



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY DIRECT LOAN
2018-1 NOTICE OF FUNDING AVAILABILITY (NOFA)

- 1) **Summary.** The Texas Department of Housing and Community Affairs (the “Department”) announces the availability of up to \$28,862,745 in Multifamily Direct Loan funding for the development of affordable multifamily rental housing for low-income Texans. The availability and use of these funds are subject to 10 TAC Chapters 1 (“Administration”), 2 (“Enforcement”), 10 (“Uniform Multifamily Rules”), 13 (“Multifamily Direct Loan Rule”), and Chapters 11 (“Qualified Allocation Plan”) and 12 (“Multifamily Housing Revenue Bonds”) as applicable, as well as Chapter 2306 of the Texas Government Code. Applications proposing development of affordable multifamily rental housing will be subject to the Department of Housing and Urban Development (“HUD”) HOME regulations governing the HOME program found at 24 CFR Part 92 (“HOME Final Rule”) and/or National Housing Trust Fund (“NHTF”) regulations governing the NHTF program found at 24 CFR Part 93. Other Federal regulations that apply to HOME and NHTF funds include, but are not limited to fair housing (42 U.S.C. 3601-3619), environmental requirements (42 U.S.C. 4321; and 24 CFR part 50 or part 58 depending on the type of activity), Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and HUD Handbook 1378, Section 104(d) of Housing and Community Development Act of 1974. HOME funds are further regulated by Davis-Bacon and Related Labor Acts for labor standards (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). HOME-funded developments must comply with HUD Section 3 requirements (24 CFR Part 135). Section 3 requires HOME and NHTF funded housing and community development activities to give, to the greatest extent feasible (and consistent with existing Federal, State and local laws and regulations) job training, employment, contracting and other economic opportunities to Section 3 residents and business concerns.

Except as otherwise noted in this NOFA, Applicants proposing development of affordable multifamily rental housing should assume that HOME, NSP and/or NHTF funds will be awarded and should likewise be prepared to comply with the applicable regulations. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program. If HOME, NSP and/or NHTF funds are used and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.

All Applicants proposing refinance *without* rehabilitation, or supplemental funds for Applications that have received funding or allocation in a previous year, generally will only receive Tax Credit Assistance Program Repayment Funds (“TCAP RF”), but, except as otherwise noted in this NOFA, may receive HOME, NSP and/or NHTF funds if it is an eligible activity. Awards to refinance or of supplemental financing will not exceed an amount necessary to replace lost funding or maintain original anticipated levels of feasibility as determined by staff.

- 2) **Sources of Multifamily Direct Loan Funds.** Multifamily Direct Loan funds are made available through program income generated from prior year HOME allocations, de-obligated funds from prior HOME allocations, the 2016 and 2017 Grant Year HOME allocations, the 2016 Grant Year NHTF allocation, loan repayments from the Tax Credit Assistance Program (“TCAP Repayment funds” or “TCAP RF”), and program income generated by NSP1 loan repayments. The Department may amend this NOFA or the Department may release a new NOFA upon receiving its 2018 HOME, or 2017 or 2018 NHTF allocation from HUD, or additional TCAP or NSP loan repayments

- 3) **Set-Asides.** All funds will be subject to the Regional Allocation Formula (“RAF,” located in Attachment A) until 5:00 pm February 9, 2018, and then available on a statewide basis within each set-aside. Applications under any and all set-asides may or may not be layered with 9% or 4% Housing Tax Credits (“HTC”). Within each setaside, Applications not layered with 9% HTC in counties designated for Individual Assistance as a result of Hurricane Harvey will be prioritized after the RAF collapses until February 28, 2018. The funds made available under this NOFA are available under three set-asides:

Set-Aside	Amount Available	Maximum Request ¹
CHDO (HOME only)	\$2,967,122	\$2,967,122
Supportive Housing/ Soft Repayment TCAP RF NHTF	\$3,300,000 \$ **	\$1,000,000 \$**
General	\$22,595,623	
	New Construction	\$3,000,000
	Rehabilitation	\$2,000,000

¹ The maximum request is inclusive of any prior awarded TDHCA Direct Loan funds that have not yet closed or that are outstanding loans.

** The 2018 NHTF Grant Agreement has not been received from HUD as of 12/5/17. When the Agreement is received, the NOFA will be amended to add that amount. It is anticipated that \$8 million of NHTF will be available for this NOFA.

