

# HOME American Rescue Plan (ARP) Rental Housing Notice of Funding Availability Frequently Asked Questions

Texas Department of Housing and Community Affairs

January 26, 2023

The below is a list of frequently asked questions received from HOME-ARP Applicants to the Texas Department of Housing and Community Affairs (TDHCA) HOME-ARP staff. Note that it is not an exhaustive list of all questions. If an Applicant has questions about HOME-ARP Rental Housing, please contact Tiara Hardaway, HOME-ARP Manager, at [Tiara.Hardaway@tdhca.state.tx.us](mailto:Tiara.Hardaway@tdhca.state.tx.us).

1. *When do we need to have environmental clearance?*

Applicants without previous environmental clearance must submit a complete Part 58 environmental review no later than 90 days after the Application Acceptance date. The step to meet this requirement is submission of the Part 58 environmental review to TDHCA via ServU or in HEROS to then be reviewed by TDHCA staff within the timeframe specified. Once TDHCA has reviewed the submitted Part 58, publication for comment and subsequent HUD approval would be needed before contracting, should an award of HOME-ARP funds be made. Please note, applicants are not required to have HUD clearance in order to meet the environmental clearance requirement to submit the Application.

2. *Do we need a market analysis?*

HOME-ARP allows for up to 30% of the HOME-ARP units to be low-income units at high HOME rents; these units do not have to be restricted to qualified populations (QPs). Including HOME-ARP low-income non-QP units in the Development is optional for HOME-ARP. However, if a Development chooses to include low-income non-QP units, a market analysis is required for those units.

3. *Should we show a pending award of Emergency Housing Vouchers or Section 8 Housing Choice Vouchers?*

A HOME-ARP Applicant may reflect the pending award of Emergency Housing Vouchers, Section 8 Vouchers or other type of project-based rental assistance voucher if the following is included in the HOME-ARP Application:

- (A) the voucher NOFA under which the Applicant applied; and
- (B) an acknowledgement letter from the issuing authority stating:
  - (i) the issuing authority is reviewing the application for vouchers,
  - (ii) the number of vouchers requested,
  - (iii) the subsidy amount,

(iv) the contract rent, and

(v) the term/expiration of the vouchers.

The HOME-ARP Rental Development Applicant must show evidence that it applied for the vouchers; showing intent to apply for vouchers is not enough.

In addition, any potential HOME-ARP award to a Development with an Application of vouchers would be conditioned upon the Development receiving the vouchers. If the housing assistance vouchers indicated in the HOME-ARP Application are not received and if the project does not meet the underwriting requirements with the fewer number of vouchers received, the Development would not meet the conditions to receive the HOME-ARP award.

4. *Are we eligible to apply?*

The first Application Acceptance period will be for Developments that are only requesting HOME-ARP from TDHCA, or are requesting HOME-ARP layered with 2022 or 2023 4% HTCs, 2022 9% HTC, HOME annual, or National Housing Trust Fund (NHTF). NHTF Applicants are only eligible in the event that the per unit subsidy limit for NHTF would be exceeded with additional NHTF. Applications layered with 2020 or 2021 4% or 9% HTCs or 2023 9% HTCs are ineligible to apply during the first Application Acceptance Period.

For any 9% HTC with 2022 carryover credits, the carryover counts as 2021 HTC for the purposes of eligibility for HOME-ARP.

The second Application Acceptance period will be only for 2023 9% HTC Supportive Housing Applicants, if funding is available.

5. *We have an active application with TDHCA pending award. Am I eligible to apply?*

Active applications would not be considered new applicants or gap financing applicants for HOME-ARP. In order to apply for HOME-ARP, in most cases the pending application would be withdrawn and resubmitted with HOME-ARP in a 2023.3 or later version of the Uniform Multifamily (MF) Application.

The exception to withdrawing the pending application is if the Applicant has an active 4% HTC application. In this case, the application does not need to be withdrawn, but the active application would be modified to the 2023.3 or later version of the Uniform MF Application.

6. *Do we need to submit both the uniform and supplemental application?*

HOME-ARP Applicants that do **not** have an existing award with TDHCA:

- Complete and submit the 2023.3 or later version of the Uniform MF Application at <https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm>.
- A HOME-ARP Supplemental Application is not needed for new Applicants.

