.00	$ 1,200,000.00
11	$ 1,062,711.53	$ 600,000.00	$ 1,662,711.53
12	$ 600,000.00	$ 600,000.00	$ 1,200,000.00
13	$ 670,634.74	$ 600,000.00	$ 1,270,634.74

Given the complexity of working with federal funds and the amount of time it takes to process and close a Housing Trust Fund Application, it is administratively inefficient to make available such small amounts of funding in each region.

The amendment to the Plan proposes that the Department would still use the RAF, but would allow for the combination of several sub-regions into a larger region with more funding available. For example, Regions 1, 12, and 13, which represents the Panhandle and West Texas, could be grouped together for a total of approximately $3.6 million. Staff is optimistic that combining regions in this manner will allow for much more efficient Application processing and loan closing, and that it will allow larger and more meaningful awards of funding to be made.

Upon approval, this amendment will be submitted to HUD for approval. Because this approval is needed in order to distribute the Department's most recent HTF grant as planned, the NOFA for those funds will not be open until such approval is received, which is anticipated within 30 days of submission.

Texas Department of Housing and Community Affairs

Summary of Multifamily First Substantial Amendment to the 2023 State of Texas Consolidated Plan One Year Action Plan

November 2023

This amendment addresses geographic distribution priorities as well as general allocation priorities for the Department's multifamily Housing Trust Fund and HOME funds. Additional priorities may be set in a Notice of Funding Availability.

Public Comment Contact Information:

Connor Jones
connor.jones@tdhca.state.tx.us
Texas Department of Housing and Community Affairs,
PO Box 13941, Austin, TX 78711-3941..

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 has to take 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 14 - Distribution Methods by State Program

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 2% interest rate (~~or higher~~although other interest rates may be offered 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 $2,000,000 to $4,000,000 per application typically in the form of a loan, but these amounts may change and the caps may be lower or higher than $4 million 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.

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, 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 and Development financial structures may be further limited or incentivized 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 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~~ prioritized according to the scoring and tie-breaking criteria specified in ~~the NOFA~~10 TAC §13.6. 10 TAC §13.6 establishes criteria that may be used for scoring and prioritizing; however, staff might identify within a given NOFA that additional scoring criteria is 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 up to $4,000,000 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.

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; however, the geographic distribution of HOME/NHTF funds to minority populations is analyzed annually. 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 11 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).

HOPWA Addresses Geographic Areas for Assistance

Texas HOPWA funding allocations are geographically distributed across the state to six Ryan White Part B HIV Planning Areas encompassing 26 HIV Service Delivery Areas (HSDAs). The DSHS HOPWA Program serves all counties in Texas, prioritizing the counties that are located outside of the six HOPWA-funded Metropolitan Statistical Areas (MSAs) (Austin, Dallas, El Paso, Fort Worth, Houston, and San Antonio). As a result, the DSHS HOPWA Program targets non-urban, less-populated areas of the state. HOPWA allocations generally mirror the Texas Ryan White HIV/AIDS Program funding allocation formula, which is based on the number of PLWH, number of PLWH accessing Ryan White services, the percent of PLWH eligible for Medicaid, HIV incidence, and other considerations. The allocations are then adjusted to account for local factors, including unmet need, prior performance and expenditures, and any other relevant metrics.

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.

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 seven 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 2~~6~~ - Geographic Distribution

Rationale for the priorities for allocating investments geographically

HOME Addresses Geographic Investments

HOME funds are allocated geographically using a regional allocation formula (RAF), as described in Strategic Plan Section 10, of the 2020-2024 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 TDHCA-administered HOME funds 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 http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm.

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.

HOPWA Addresses Geographic Investments

Texas HOPWA funding allocations are geographically distributed across the state to six Ryan White Part B HIV Planning Areas encompassing 26 HIV Service Delivery Areas (HSDAs). The DSHS HOPWA Program serves all counties in Texas, prioritizing the counties that are located outside of the six HOPWA-funded Metropolitan Statistical Areas (MSAs) (Austin, Dallas, El Paso, Fort Worth, Houston, and San Antonio). As a result, the DSHS HOPWA Program targets non-urban, less-populated areas of the state. HOPWA allocations generally mirror the Texas Ryan White HIV/AIDS Program funding allocation formula, which is based on the number of PLWH, number of PLWH accessing Ryan White services, the percent of PLWH eligible for Medicaid, HIV incidence, and other considerations. The allocations are then adjusted to account for local factors, including unmet need, prior performance and expenditures, and any 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 (21.71% of annual allocation), along with a state formula based on poverty and unemployment (40% of annual allocation). 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 26,118 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~~the 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 each region prior to collapse into a statewide competition. Multiple contiguous State Service Regions may be grouped together, and their funds combined into a single pool for that group of regions, but in no case will fewer than four regions be identified to ensure that funds are awarded throughout the State. If the Department chooses to create such groups, ~~specific~~further information about them will be provided in the NOFA for the funds.

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.~~W~~

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

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 for collected in PY 2022 and made available for programming in PY 2023 will be $1,000,000, 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 to benefit persons of low to moderate income includes PY 2021-2023.

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 applies 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 and tie-breaker criteria listed in the Multifamily Direct Loan Rule (10 TAC Chapter 13), found in the attachments, will apply, unless additional 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 and 10 TAC §13.6 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. Our processes for Application selection are comprehensive, and assure that the resulting Developments satisfy strong standards for financial feasibility and long-term stability. Our 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. We hold 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 applies 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 and tie-breaker criteria listed in the linked Multifamily Direct Loan Rule (10 TAC Chapter 13) in the attachments, will apply, unless additional 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).

To address statewide increases in construction costs, TDHCA issued a Notice of Funding Availability (NOFA 2023-1) in December 2022 for NHTF Calendar Year 2023 funding in the amount of $42,637,605. The 2023-1 NOFA includes priorities for previously awarded applications that had applied for funding in calendar year 2022 to addressed cost increases, but which were not awarded funding from that application. The following waivers from standard requirements are available for this set-aside:

i. 10 TAC §11.101(a)(2) related to Undesirable Risk Features, to the extent that the undesirable feature was disclosed at original Application;

ii. 10 TAC §11.01(a)(3)(B)(iv) related to schools, including disclosure requirements, to the extent that the risk factor was disclosed at original Application; Page 13 of 17

iii. 10 TAC §13.1(c)(1) related to Waivers for Layered Developments, instead Applicant requested Waivers will be treated under 10 TAC §13.1(c)(2);

iv. 10 TAC §13.4(s)(1)(A)(ii)(III) related to 30% units restricted by Housing Tax Credits;

v. 10 TAC §13.5(c) related to Market Analysis;10 TAC §13.5(h)(2) and (3)(A)-(C) related to eligibility determinations;

vi. 10 TAC §13.5(i) related to Effective Rules, only to the extent that the requirements of the applicable 2020, 2021, or 2022 QAP requirements for prior HTC or Multifamily Direct Loan awards will instead be utilized for 10 TAC §11.101(4) Mandatory Development Amenities, 10 TAC §11.101(5) Common Amenities, 10 TAC §11.101(6) Unit Requirements, and 10 TAC §11.101(7) Resident Supportive Services.

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~~the 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 each region for at least the first 30 days after a NOFA is published prior to being collapsed into a statewide competition. Multiple contiguous State Service Regions may be grouped together, and their funds combined into a single pool for that group of regions, but in no case will fewer than four regions be identified to ensure that funds are awarded throughout the State. If the

Department chooses to create such groups, ~~specific~~further information about them will be provided in the NOFA for the funds.

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). Also attached are Regional Allocation amounts based on the 2022 NHTF Allocation as well as a map of the Uniform State Service Regions. If sufficient funding remains after all eligible applicants are provided at least 30 days to receive a new Application Acceptance Date, TDHCA may allow applicants, which did not previously have an Application Acceptance Date under the 2022-1 NOFA to apply for funding.

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(g~~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)(1~~3~~) through (3~~4~~) states:

"(1) Environmental Clearance. In order to obtain environmental clearance required by the National Environmental Policy Act (NEPA) and other related Federal and state environmental laws (if applicable), Direct Loan Applicants, including those previously awarded HTC, must submit a fully completed environmental review, including any applicable reports to the Department within 90 days of the Application Acceptance Date.

(2) Contract Execution. 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.

(3) Loan Closing and Construction Commencement. Loan closing must occur and construction must begin on or before the dates described in the Contract. If construction has not commenced within 12 months of the Contract Effective Date, the award may be terminated."

~~"(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".

The State of Texas will prioritize HTF funding for the needs of ELI households in accordance with its 2019 State of Texas Analysis of Impediments (AI) recommendations and high opportunity measures of the QAP.

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.

If layered with 9% Housing Tax Credits, NHTF applicants are allowed to claim points as detailed in §13.6 of the Multifamily Direct Loan Rule and under 10 TAC §11.9(c)(4) related to the Opportunity Index. See link in the attachments for 10 TAC Chapter 11.

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. ~~Additionally, if NHTF is oversubscribed, the amount of subsidy per unit is a scoring factor as described in 10 TAC §13.6(4), thereby requiring less NHTF funding.~~ See the attached Multifamily Direct Loan Rule for text of 10 TAC §13.6(4).