- a. **CHDO Set-Aside.** At least \$2,967,122 in HOME funds are set aside for eligible Community Housing Development Organizations (“CHDO”).
- b. **Supportive Housing/ Soft Repayment Set-Aside.** Up to \$3,300,000 in TCAP RF funds are available in this set-aside. NHTF funds will be added to this set-aside when they are available later in the year
- c. **General Set-Aside.** All remaining TCAP RF, HOME, and NSP1 PI funds available, currently anticipated to be \$21,345,000.
- d. **Harvey Priority** - After the Regional Allocation Formula collapses until February 28, 2018, Applications received in all set asides for rehabilitation or reconstruction of properties damaged by Hurricane Harvey and related severe weather and flooding in a county declared by the Federal Emergency Management Agency to be eligible for individual assistance, will take priority over applications from other parts of the State. Such Applications will be considered to be received first and will receive first consideration for award of MFDL funds.

4) **Timelines for Awards**

Awards for the development of affordable multifamily rental housing will be made subject to the requirements in 10 TAC §13.11. Applications that are unable to progress on the timelines described herein due to incomplete information or lack of responsiveness will be given notice and a five day period to cure the incomplete information or non-responsiveness. Failure to cure the notice will result in a reestablishment of the application submission date to the date at which the cure to the notice was provided. As such, an applicant could be de-prioritized in favor of another application received prior to the new application submission date. Applications will be prioritized for an award as described in §13.4(c).

5) **Scoring Criteria.** Applications will be scored based on the scoring criteria listed in 10 TAC §13.6.

6) **Maximum Funding Requests**

- a. **CHDO Set-Aside:** The maximum funding request for all applications received under this set-aside, regardless of whether the application is proposing new construction or rehabilitation, shall be \$2,967,122. In the event that the CHDO Set-Aside amount is subscribed by two or more eligible applications, the Department will award excess requested funds from the General Set-Aside with HOME funds until all eligible CHDO applications that fully deplete the CHDO Set-Aside are funded.
- b. **Supportive Housing/ Soft Repayment Set-Aside:** This Set-Aside has two fund sources, TCAP RF and NHTF, which carry different requirements.
 - i. TCAP RF funds may be awarded to Applications that fit the definition of Supportive Housing at 10 TAC §10.3(29)
 - ii. NHTF funds may be awarded to Applications that fit the definition of Supportive Housing at 10 TAC §10.3(29) or any other Application that agrees

to restrict the new construction NHTF units to 30% of AMI for a 30-year affordability period.

- iii. The maximum funding request for applications received under this sub-set-aside is \$1,000,000.
- c. General: The maximum funding request for applications proposing new construction under this set-aside is \$3,000,000. The maximum funding request for applications proposing rehabilitation under this set-aside is \$2,000,000.

7) **Maximum Per Unit Subsidy Limits.** The maximum per unit subsidy limits that an applicant may use to determine the amount of Direct Loan funds they may request are listed in the table below:

Bedrooms	Non-elevator property	Elevator-served property
0 bedroom	\$120,103	\$126,392
1 bedroom	\$138,481	\$144,891
2 bedroom	\$167,012	\$176,186
3 bedroom	\$213,780	\$227,928
4 bedroom or more	\$238,159	\$250,193

Smaller per unit subsidies are allowable and incentivized as point scoring items in the 10 TAC §13.6.

8) **Application Submission Requirements**

- a. **Applications under this NOFA will be accepted starting January 4, 2018. .**
- b. 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. An Applicant may have only one active Application per Development at a time and may only apply under one set-aside at a time.
- d. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department. Applicants must submit the Application materials as detailed in the Multifamily Programs Procedures Manual (“MPPM”) in effect at the time the Application is submitted. All scanned copies must be scanned in accordance with the guidance provided in the MPPM in effect at the time the Application is submitted.
- e. The 2018 CHDO Certification Packet must be submitted with the 2018 Uniform Multifamily Application for Applicants applying under the CHDO Set-Aside.
- f. All 4% HTC-layered applications must provide evidence of a Reservation within 30 days of MFDL Application submission.
- g. Based on the availability of funds, Applications may be accepted until 5pm Austin Local Time on September 28, 2018.
- h. The request for project funds may not be less than \$300,000, unless during the RAF period the amount available in the applicable region or subregion is less than \$300,000, regardless of the set-aside under which an application is being submitted. However, if the

underwriting report indicates that the Development will be feasible with an award of less than \$300,000, staff may recommend a lower award.