- To complete the 2023.3 or later Uniform MF Application, the Applicant should use both the Multifamily Application Procedures Manual at <https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm> and the 2023 HOME-ARP Supplemental Manual for New Applicants at <https://www.tdhca.state.tx.us/multifamily/special-initiatives.htm>.

HOME-ARP Applicants that do have an existing award with TDHCA:

- Update and submit the previously-awarded Uniform MF as indicated in the HOME-ARP Supplemental Application for Gap Financing at <https://www.tdhca.state.tx.us/multifamily/special-initiatives.htm>.
- The 2023.3 Uniform MF Application should not be used for HOME-ARP Applicants with an existing TDHCA award.
- Complete and submit the HOME-ARP Supplemental Application for Gap Financing using the HOME-ARP Manual for Gap Financing Applicants.

*7. When will FHA loans be available for use with HOME-ARP?*

TDHCA is currently in negotiations with the Federal Housing Administration to use HOME-ARP with FHA loans. It may be possible that applications for HOME-ARP without Capitalized Operating Cost Assistance (COCA) could be paired with FHA loans before January 31, 2023. It is unlikely that HOME-ARP Applications with COCA will be able to be paired with FHA loans before the close of the 2023.2 HOME-ARP NOFA. The Department will amend the 2023.2 HOME-ARP NOFA if and when agreement is reached with the FHA, and will advertise the amendment via the Homelessness Issues, Programs, and Policies list serve and by posting a notice at <https://www.tdhca.state.tx.us/multifamily/special-initiatives.htm>.

*8. Are the MFDL forms and certifications applicable to HOME-ARP?*

The forms and certifications for MFDL are applicable to HOME-ARP unless the requirement for the form or certifications is waived per the HOME-ARP Rental Housing NOFA. HOME-ARP follows the same rules as the MFDL program in the 10 Texas Administrative Code unless waived. A list of the waivers applicable to HOME-ARP rental housing are found in the 2023.2 HOME-ARP Rental NOFA:

<https://www.tdhca.state.tx.us/pdf/covid19/HARP/23-HOME-ARP-NOFA.pdf>

Instructions on which forms and certifications should be used are in the Multifamily Application Procedures Manual at <https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm> and the 2023 HOME-ARP Supplemental Manual for New Applicants at <https://www.tdhca.state.tx.us/multifamily/special-initiatives.htm>.

*9. Can Developments apply for HOME-ARP through a non-profit entity that will then loan the HOME funds to the owner?*

HOME-ARP's written agreement must be with the Owner and the funds have to be provided by TDHCA to the Owner. The type of loan structure proposed with a nonprofit loan to the owner (often called a conduit loan) is prohibited as published in the HOMEfires guidance:

<https://www.hud.gov/sites/dfiles/CPD/documents/HOMEfires-Vol16-No1-Granting-HOME-Funds-Loaned-to-Owners.pdf>

10. What is the minimum number of HOME-ARP units we can have?

*Per the HOME-ARP Allocation Plan, rental applicants “must designate at least the lesser of 50% of units or 10 units for HOME-ARP assistance.”*

11. Does capitalized operating cost assistance (COCA) have to be included in the Multifamily Direct Loan Unit Calculator?

*COCA counts as a project soft cost and would be included in the total development cost at the top of the calculator. Per HUD’s Waivers and Alternative Requirements For Implementation of the HOME American Rescue Plan (HOME-ARP) Program, HUD has waived 24 CFR 92.206(d)(5) and imposed a new requirement: “For new construction or rehabilitation of HOME-ARP rental housing for qualifying populations, the cost of funding operating cost assistance during the project’s compliance period or a capitalized operating cost assistance reserve in accordance with requirements in section VI.B of the HOME-ARP Notice is an eligible cost.”*

12. For the tie breaker, is COCA included in the per unit capital cost?

*The first tie breaker in the HOME-ARP Rental Development NOFA states: “If more than one application is received with the same score and the Department cannot fund both applications, the Development with the lowest HOME-ARP capital cost per unit will be awarded HOME-ARP funds, subject to the application review process.” Since COCA is considered a project cost, it would be included in the calculation of the per unit cost.*

13. Is there an application fee?

*HOME-ARP does not have an application fee.*