The NOFA limits the amount of subsidy available on a per-unit basis. 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 2020 and 2021 PY awards made through the Multifamily 2021 NOFAs and the 2022 NOFAs. It plans to do the same with 2023 awards. While TDHCA does not make any FHA-insured loans, the department has adopted the per unit limits for substantial rehab for our Direct Loans (HOME, NHTF, TCAP RF, NSP1 PI) for 2023. 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; Uniform Physical Condition Standards; 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 2023 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:

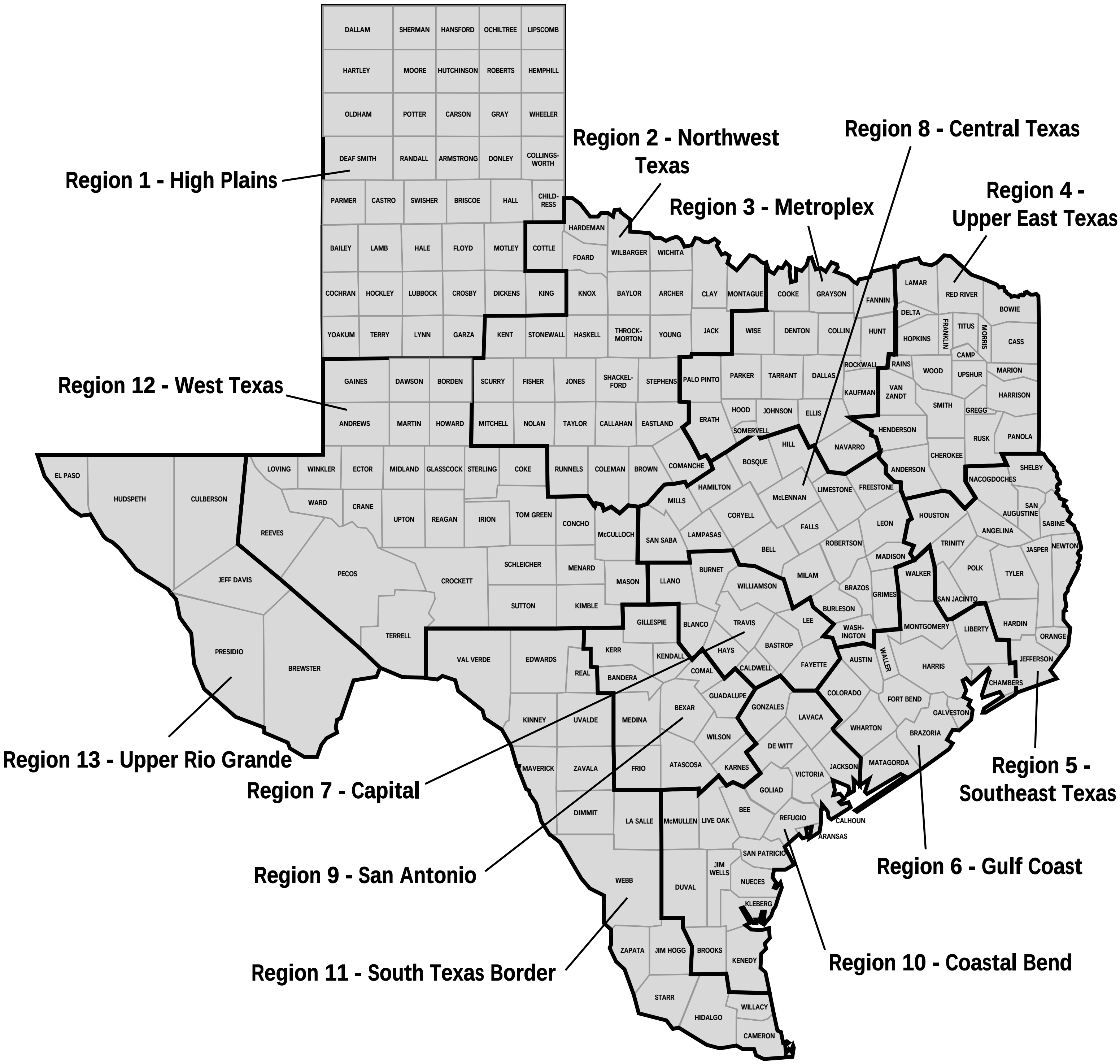
- Rehabilitation costs must be the primary eligible activity for developments involving refinancing of existing debt so the NHTF eligible rehabilitation costs – whether funded entirely or partially by TDHCA's NHTF funds – are greater than the total refinancing costs (i.e. payoff amount plus closing and 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 an 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.

13 Uniform State Service Regions of Texas



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 477 **Agenda Date:** 12/7/2023 **Agenda #:** 34.

Presentation, discussion, and possible action regarding an award of Multifamily Direct Loan funds to Providence on Park (23509)

RECOMMENDED ACTION

WHEREAS, the Governing Board previously approved the 2023-1 Notice of Funding Availability (NOFA), which made available $42,637,605 in National Housing Trust Fund (NHTF); and

WHEREAS, Providence on Park applied for $5,000,000 under this NOFA, and is being recommended for award.

NOW, therefore, it is hereby

RESOLVED, that the award of funding is approved, subject to program review, underwriting, and any conditions that may be applicable contained within the Real Estate Analysis Underwriting Reports to be posted to the Department's website; and

FURTHER RESOLVED, that the Board's approval is conditioned upon satisfaction of all conditions of underwriting and completion of any other reviews required to assure compliance with the applicable rules and requirements.

BACKGROUND

23509 Providence on Park - $5,000,000 NHTF

Description: Providence on Park proposes the new construction of 80 units that will serve the elderly population of Lumberton, Hardin County. Unit sizes will include one- and two-bedroom units with rent/income levels from 30% to 60% of the Area Median Income (AMI). Out of the total 80 units, approximately 28 will be NHTF units restricted to the greater of the poverty line or 30% AMI and will be limited to NHTF rents, which are calculated at 30% of the applicable income limit, with adjustments for the number of bedrooms in a unit.

Financing and Regulatory Terms: Subject to final underwriting as further set forth in the Real Estate Analysis (REA) Report, the $5,000,000 NHTF loan will be in first lien position with an interest rate of 2.0%, a 30-year term, and a 40-year amortization period. The Development has previously received $1,522,699 in annual 9% Housing Tax Credits, and the Developer has deferred $655,661 in developer fee to make the transaction feasible.

Organizational Structure: The proposed owner is Lumberton PP, LP, and includes principals with the ability to exercise control as indicated in the attached Real Estate Analysis report.

Real Estate Analysis Division
November 28, 2023

Addendum to Underwriting Report

TDHCA Application #: 23509_23950_21221 Program(s): 9% HTC

Providence on Park

Address/Location: Southwest Quadrant of Park Road N & Hwy 69

City: Lumberton County: Hardin Zip: 77657

	APPLICATION HISTORY
Report Date	PURPOSE
11/28/23	**MDL Award Memo**
03/01/23	Supplemental Credit Memo
09/24/21	Initial Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan (Fully Amortized)					**$5,000,000**	**2.00%**	**40**	**30**	**1**
LIHTC (9% Credit)	$1,522,699				**$1,522,699**				

* Multifamily Direct Loan Terms:

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 **Receipt and acceptance before Direct Loan Contract:**

- A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required.

2 Receipt and acceptance before Direct Loan Closing

a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders.

d: Substantially final draft of limited partnership agreement.

3 Receipt and acceptance by Cost Certification:

- If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	16
60% of AMI	60% of AMI	58

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	28

ANALYSIS

The Development was awarded $1,324,086 in 9% Housing Tax Credits in 2021 and a 15% increase of $198,613 in 2023 Supplemental Housing Tax Credits, for a total allocation of $1,522,699. The Development has now applied for $5,000,000 in NHTF funding (Fully Amortized) under the 2023-1 Direct Loan NOFA.

Operating Pro Forma

Applicant has designated 28 (35%) of the units as NHTF (30% AMI units).

2023 Rents are utilized.

Applicant expects a 50% ad valorem tax exemption due to ownership control by a CHDO, which was not presented in the original Underwriting Report.

Underwriter estimates a high expense ratio of 65.66%, which exceeds the 65% feasibility threshold. However, since TDHCA's Pro Forma is within 5% of Applicant's, the Applicant's Pro Forma is being used, which projects an expense ratio of 64.01%. Deferred developer fee does not get repaid until year 14, with a 15 year cumulative cash flow of $58,061.

On October 28, 2021, the Department approved a reduction in the site acreage from 18.179 acres to 18.078 acres. A material amendment to further reduce the site acreage from 18.078 acres to 13.207 acres was approved by the TDHCA Board on November 9, 2023. This removes the prime farmland acreage which is not allowed to be developed into urban use per NHTF environmental guidelines. The LURA will encumber 13.207 acres.

Development Cost

Applicant's Building Cost increased by $3.1M and total Development Cost increased by $4.6M.

Total Developer Fee did not increase as required by Rule.

Sources of Funds

The $5M of MDL funds at 2% interest are replacing the $3.19M in conventional debt at 4.75% interest that was underwritten in 2021.

Applicant requested a 40 year term, but Underwriter is recommending a 30 year term since a deficit annual cash flow is projected beginning in year 31.

The Development received a 9% HTC allocation of $1,324,086 in 2021 and a 15% increase of $198,613 in 2023 Supplemental Housing Tax Credits, for a total HTC allocation of $1,522,699.

Conclusion

Underwriter recommends a first lien Multifamily Direct Loan in the amount of $5,000,000 at a 2.00% interest rate for a 30 year term with payments based on a 40 year amortization. Under these terms, the annual debt service payment is $181,695. The construction term is assumed at 24 months.

Furthermore, an annual tax credit allocation of $1,522,699 is still being recommended.