- i. All Applicants must provide Match in the amount of at least 5 percent of the Direct Loan funds requested. 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.
- j. Each CHDO that is awarded HOME funds may also be eligible to receive a CHDO operating grant of up to \$50,000 for CHDO Operating Expenses, which are defined in 24 CFR §92.208 as including salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; and equipment, materials, and supplies.
- k. Applicants who are not also applying for 2018 9% or 4% Housing Tax Credits are 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. 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.
- l. Applications must be uploaded to the Department's secure web transfer server in accordance with 10 TAC §10.201(1)(C).

9) Post Award Requirements. Applicants are strongly encouraged to review the applicable Post Award requirements in 10 TAC §10, Subchapter E, Post Award and Asset Management Requirements and 10 TAC §13, as well as the Compliance Monitoring requirements in 10 TAC §10, Subchapter F.

- a. Awarded applicants may, at the Department's discretion, be charged fees for underwriting, asset management, and ongoing monitoring.
- b. All Applicants will be required to record a Land Use Restriction Agreement limiting residents' income and rent for the amount of units required by the Direct Loan Unit Calculation Tool for the term of the loan.
- c. Applicants must provide documentation of compliance with the Affirmative Marketing requirements in the Fair Housing Act and will be required to comply with 10 TAC §10.617.
- d. All applicants must be registered in the federal System for Award Management (SAM) prior to execution of a HOME/TCAP RF contract and have a current Data Universal Numbering System (DUNS) number. Applicants may apply for a [DUNS number \(dnb.com\)](#). Once you have the DUNS number, you can [register with the SAM](#).

10) Miscellaneous

- a. This NOFA does not include text of the various applicable regulatory provisions pertinent to the HOME and NHTF Programs. For proper completion of the application, the

Department strongly encourages potential applicants to review the State and Federal regulations.

- b.** All Applicants must comply with public notification requirements in 10 TAC §10.203.
- c.** The Board may on a case by case basis, or in whole, waive procedural provisions of this NOFA where such waiver or exception to the provision(s) are warranted and documented and where such exception is not in violation with any state or federal requirement(s).
- d.** For questions regarding this NOFA, please contact Andrew Sinnott, Multifamily Loan Program Administrator, at andrew.sinnott@tdhca.state.tx.us.

Attachment A

**Regional Allocation Formula Amounts – Combined General and CHDO Set-Asides
Available Until 5pm Austin Local Time on February 9, 2018**

Urban Sub-Regions	HOME	TCAP RF
Region 1	\$ 132,922	\$215,832.20
Region 2	\$ 39,634	\$79,747.01
Region 3	\$ 1,862,134	\$2,192,544.23
Region 4	\$ 428,410	\$182,026.66
Region 5	\$ 197,495	\$120,617.95
Region 6	\$ 435,133	\$1,889,556.72
Region 7	\$ 1,084,404	\$704,957.05
Region 8	\$ 190,204	\$219,345.02
Region 9	\$ 353,841	\$800,632.31
Region 10	\$ 301,522	\$219,063.22
Region 11	\$ 345,345	\$933,332.97
Region 12	\$ 236,485	\$146,260.76
Region 13	\$ 415,183	\$425,234.32
Total	\$ 6,022,712	\$8,129,150.42

Rural Subregions	HOME	TCAP RF
Region 1	\$ 437,769	\$114,471.99
Region 2	\$ 341,393	\$90,465.27
Region 3	\$ 403,137	\$102,720.62
Region 4	\$ 971,929	\$249,657.99
Region 5	\$ 593,885	\$154,093.73
Region 6	\$ 233,101	\$63,216.40
Region 7	\$ 212,441	\$56,841.01
Region 8	\$ 330,650	\$89,279.79
Region 9	\$ 305,014	\$77,308.23
Region 10	\$ 395,659	\$100,045.70
Region 11	\$ 570,802	\$144,321.73
Region 12	\$ 259,911	\$64,541.33
Region 13	\$ 38,110	\$10,116.81
Total	\$ 5,093,802	\$1,317,080.58

Attachment C

**Supportive Housing/Soft Repayment Set-Aside
Available Until 5pm Austin Local Time on February 9, 2018**

Region	Regional Allocation
Region 1	\$ 236,683.61
Region 2	\$ 273,922.01
Region 3	\$ 230,033.46
Region 4	\$ 288,172.02
Region 5	\$ 273,205.09
Region 6	\$ 237,185.81
Region 7	\$ 218,850.94
Region 8	\$ 227,250.51
Region 9	\$ 242,450.00
Region 10	\$ 253,625.84
Region 11	\$ 283,313.97
Region 12	\$ 284,725.75
Region 13	\$ 250,580.99
Total	\$ 3,300,000.00