Underwriter:	*Deborah Willson*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Providence on Park, Lumberton, 9% HTC #23509_23950_21221

LOCATION DATA	
CITY:	Lumberton
COUNTY:	Hardin
Area Median Income	$87,800
PROGRAM REGION:	5
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	48	60.0%	0	17
2	32	40.0%	0	11
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	80	100.0%	-	28

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	882 sf

56%	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
Average Income	# Units	-	6	-	16	58	-	-	-	80
	% Total	0.0%	7.5%	0.0%	20.0%	72.5%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 60%	$877			30	1	1	783	$877	$100	$777	$0	$0.99	$777	**$23,310**	**$23,310**	$777	**$1**	**$0**	$950	$1.21	$950
TC 30%	$438	NHTF 30%	$438	4	1	1	783	$438	$100	$338	$0	$0.43	$338	**$1,352**	**$1,352**	$338	**$0**	**$0**	$950	$1.21	$950
TC 50%	$731	NHTF 30%	$438	10	1	1	783	$438	$100	$338	$0	$0.43	$338	**$3,380**	**$3,380**	$338	**$0**	**$0**	$950	$1.21	$950
TC 60%	$877	NHTF 30%	$438	3	1	1	783	$438	$100	$338	$0	$0.43	$338	**$1,014**	**$1,014**	$338	**$0**	**$0**	$950	$1.21	$950
TC 60%	$877		Match	1	1	1	783	$877	$100	$777	$0	$0.99	$777	**$777**	**$777**	$777	**$1**	**$0**	$950	$1.21	$950
TC 60%	$1,053			20	2	2	1,031	$1,053	$130	$923	$0	$0.90	$923	**$18,460**	**$18,460**	$923	**$1**	**$0**	$1,050	$1.02	$1,050
TC 30%	$526	NHTF 30%	$621	2	2	2	1,031	$526	$130	$396	$0	$0.38	$396	**$792**	**$792**	$396	**$0**	**$0**	$1,050	$1.02	$1,050
TC 50%	$877	NHTF 30%	$621	6	2	2	1,031	$621	$130	$491	$0	$0.48	$491	**$2,946**	**$2,946**	$491	**$0**	**$0**	$1,050	$1.02	$1,050
TC 60%	$1,053	NHTF 30%	$621	3	2	2	1,031	$621	$130	$491	$0	$0.48	$491	**$1,473**	**$1,473**	$491	**$0**	**$0**	$1,050	$1.02	$1,050
TC 60%	$1,053		Match	1	2	2	1,031	$1,053	$130	$923	$0	$0.90	$923	**$923**	**$923**	$923	**$1**	**$0**	$1,050	$1.02	$1,050
TOTALS/AVERAGES:				**80**			**70,576**				**$0**	**$0.77**	**$680**	**$54,427**	**$54,427**	**$680**	**$0.77**	**$0**	**$990**	**$1.12**	**$990**

ANNUAL POTENTIAL GROSS RENT:	**$653,124**	**$653,124**

STABILIZED PRO FORMA

Providence on Park, Lumberton, 9% HTC #23509_23950_21221

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.77	$680	$653,124	$650,736	$650,736	$653,124	$680	$0.77		0.0%	$0
Laundry, Vending							$30.00	$28,800	19,200							
Total Secondary Income							$30.00			19,200	$28,800	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$681,924	$669,936	$669,936	$681,924				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(51,144)	(50,245)	(50,245)	(51,144)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$630,780	$619,691	$619,691	$630,780				0.0%	$0
General & Administrative	$40,094	$501/Unit	$45,507	$569	6.36%	$0.57	$501	$40,103	$42,103	$40,094	$40,094	$501	$0.57	6.36%	0.0%	9
Management	$30,368	5.0% EGI	$29,451	$368	4.92%	$0.44	$388	$31,065	$30,985	$30,985	$31,539	$394	$0.45	5.00%	-1.5%	(474)
Payroll & Payroll Tax	$91,594	$1,145/Unit	$109,007	$1,363	13.86%	$1.24	$1,092	$87,398	$87,398	$91,594	$87,398	$1,092	$1.24	13.86%	0.0%	-
Repairs & Maintenance	$64,362	$805/Unit	$56,205	$703	8.36%	$0.75	$659	$52,750	$56,175	$52,000	$52,000	$650	$0.74	8.24%	1.4%	750
Electric/Gas	$16,430	$205/Unit	$13,366	$167	1.68%	$0.15	$133	$10,623	$10,623	$12,352	$13,366	$167	$0.19	2.12%	-20.5%	(2,743)
Water, Sewer, & Trash	$51,522	$644/Unit	$30,229	$378	6.65%	$0.59	$525	$41,972	$41,972	$51,522	$51,522	$644	$0.73	8.17%	-18.5%	(9,550)
Property Insurance	$36,668	$0.52 /sf	$57,489	$719	13.95%	$1.25	$1,100	$88,000	$39,143	$36,668	$88,000	$1,100	$1.25	13.95%	0.0%	-
Property Tax (@ 50%) 1.879649	$38,134	$477/Unit	$41,925	$524	3.35%	$0.30	$265	$21,162	$48,709	$42,685	$18,608	$233	$0.26	2.95%	13.7%	2,554
Reserve for Replacements					3.17%	$0.28	$250	$20,000	$24,000	$24,000	$20,000	$250	$0.28	3.17%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.51%	$0.05	$40	$3,200	$3,200	$3,200	$3,200	$40	$0.05	0.51%	0.0%	-
Security					0.79%	$0.07	$63	$5,000	$5,000	$5,000	$5,000	$63	$0.07	0.79%	0.0%	-
Internet					0.40%	$0.04	$31	$2,500	$2,500	$2,500	$2,500	$31	$0.04	0.40%	0.0%	-
TOTAL EXPENSES					**64.01%**	**$5.72**	**$5,047**	**$403,773**	$391,808	$392,599	**$414,179**	**$5,177**	**$5.87**	**65.66%**	**-2.5%**	**$ (10,406)**
NET OPERATING INCOME ("NOI")					**35.99%**	**$3.22**	**$2,838**	**$227,007**	$227,883	$227,092	**$216,601**	**$2,708**	**$3.07**	**34.34%**	**4.8%**	**$ 10,406**
CONTROLLABLE EXPENSES							$2,911/Unit					$3,055/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Providence on Park, Lumberton, 9% HTC #23509_23950_21221

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
TDHCA MFDL		1.19	1.25	181,695	2.00%	40	40	$5,000,000	$3,190,000	$3,190,000	$5,000,000	30	40	2.00%	$181,695	1.25	25.7%
CASH FLOW DEBT / GRANTS																	
Match Funds Cook Construction		1.19	1.25		0.00%	0	0	$375,000			$375,000	0	0	0.00%		1.25	1.9%
				$181,695	**TOTAL DEBT / GRANT SOURCES**			**$5,375,000**	$3,190,000	$3,190,000	**$5,375,000**			**TOTAL DEBT SERVICE**	**$181,695**	**1.25**	27.7%
NET CASH FLOW		$34,906	$45,312								**APPLICANT**	**NET OPERATING INCOME**		**$227,007**	**$45,311**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
Enterprise	LIHTC Equity	69.0%	$1,522,699	$0.88	$13,398,410	$11,650,792	$11,650,792	$13,398,410	$0.88	$1,522,699	69.0%	$19,034	Applicant Request
ITEX Development, LLC / Nautical Aff. Hsg, Inc.	Deferred Developer Fees	3.4%	(37% Deferred)		$655,660	$3,220	$3,220	$655,661	(37% Deferred)		3.4%	**Total Developer Fee:**	**$1,765,838**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		72.3%			$14,054,070	$11,654,012	$11,654,012	$14,054,071			72.3%		
TOTAL CAPITALIZATION					**$19,429,070**	$14,844,012	$14,844,012	**$19,429,071**			**15-Yr Cash Flow after Deferred Fee:**		**$58,061**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Applicant**	**TDHCA**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition				$7,274 / Unit	$581,920	$581,920	$581,920	$581,920	$7,274 / Unit				0.0%	$0
Off-Sites				$5,985 / Unit	$478,825	$20,000	$20,000	$478,825	$5,985 / Unit				0.0%	$0
Site Work		$1,199,451		$19,574 / Unit	$1,565,956	$1,273,436	$1,273,436	$1,565,956	$19,574 / Unit		$1,199,451		0.0%	$0
Site Amenities		$294,464		$3,681 / Unit	$294,464	$240,050	$240,050	$294,464	$3,681 / Unit		$294,464		0.0%	$0
Building Cost		$9,975,499	$141.34 /sf	$124,694/Unit	$9,975,499	$6,918,195	$6,891,750	$9,560,956	$119,512/Unit	$135.47 /sf	$9,560,956		4.3%	$414,543
Contingency		$573,471	5.00%	5.00%	$615,737	$442,265	$442,265	$615,737	5.17%	5.19%	$573,471		0.0%	$0
Contractor Fees		$1,686,004	14.00%	13.48%	$1,743,231	$1,242,395	$1,241,450	$1,743,231	13.93%	14.00%	$1,627,968		0.0%	$0
Soft Costs	$0	$870,059		$11,001 / Unit	$880,059	$886,814	$886,814	$880,059	$11,001 / Unit		$870,059	$0	0.0%	$0
Financing	$0	$1,061,610		$15,704 / Unit	$1,256,296	$1,183,996	$1,183,996	$1,256,296	$15,704 / Unit		$1,061,610	$0	0.0%	$0
Developer Fee	$0	$1,765,838	11.28%	10.67%	$1,765,838	$1,765,838	$1,761,871	$1,765,838	10.98%	11.63%	$1,765,838	$0	0.0%	$0
Reserves				6 Months	$271,246	$289,102	$289,102	$271,246	5 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$17,426,396**		$242,863 / Unit	**$19,429,071**	$14,844,012	$14,812,655	**$19,014,528**	$237,682 / Unit		**$16,953,816**	**$0**	**2.2%**	**$414,543**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		($0)			$0	$0								
Financing Cost		$0												
Developer Fee	$0	$0			$0	($0)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$17,426,395**		$242,863/unit	**$19,429,071**	$14,844,012	$14,812,655	**$19,014,528**	$237,682/unit		**$16,953,816**	**$0**	**2.2%**	**$414,543**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						**$19,429,071**								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Providence on Park, Lumberton, 9% HTC #21221

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$17,426,395	$0	$16,953,816
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$17,426,395	$0	$16,953,816
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$22,654,314	$0	$22,039,961
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$22,654,314	$0	$22,039,961
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	$2,038,888	$0	$1,983,597
CREDITS ON QUALIFIED BASIS	$2,038,888		$1,983,597	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8799	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$2,038,888	$17,940,421	----	----	----
Needed to Fill Gap	$1,597,213	$14,054,071	----	----	----
Applicant Request	$1,522,699	$13,398,410	**$1,522,699**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Fourplex		70,576 SF	$116.56	8,226,099
Adjustments					
Exterior Wall Finish		2.40%		2.80	$197,426
Elderly		3.00%		3.50	246,783
9-Ft. Ceilings		3.30%		3.85	271,461
Roof Adjustment(s)				5.46	385,089
Subfloor				(3.22)	(227,255)
Floor Cover				4.11	290,357
Breezeways		$0.00	0	0.00	0
Balconies		$27.47	3,200	1.25	87,904
Plumbing Fixtures		$1,610	128	2.92	206,080
Rough-ins		$600	160	1.36	96,000
Built-In Appliances		$2,950	80	3.34	236,000
Exterior Stairs		$2,460	0	0.00	0
Heating/Cooling				2.34	165,148
Storage Space		$0.00	0	0.00	0
Carports		$12.25	0	0.00	0
Garages			0	0.00	0
Common/Support Area		$127.97	6,400	11.60	818,995
Elevators			0	0.00	0
Other:				0.00	0
Fire Sprinklers		$2.88	76,976	3.14	221,691
SUBTOTAL				**159.00**	**11,221,779**
Current Cost Multiplier		1.00		0.00	0
Local Multiplier		1.00		0.00	0
Reserved					0
TOTAL BUILDING COSTS				**159.00**	**$11,221,779**
Plans, specs, survey, bldg permits		3.30%		(5.25)	($370,319)
Contractor's OH & Profit		11.50%		(18.29)	(1,290,505)
NET BUILDING COSTS			$119,512/unit	$135.47/sf	$9,560,956

Long-Term Pro Forma

Providence on Park, Lumberton, 9% HTC #23509_23950_21221

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$630,780	$643,395	$656,263	$669,388	$682,776	$753,840	$832,300	$918,927	$1,014,570	$1,120,167	$1,236,755	$1,365,477
TOTAL EXPENSES	3.00%	$403,773	$415,576	$427,726	$440,235	$453,112	$523,425	$604,744	$698,802	$807,605	$933,477	$1,079,111	$1,247,624
NET OPERATING INCOME ("NOI")		**$227,007**	**$227,820**	**$228,537**	**$229,154**	**$229,664**	**$230,415**	**$227,557**	**$220,125**	**$206,965**	**$186,689**	**$157,643**	**$117,853**
EXPENSE/INCOME RATIO		64.0%	64.6%	65.2%	65.8%	66.4%	69.4%	72.7%	76.0%	79.6%	83.3%	87.3%	91.4%
MUST -PAY DEBT SERVICE													
TDHCA MFDL		$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695
TOTAL DEBT SERVICE		$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695	$181,695
DEBT COVERAGE RATIO		1.25	1.25	1.26	1.26	1.26	1.27	1.25	1.21	1.14	1.03	0.87	0.65
ANNUAL CASH FLOW		**$45,311**	**$46,124**	**$46,842**	**$47,459**	**$47,969**	**$48,720**	**$45,861**	**$38,430**	**$25,269**	**$4,994**	**($24,052)**	**($63,842)**
Deferred Developer Fee Balance		$610,349	$564,225	$517,383	$469,924	$421,955	$178,585	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$58,061	$267,118	$422,337	$491,013	$432,723	$197,829

Real Estate Analysis Division
March 1, 2023

Addendum to Underwriting Report

TDHCA Application #: 23950_21221 Program(s): **9% HTC**

Providence on Park

Address/Location: Southwest Quadrant of Park Road N & Hwy 69

City: Lumberton County: Hardin Zip: 77657

	APPLICATION HISTORY
Report Date	**PURPOSE**
03/01/23	**Supplemental Credit Memo**
09/24/21	Initial Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,324,086				**$1,522,699**				

CONDITIONS STATUS

1 Receipt and acceptance by 10% test:

- A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required.

2 Receipt and acceptance by Cost Certification:

- If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	16
60% of AMI	60% of AMI	58

ANALYSIS

The Development received a 9% HTC allocation in 2021 and is requesting a 15% increase in annual tax credit allocation consistent with the 2023 QAP Subchapter F, Supplement Housing Tax Credits. Tax credits will be calculated at cost certification based on actual eligible costs incurred. For Developments with previously awarded Multifamily Direct Loans (MDL's), tax credits and the MDL will be re-underwritten at MDL closing.

Per SubChapter F, the developer fee cannot increase from the previously published underwriting report, and the deferred developer fee cannot decrease from the previously published underwriting report.

The underwriter recommends a total annual credit allocation of $1,522,699.

Underwriter:	*Robert Castillo*
Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

21221 Providence on Park - Application Summary

REAL ESTATE ANALYSIS DIVISION
September 24, 2021

PROPERTY IDENTIFICATION	
Application #	21221
Development	Providence on Park
City / County	Lumberton / Hardin
Region/Area	5 / Rural
Population	Elderly Limitation
Set-Aside	Non-Profit
Activity	New Construction

RECOMMENDATION				
TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$1,324,086	$1,324,086	$16,551/Unit	$0.88

KEY PRINCIPALS / SPONSOR

Christopher Akbari - Manager
of The ITEX Group, LLC

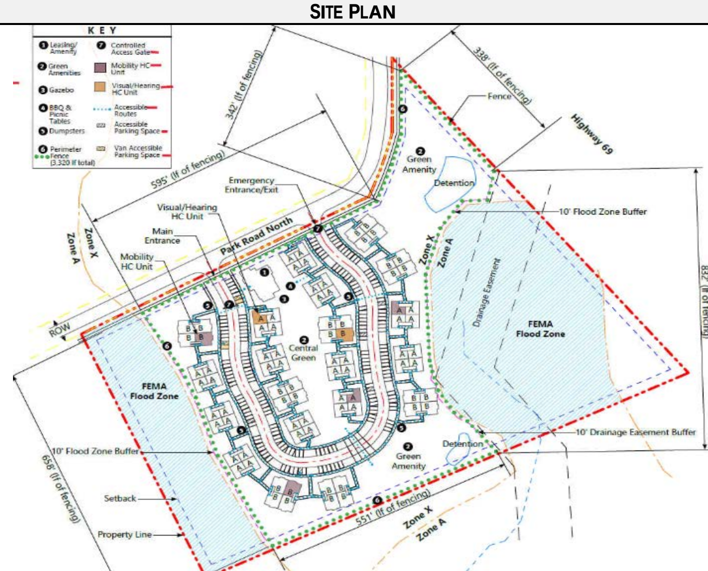
&

Billy Joe Smith - President & Director
of Nautical Affordable Housing, Inc.

Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

SITE PLAN



UNIT DISTRIBUTION		
# Beds	# Units	% Total
Eff	-	0%
1	48	60%
2	32	40%
3	-	0%
4	-	0%
TOTAL	80	100%

INCOME DISTRIBUTION		
Income	# Units	% Total
20%	-	0%
30%	6	8%
40%	-	0%
50%	16	20%
60%	58	73%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	80	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.22	Expense Ratio	63.2%
Breakeven Occ.	86.4%	Breakeven Rent	$632
Average Rent	$678	B/E Rent Margin	$46
Property Taxes	$609/unit	Exemption/PILOT	0%
Total Expense	$4,898/unit	Controllable	$2,978/unit

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			1.3%
Highest Unit Capture Rate	3%	1 BR/60%	34
Dominant Unit Cap. Rate	3%	1 BR/60%	34
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	882 SF	Density	4.4/acre
Acquisition		$07K/unit	$582K
Building Cost	$98.02/SF	$86K/unit	$6,918K
Hard Cost		$111K/unit	$8,894K
Total Cost		$186K/unit	$14,844K
Developer Fee	$1,766K	(0% Deferred)	Paid Year: 1
Contractor Fee	$1,242K	30% Boost	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Chase	15/35	4.75%	$3,190,000	1.22
TOTAL DEBT (Must Pay)			$3,190,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
CASH FLOW DEBT / GRANTS			$0	

EQUITY / DEFERRED FEES	
Source	Amount
Enterprise	$11,650,792
ITEX Development, LLC / Nautical Aff. Hs	$3,220
TOTAL EQUITY SOURCES	$11,654,012
TOTAL DEBT SOURCES	$3,190,000
TOTAL CAPITALIZATION	$14,844,012

CONDITIONS

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RISK PROFILE

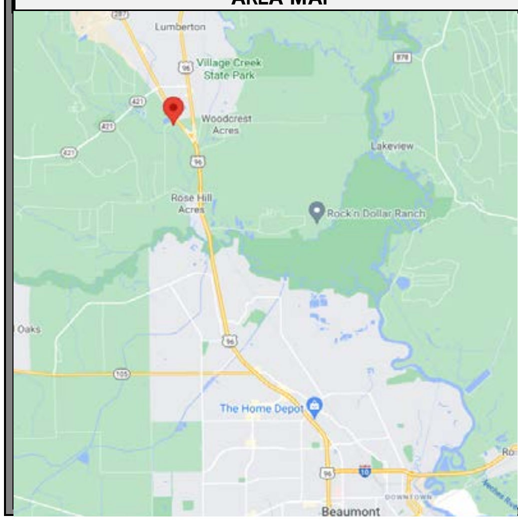
STRENGTHS/MITIGATING FACTORS

- Low gross capture rate
- Single story units appropriate for Elderly Limitation.
- Overall Feasibility Indicators
- Developer experience
- Potential Property Tax Exemption

WEAKNESSES/RISKS

- Slow population growth rate in PMA.
- Low visibility
- High Expense Ratio

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
September 24, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21221** Program(s): **9% HTC**

Providence on Park

Address/Location: Southwest Quadrant of Park Road N & Hwy 69

City: Lumberton County: Hardin Zip: 77657

Population: Elderly Limitation Program Set-Aside: Non-Profit Area: Rural

Activity: New Construction Building Type: Fourplex Region: 5

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,324,086				**$1,324,086**				

CONDITIONS

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SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	16
60% of AMI	60% of AMI	58

DEVELOPMENT SUMMARY

Providence on Park is a new construction development for elderly households. The majority of the development site is located in Hardin County, with a small portion of the site in the City of Lumberton. Part of the development site is in the floodplain; however, no improvements are proposed in the floodplain and the site will be developed in compliance with QAP requirements. The development will provide single story units in fourplex configurations.

The Applicant, ITEX Development, LLC, has completed more than 30 HTC developments in Texas since 2008. General Partner Nautical Affordable Housing, Inc. has also partnered with ITEX Development on 10 TX developments since 2009. The Civil Engineer is local and Property Management will be administered by the applicant.

There have been three senior HTC developments in the PMA since 2016 that all quickly reached full occupancy.

RISK PROFILE

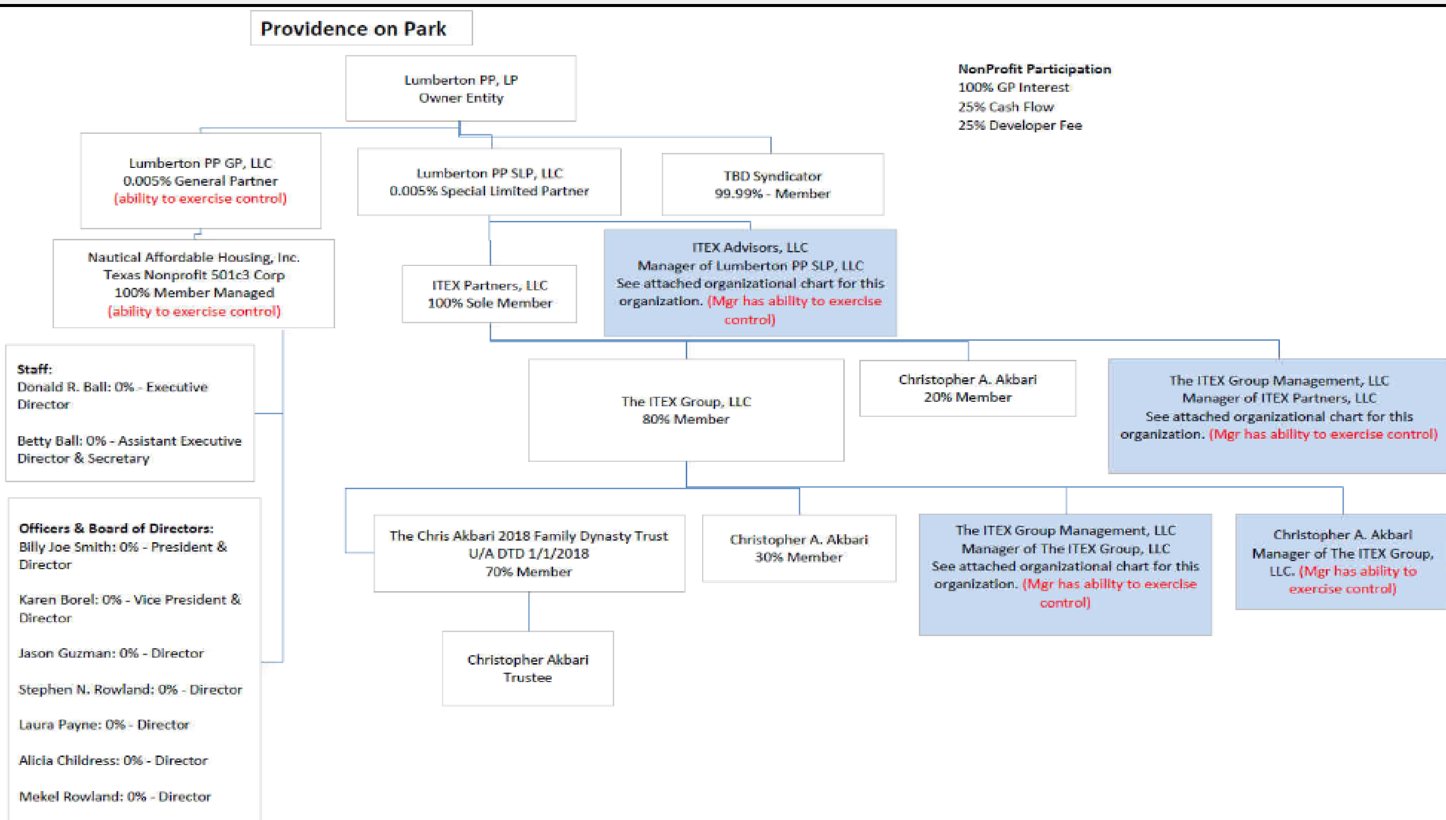
STRENGTHS/MITIGATING FACTORS		WEAKNESSES/RISKS
▫ Low gross capture rate		▫ Slow population growth rate in PMA.
▫ Single story units appropriate for Elderly Limitation.		▫ Low visibility
▫ Overall Feasibility Indicators		▫ High Expense Ratio
▫ Developer experience		▫
▫ Potential Property Tax Exemption		▫

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Miranda Sprague	Name:	Tamea Dula
Phone:	(409) 853-3681	Phone:	(713) 653-7322

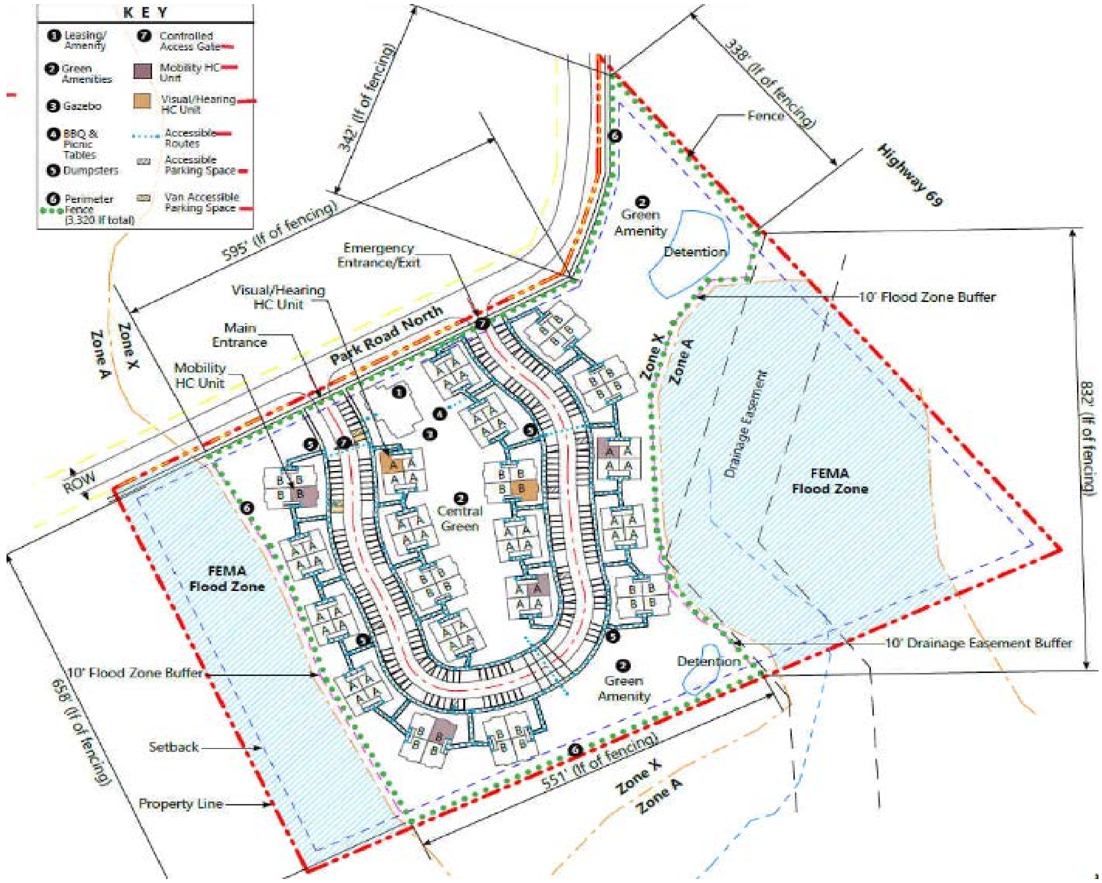
OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN

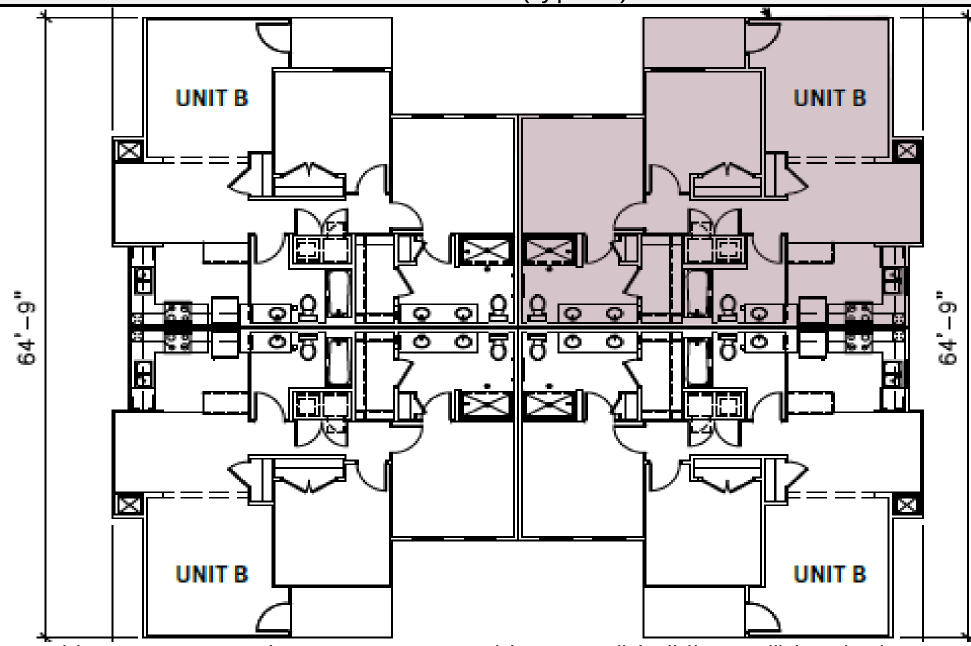
A significant portion of the site ffalls within FEMA Flood Zone A. No improvements are planned within the Flood Zone. There are two independent Detention Ponds at the northern and southern portions of the site.



Comments:

This Site Plan is a series of one story fourplexes on both sides of the single loop, with the Leasing / Community Center along one of the entrances on Park Road North. There will remain significant greenspaces in both the Central Green and the Green Amenity designations.

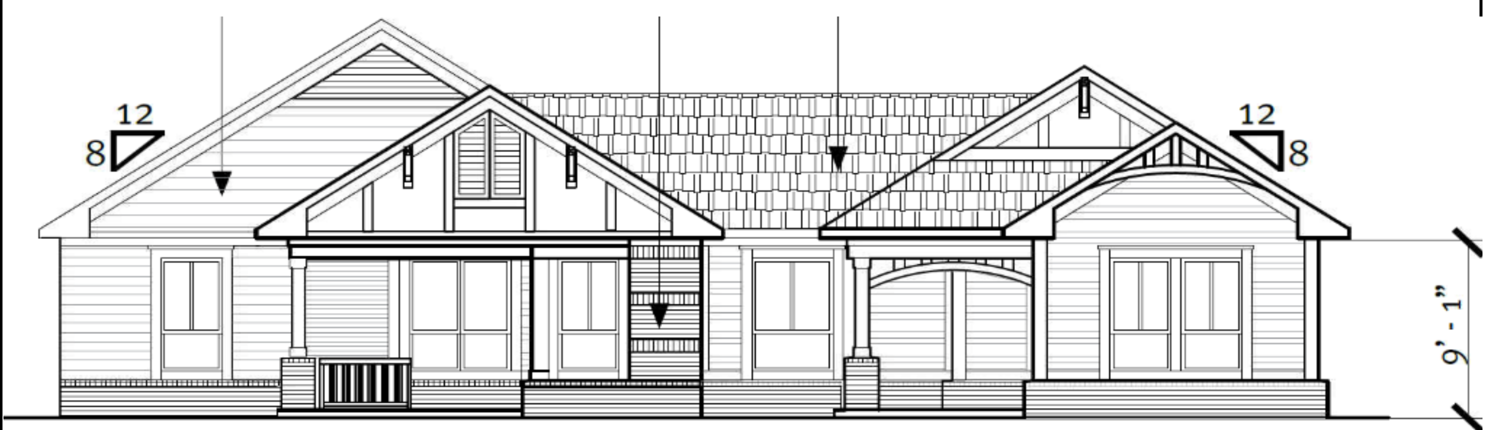
BUILDING PLAN (Typical)



Comments:

Buildings are efficient with no necessary breezeways or corridors, as all buildings will be single story with exterior unit entrances. Nearly all plumbing is efficiently located along a single plumbing run through each of the buildings. Master bathrooms include double vanity sinks along with walk-in closets.

BUILDING ELEVATION



Comments:

All exteriors will be build with approximately 30% Brick Masonry and 70% Fiber Cement Siding, with 30-Year Architectural Compositions Shingles. Each fourplex will have two unit entrances on each side.

BUILDING CONFIGURATION

Building Type	I	II										Total Buildings
Floors/Stories	1	1										
Number of Bldgs	12	8										20
Units per Bldg	4	4										
Total Units	48	32										**80**

Avg. Unit Size (SF)	**882 sf**	**Total NRA (SF)**	**70,576**	**Common Area (SF)***	**3,700**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 18.19 acres Density: 4.4 units/acre

Site Control: 18.19 **Site Plan:** 18.2 **Appraisal:** N/A **ESA:** 18.19

Feasibility Report Survey: 18.18 **Feasibility Report Engineer's Plan:** 18.18

Control Type: Unimproved Property Contract

Development Site: 18.19 acres Cost: $581,920 $7,274 per unit

Seller: PICA Investment Venture, LLP

Buyer: ITEX Acquisitions, LLC

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

Flood Zone:	X and A	Scattered Site?	No
Zoning:	No Zoning Hardin Co	Within 100-yr floodplain?	Yes
Re-Zoning Required?	No	Utilities at Site?	No
Year Constructed:	N/A	Title Issues?	No

Current Uses of Subject Site:

Vacant Forestry

Surrounding Uses:

The parcel is surrounded by Undeveloped Land on all sides, expect for a Single Family Residence to the South and an Unidentiified Commercial building to the East.

Other Observations:

The subject has a very small piece of its site contained within the city of Lumberton, the remainder being unincorporated. Lumberton City is a community of about 13,000 persons.

There is not currently water or sewer directly along Park Road North in front of the property. Lumberton Municipal Utility District (LMUD) stated they have capacity to support the development. LMUD will extend the water and sewer down Park Road North to the development at the Developer's expense. The site will require a sanitary sewer lift station.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 2/11/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- None.

Comments:

A Wetlands Determination has been recommended.

MARKET ANALYSIS

Provider: Valbridge Property Advisors | Houston   Date: 3/17/2021

Contact: David Magnuson   Phone: 713-467-5858

Primary Market Area (PMA): 948 sq. miles   17 mile equivalent radius

The area is roughly bounded by the Hardin County line on its north boundary, at or near the Newton County line on the east, at or near FM 105 on the south, and at or near the Hardin County line on the west.

ELIGIBLE HOUSEHOLDS BY INCOME								
Hardin County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$9,096	$9,096	$10,944	$10,944	---	---	---
	Max	$14,190	$16,200	$18,240	$20,250	---	---	---
50% AMGI	Min	$15,192	$15,192	$18,240	$18,240	---	---	---
	Max	$23,650	$27,000	$30,400	$33,750	---	---	---
60% AMGI	Min	$18,216	$18,216	$21,888	$21,888	---	---	---
	Max	$28,380	$32,400	$36,480	$40,500	---	---	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None					
Other Affordable Developments in PMA since 2016						
18283	Pines at Allen Street		New	General	n/a	80
16172	Lumberton Senior Village		New	Senior	n/a	76
16363	Mill Town Seniors		New	Senior	n/a	80
17004	Old Dowlen Cottages		New	Senior	n/a	72
Stabilized Affordable Developments in PMA					Total Units	1,611
					Total Developments	20
					Average Occupancy	94%

Proposed, Under Construction, and Unstabilized Competitive Supply:

Although there are three Elderly Limitation developments in the PMA since 2016, all three are fully occupied and therefore non-competitive.

Beaumont Trails is located just outside the subject PMA. If we include the 57 competitive units from Beaumont Trails, the GCR would be 2.1%.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	42,847			
Senior Households in the Primary Market Area	17,139			
Potential Demand from the Primary Market Area	5,801			
10% External Demand	580			
Potential Demand from Other Sources				
GROSS DEMAND	6,381			
Subject Affordable Units	80			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	80			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	1.3%			

Population:	Elderly Limitation	Market Area:	Rural	Maximum Gross Capture Rate:	10%

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND

	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	975	98	6	0	1%					
50% AMGI	2,148	215	16	0	1%					
60% AMGI	2,678	268	58	0	2%					

Demand Analysis:

Minimum eligible income is calculated at 50% rent to income for Elderly developments. Gross demand includes all household sizes and both renter and owner households. Elderly is assumed age 55 and up.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE

	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	836	84	4	0	0%					
1 BR/50%	940	94	10	0	1%					
1 BR/60%	1,162	116	34	0	3%					
2 BR/30%	415	42	2	0	0%					
2 BR/50%	458	46	6	0	1%					
2 BR/60%	1,102	110	24	0	2%					

Market Analyst Comments:

"Most of the residential real estate is owner occupied. Many of the residences in the City Center neighborhood are established but not old, having been built between 1970 and 1999. A number of residences were also built between 2000 and the present." (p. 21)

"The PMA is projected to grow more rapidly than the MSA, but slower than the other cohorts." (p. 27)

"The PMA has generally income levels above the MSA. This tends to produce more demand rental product, which is currently the case. Rental households are projected to increase nominally over the near term, following a trend that started in 2010 and is projected to remain in place." (p. 32)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$227,883	Avg. Rent:	$678	Expense Ratio:	63.2%
Debt Service:	$187,134	B/E Rent:	$632	Controllable Expenses:	$2,978
Net Cash Flow:	$40,748	UW Occupancy:	92.5%	Property Taxes/Unit:	$609
Aggregate DCR:	1.22	B/E Occupancy:	86.4%	Program Rent Year:	2020

All units are underwritten at max HTC rents.

With nearly no Deferred Developer Fee, almost 100% of the Net Cash Flow will go to the Partnership.

63.2% Expense Ratio is the only weak feasibilty indicators, mostly due to full property tax liability.

General Partner is a non-profit company with an opportunity for future 50% property tax exemption. As underwritten, if the 50% exemption is received, the DCR would increase to 1.33.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$31,991/ac	$7,274/unit	**$581,920**	Contractor Fee	**$1,242,395**
Off-site + Site Work		$19,169/unit	**$1,533,486**	Soft Cost + Financing	**$2,070,811**
Building Cost	$98.02/sf	$86,477/unit	**$6,918,195**	Developer Fee	**$1,765,838**
Contingency	5.23%	$5,528/unit	**$442,265**	Reserves	**$289,102**
Total Development Cost		$185,550/unit	**$14,844,012**	**Rehabilitation Cost**	**N/A**
Qualified for 30% Basis Boost?	High Opportunity Index [9% only]				

Acquisition:

Acquisition for $31,991/acre or $7,272/unit.

Off-site:

There is not currently Water or Sewer directly in front of the property on Park Road North; $20k to run the utilities to site.

Site Work:

More the 1/2 of Site Work costs allocated for Grading and Paving, with another 1/3 for On-site Utilities.

Building Cost:

Very efficient building types with no necessary breezeways/corridors or stairs.

Standalone community building with 2,700 SF in Common Area and another 3,700 SF for Leasing / Amenity.

All units include an in-unit Washer/Dryer, walk-in closets in the Master Bedrooms, and double vanity sinks.

Applicant limited Eligible Building Costs by $1.364M (19.7%) for scoring purposes.

Contingency:

Contingency includes both Hard and Soft Cost contingencies.

Soft Costs:

22% of Soft Costs allocated for Hazard & Liability Insurance.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$14,844,012	$11,777,717	$1,377,993

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Chase	Conventional Loan	$11,045,151	4.75%	81%
Enterprise	HTC	$1,165,079	$0.88	9%
ITEX Development, LLC / Nautical Aff. Hsg, Inc.	Deferred Developer Fee	$1,410,094		10%
		$13,620,324	**Total Sources**	

Comments:

The partnership will fund 10% of total costs with Deferred Developer Fee during construction period.

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Chase / Impact CIL, LLC	$3,190,000	4.75%	35	15	$3,190,000	4.75%	35	15	21%
Total	**$3,190,000**				**$3,190,000**				

Comments:

$3,190,000 Permanent Loan is subject to final underwriting. Permanent Loan to be sold to Impact CIL, LLC (“Impact”) in accordance with, and subject to satisfaction of, Impact’s requirements.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Enterprise	$11,650,792	$0.88		$11,650,792	$0.88	78%	
ITEX Development, LLC / Nautical Aff. Hsg, Inc.	$3,220		0%	$3,220		0%	0%
Total	**$11,654,012**			**$11,654,012**			
				$14,844,012	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.880	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.830	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$14,844,012
Permanent Sources (debt + non-HTC equity)	$3,190,000
Gap in Permanent Financing	$11,654,012

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$12,125,125	$1,377,993
Needed to Balance Sources & Uses	$11,654,012	$1,324,452
Requested by Applicant	$11,650,792	$1,324,086

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$11,650,792**	**$1,324,086**

Deferred Developer Fee	**$3,220**	**(% deferred)**
Repayable in	**1 years**	

Comments:

Total Tax Credit Recommendation is $1,324,086 as requested by Applicant.

Underwriter:	*Greg Stoll*
Manager of Real Estate Analysis:	*Jeanna Adams*
Director of Real Estate Analysis:	*Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

Providence on Park, Lumberton, 9% HTC #21221

LOCATION DATA	
CITY:	Lumberton
COUNTY:	Hardin
Area Median Income	$67,500
PROGRAM REGION:	5
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	48	60.0%	0	0
2	32	40.0%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**80**	**100.0%**	**-**	**-**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	882 sf

56%	**Income**	20%	30%	40%	50%	60%	70%	80%	MR	**TOTAL**
Average Income	**# Units**	-	6	-	16	58	-	-	-	**80**
	% Total	0.0%	7.5%	0.0%	20.0%	72.5%	0.0%	0.0%	0.0%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$379	4	1	1	783	$379	$76	$303	$0	$0.39	$303	**$1,212**	**$1,212**	$303	**$0**	**$0**	$950	$1.21	$950
TC 50%	$633	10	1	1	783	$633	$76	$557	$0	$0.71	$557	**$5,570**	**$5,570**	$557	**$1**	**$0**	$950	$1.21	$950
TC 60%	$759	34	1	1	783	$759	$76	$683	$0	$0.87	$683	**$23,222**	**$23,222**	$683	**$1**	**$0**	$950	$1.21	$950
TC 30%	$456	2	2	2	1,031	$456	$98	$358	$0	$0.35	$358	**$716**	**$716**	$358	**$0**	**$0**	$1,050	$1.02	$1,050
TC 50%	$760	6	2	2	1,031	$760	$98	$662	$0	$0.64	$662	**$3,972**	**$3,972**	$662	**$1**	**$0**	$1,050	$1.02	$1,050
TC 60%	$912	24	2	2	1,031	$912	$98	$814	$0	$0.79	$814	**$19,536**	**$19,536**	$814	**$1**	**$0**	$1,050	$1.02	$1,050
TOTALS/AVERAGES:		**80**			**70,576**				**$0**	**$0.77**	**$678**	**$54,228**	**$54,228**	**$678**	**$0.77**	**$0**	**$990**	**$1.12**	**$990**

ANNUAL POTENTIAL GROSS RENT:	**$650,736**	**$650,736**	

STABILIZED PRO FORMA

Providence on Park, Lumberton, 9% HTC #21221

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Elderly Hardin		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.77	$678	$650,736	$650,736	$678	$0.77		0.0%	$0
Laundry, Vending							$20.00	$19,200						
Total Secondary Income							$20.00		$19,200	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$669,936	$669,936				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(50,245)	(50,245)	7.5% PGI			0.0%	-
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$619,691	$619,691				0.0%	$0
General & Administrative	$40,094	$501/Unit	$32,870	$411	6.79%	$0.60	$526	$42,103	$40,094	$501	$0.57	6.47%	5.0%	2,009
Management	$30,368	5.0% EGI	$32,341	$404	5.00%	$0.44	$387	$30,985	$30,985	$387	$0.44	5.00%	0.0%	0
Payroll & Payroll Tax	$91,594	$1,145/Unit	$88,011	$1,100	14.10%	$1.24	$1,092	$87,398	$91,594	$1,145	$1.30	14.78%	-4.6%	(4,196)
Repairs & Maintenance	$64,362	$805/Unit	$53,136	$664	9.07%	$0.80	$702	$56,175	$52,000	$650	$0.74	8.39%	8.0%	4,175
Electric/Gas	$16,430	$205/Unit	$12,352	$154	1.71%	$0.15	$133	$10,623	$12,352	$154	$0.18	1.99%	-14.0%	(1,729)
Water, Sewer, & Trash	$51,522	$644/Unit	$33,817	$423	6.77%	$0.59	$525	$41,972	$51,522	$644	$0.73	8.31%	-18.5%	(9,550)
Property Insurance	$36,668	$0.52 /sf	$24,531	$307	6.32%	$0.55	$489	$39,143	$36,668	$458	$0.52	5.92%	6.7%	2,475
Property Tax (@ 100%) 1.8796	$38,134	$477/Unit	$37,281	$466	7.86%	$0.69	$609	$48,709	$42,685	$534	$0.60	6.89%	14.1%	6,024
Reserve for Replacements					3.87%	$0.34	$300	$24,000	$24,000	$300	$0.34	3.87%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.52%	$0.05	$40	$3,200	$3,200	$40	$0.05	0.52%	0.0%	-
Security					0.81%	$0.07	$63	$5,000	$5,000	$63	$0.07	0.81%	0.0%	-
Internet					0.40%	$0.04	$31	$2,500	$2,500	$31	$0.04	0.40%	0.0%	-
TOTAL EXPENSES					**63.23%**	**$5.55**	**$4,898**	**$391,808**	**$392,599**	**$4,907**	**$5.56**	**63.35%**	**-0.2%**	**$ (791)**
NET OPERATING INCOME ("NOI")					**36.77%**	**$3.23**	**$2,849**	**$227,883**	**$227,092**	**$2,839**	**$3.22**	**36.65%**	**0.3%**	**$ 791**
CONTROLLABLE EXPENSES							$2,978/Unit			$3,095/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Providence on Park, Lumberton, 9% HTC #21221

		DEBT / GRANT SOURCES													
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	UW	App	Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Chase		1.22	1.22	186,397	4.75%	35	15	$3,190,000	$3,190,000	15	35	4.75%	$187,134	1.22	21.5%
				$186,397	**TOTAL DEBT / GRANT SOURCES**			**$3,190,000**	**$3,190,000**			**TOTAL DEBT SERVICE**	**$187,134**	**1.22**	21.5%
NET CASH FLOW		$40,695	$41,486						**APPLICANT**	**NET OPERATING INCOME**		**$227,883**	**$40,748**	**NET CASH FLOW**	

	EQUITY SOURCES										
	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Enterprise	LIHTC Equity	78.5%	$1,324,086	$0.88	$11,650,792	$11,650,792	$0.88	$1,324,086	78.5%	$16,551	Applicant Request
ITEX Development, LLC / Nautical Aff. Hsg, Inc.	Deferred Developer Fees	0.0%	(0% Deferred)		$3,220	$3,220	(0% Deferred)		0.0%	**Total Developer Fee:**	**$1,765,838**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		78.5%			$11,654,012	$11,654,012			78.5%		
TOTAL CAPITALIZATION					**$14,844,012**	**$14,844,012**			**15-Yr Cash Flow after Deferred Fee:**		**$659,584**

	DEVELOPMENT COST / ITEMIZED BASIS											
	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$7,274 / Unit	$581,920	$581,920	$7,274 / Unit				0.0%	$0
Off-Sites				$250 / Unit	$20,000	$20,000	$250 / Unit				0.0%	$0
Site Work		$1,199,436		$15,918 / Unit	$1,273,436	$1,273,436	$15,918 / Unit		$1,199,436		0.0%	$0
Site Amenities		$240,050		$3,001 / Unit	$240,050	$240,050	$3,001 / Unit		$240,050		0.0%	$0
Building Cost		$5,554,331	$98.02 /sf	$86,477/Unit	$6,918,195	$6,891,750	$86,147/Unit	$97.65 /sf	$5,554,331		0.4%	$26,445
Contingency		$369,372	5.28%	5.23%	$442,265	$442,265	5.25%	5.28%	$369,372		0.0%	$0
Contractor Fees		$1,028,090	13.96%	13.97%	$1,242,395	$1,241,450	14.00%	13.96%	$1,028,090		0.1%	$945
Soft Costs	$0	$876,814		$11,085 / Unit	$886,814	$886,814	$11,085 / Unit		$876,814	$0	0.0%	$0
Financing	$0	$973,400		$14,800 / Unit	$1,183,996	$1,183,996	$14,800 / Unit		$973,400	$0	0.0%	$0
Developer Fee	$0	$1,536,224	15.00%	15.00%	$1,765,838	$1,761,871	15.00%	15.00%	$1,536,224	$0	0.2%	$3,967
Reserves				6 Months	$289,102	$289,102	6 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$11,777,717**		$185,550 / Unit	**$14,844,012**	**$14,812,655**	$185,158 / Unit		**$11,777,717**	**$0**	**0.2%**	**$31,357**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	($0)	15.00%	15.00%	($0)							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$11,777,717**		$185,550/unit	**$14,844,012**	**$14,812,655**	$185,158/unit		**$11,777,717**	**$0**	**0.2%**	**$31,357**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$14,844,012**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Providence on Park, Lumberton, 9% HTC #21221

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$11,777,717	$0	$11,777,717
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$11,777,717	$0	$11,777,717
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$15,311,032	$0	$15,311,032
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$15,311,032	$0	$15,311,032
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	$1,377,993	$0	$1,377,993
CREDITS ON QUALIFIED BASIS	$1,377,993		$1,377,993	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8799	Variance to Request	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,377,993	$12,125,125	----	----	----
Needed to Fill Gap	$1,324,452	$11,654,012	----	----	----
Applicant Request	$1,324,086	$11,650,792	**$1,324,086**	**$0**	**$0**

BUILDING COST ESTIMATE

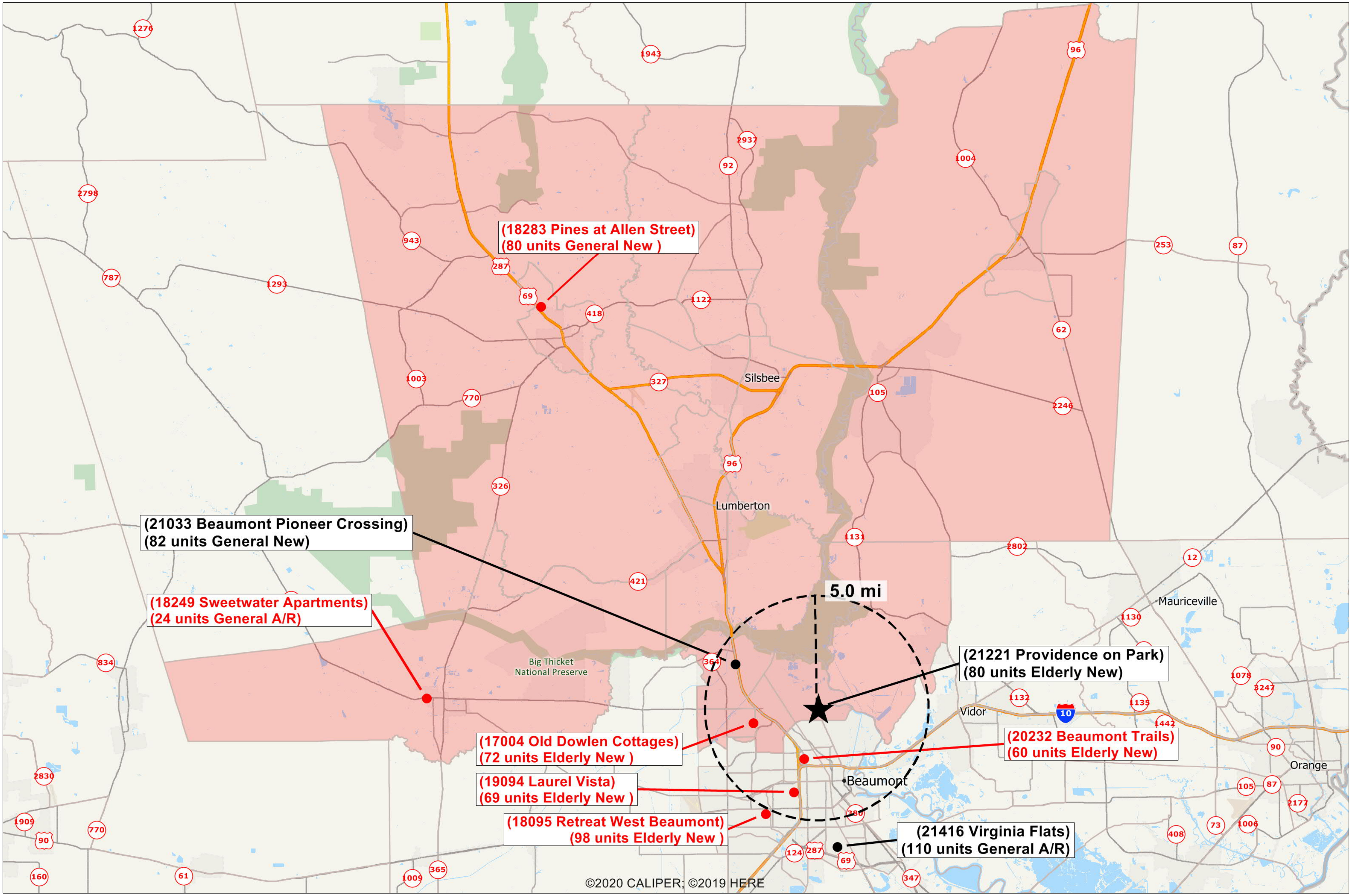
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Fourplex	70,576 SF	$80.90	5,709,785
Adjustments				
Exterior Wall Finish	2.40%		1.94	$137,035
Elderly	3.00%		2.43	171,294
9-Ft. Ceilings	3.30%		2.67	188,423
Roof Adjustment(s)			5.46	385,089
Subfloor			(3.22)	(227,255)
Floor Cover			4.11	290,357
Breezeways	$0.00	0	0.00	0
Balconies	$27.47	3,184	1.24	87,464
Plumbing Fixtures	$1,080	128	1.96	138,240
Rough-ins	$530	160	1.20	84,800
Built-In Appliances	$1,830	80	2.07	146,400
Exterior Stairs	$2,460	0	0.00	0
Heating/Cooling			2.34	165,148
Storage Space	$0.00	0	0.00	0
Carports	$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$92.26	6,400	8.37	590,438
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.88	76,976	3.14	221,691
SUBTOTAL			**114.61**	**8,088,909**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**114.61**	**$8,088,909**
Plans, specs, survey, bldg permits	3.30%		(3.78)	($266,934)
Contractor's OH & Profit	11.50%		(13.18)	(930,225)
NET BUILDING COSTS		$86,147/unit	$97.65/sf	$6,891,750

Long-Term Pro Forma

Providence on Park, Lumberton, 9% HTC #21221

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$619,691	$632,085	$644,726	$657,621	$670,773	$740,588	$817,669	$902,772	$996,734	$1,100,475	$1,215,013
TOTAL EXPENSES	3.00%	$391,808	$403,252	$415,034	$427,163	$439,649	$507,822	$586,661	$677,845	$783,316	$905,328	$1,046,486
NET OPERATING INCOME ("NOI")		**$227,883**	**$228,832**	**$229,692**	**$230,458**	**$231,125**	**$232,766**	**$231,008**	**$224,928**	**$213,417**	**$195,147**	**$168,527**
EXPENSE/INCOME RATIO		63.2%	63.8%	64.4%	65.0%	65.5%	68.6%	71.7%	75.1%	78.6%	82.3%	86.1%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$187,134	$187,134	$187,134	$187,134	$187,134	$187,134	$187,134	$187,134	$187,134	$187,134	$187,134
DEBT COVERAGE RATIO		1.22	1.22	1.23	1.23	1.24	1.24	1.23	1.20	1.14	1.04	0.90
ANNUAL CASH FLOW		**$40,748**	**$41,698**	**$42,558**	**$43,324**	**$43,990**	**$45,631**	**$43,873**	**$37,794**	**$26,283**	**$8,013**	**($18,607)**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$37,528	$79,226	$121,784	$165,108	$209,099	$435,169	$659,584	$862,646	$1,019,503	$1,099,108	$1,063,007

21221 Providence on Park - PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.