



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**MULTIFAMILY DEVELOPMENT PROGRAM**  
**2015-1 NOTICE OF FUNDING AVAILABILITY (NOFA)**

1) **Summary.** The Texas Department of Housing and Community Affairs (the “Department”) announces the availability of up to **\$20,000,000** in funding from the Multifamily Development Program (“MFD”) 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”), and 10 (“2015 Uniform Multifamily Rules”) in effect at the time Application is submitted, and Chapter 2306 of the Texas Government Code. Applications 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”). Other Federal regulations that apply to HOME funds include, but are not limited to fair housing, environmental requirements, 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, and Davis-Bacon and Related Labor Acts for labor standards. HOME developments must comply with HUD Section 3 requirements (24 CFR Part 135). Section 3 requires HOME 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.

Applicants applying for funds outside Participating Jurisdictions should assume that HOME 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 funds are used and Federal regulations or subsequent guidance imposes additional requirements, the Federal regulations shall govern.

**2) Allocation of MFD Program Funds.**

a) MFD Program funds are made available through program income generated from prior year HOME allocations and loan repayments from the Tax Credit Assistance Program (“TCAP”). The Department may amend this NOFA or release a new NOFA upon receiving its 2015 allocation from HUD or additional TCAP loan repayments. These funds have been programmed for Multifamily Development activities including acquisition and/or refinance of affordable housing involving new construction or rehabilitation. The funds made available under this NOFA are available under the two set-asides:

i.) **CHDO Set-Aside.** Approximately **\$4,000,000** in funds are set aside for eligible Community Housing Development Organizations (“CHDO”) meeting the requirements of the definition of Community Housing Development Organization found in 24 CFR §92.2 and the requirements of this NOFA. Applicants under the CHDO Set-Aside must be proposing to develop housing in Development Sites located outside Participating Jurisdictions. Applicants may apply for up to \$4 million regardless of whether or not the Application is layered with Housing Tax Credits

(“HTCs”). Applications will be considered on a first-come, first-serve basis. Up to \$2 million of the CHDO set-aside will be available to collapse into the General Set-Aside should the Department determine that its obligations to allocate a portion of its HOME dollars to CHDOs has been satisfied. However, at least \$2 million will only be available to eligible CHDO Applications and will not collapse into the General Set-Aside.

ii.) **General Set-Aside.** Approximately **\$16,000,000** in funds shall be available to Applications proposing Multifamily Development that meet the requirements of this NOFA. **However, while this NOFA is effective, the amount of funds available in the General Set-Aside for award may be restricted until or unless the CHDO Set-Aside is fully subscribed.** Of the funds available under the General Set-Aside, \$6,000,000 is being made available from TCAP loan repayments, and \$10,000,000 is available from HOME program income generated from prior year allocations and funds remaining from the 2014-1 MFD NOFA. **Therefore, only \$6,000,000 will be available for applications proposing developments located in Participating Jurisdictions** until or unless this NOFA is amended to include additional TCAP loan repayments.

**A) Tax-Exempt Bond Development Set-Aside.** Approximately \$4 million in funds under the General Set-Aside shall be available to Applications layered with 4% HTCs. Any funds remaining in the set-aside after April 1, 2015 will be made available to all other eligible applications in the General Set-Aside. Applications awarded under this set-aside are expected to close before September 15, 2015. Awardees that are unable to close by September 15, 2015 may have the MFD award rescinded and therefore may not be eligible to request reinstatement of the Determination Notice under 10 TAC §10.201(3). Applications under this set-aside will be awarded on a first-come, first-serve basis; should applications be received on the same date, they will be prioritized as described in section 3 below.

b) The request for funds under the General Set-Aside may not exceed the maximum on a per application basis as shown in the table below:

	Layered with 9% Tax Credits	Layered with 4% Tax Credits	Non-HTC layered (which can only be received after October 1, 2015)
HOME Participating Jurisdiction	\$1,000,000	\$2,000,000—New Construction \$1,000,000---Rehabilitation	\$2,000,000—New Construction \$1,000,000---Rehabilitation
HOME Non-Participating Jurisdiction	\$1,000,000	\$3,000,000—New Construction \$1,000,000---Rehabilitation	\$3,000,000—New Construction \$1,000,000---Rehabilitation

**Please refer to TDHCA Multifamily HOME program webpage for the Participating Jurisdiction list to determine whether Applicant’s project is in a Participating Jurisdiction**

- 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) The Department will require completion of the [2015 CHDO Certification Packet](#) for Applicants applying under the CHDO Set-Aside.

- e) For applications layered with 4% HTCs, the MFD application terminates with the expiration of the certificate of bond reservation for non-traditional carry-forward and the next pending Application remaining in the set-aside will be considered for funding.
- f) Any Applications for funds on developments that received an award of Department assistance in the past five years or are still within its federal affordability period will not be eligible.
- g) All applications under the General Set-Aside received prior to October 1, 2015 must be layered with HTCs. Should any funds remain after awarding all eligible applications under the General Set-Aside after 5pm Central Time Zone on October 1, 2015, those funds will be made available to applications not layered with HTCs. The request for project funds may not exceed the funds available or the amount described under 2(b) of this NOFA, whichever is less.
- h) Based on the availability of funds, Applications will be accepted until 5pm Central Time Zone on December 1, 2015.
- i) The request for project funds may not be less than \$500,000, regardless of the set-aside under which an application is being submitted.
- j) Each CHDO that is awarded HOME funds may also be eligible to receive a 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) Please consult Andrew Sinnott, Multifamily Loan Programs Specialist, at (512) 475-0538 before submitting an Application under the CHDO Set-Aside if you have any questions regarding the CHDO certification process.

### 3) Priorities for Awards.

In cases where two or more applications are otherwise eligible for an award of MFD funds and were received on the same date, staff will recommend awards of MFD funds based on the scoring criteria listed in paragraphs (a) – (d) below. When determining the date an application is received, staff will only assign a date that corresponds with a business day and will not assign a time. Applications received after 5pm Central Time Zone will be determined to have been received on the following business day. Applications will be determined to have been received at the time all required third party reports and application fee(s) are submitted to the Department. **All Applications layered with Competitive (9%) HTCs will be considered to have been received on April 1, 2015.** Staff will apply these scoring criteria in cases where two or more Competitive (9%) HTC awards are recommended pursuant to the same subparagraph of §11.6(3) of the 2015 Qualified Allocation Plan (“QAP”) and where there is no clear priority for one application over another with respect to the HTC award. Awards made pursuant to §11.6(3)(C) of the QAP will be considered to have no priority with respect to the HTC award. The scoring criteria are as follows:

- a) Eligibility for points under 10 TAC §11.9(c)(4) related to the Opportunity Index (3 points).
- b) At least 10% of the total units are unrestricted with respect to rent and income (3 points).

- c) Commitment of Development Funding by a local political subdivision under 10 TAC §11.9(d)(2) based on the following scale:
  - i.) Amount of local funding (excluding any tax exempt bond financing) is equal to or greater than the requested amount of funding from the Department (3 points)
  - ii.) Amount of local funding (excluding any tax exempt bond financing) is at least 50% of the requested amount of funding from the Department (2 points)
  - iii.) Amount of local funding (excluding any tax exempt bond financing) is less than 50% of the requested amount of funding from the Department. If no local funding is proposed, the application includes a statement from the highest ranking official from the local Jurisdiction as to why no funding is available for the proposed Development. (1 point).
  - iv.) Application proposes Rehabilitation in a Rural Area as defined in 10 TAC §10.3(a)(117) of the 2015 Uniform Multifamily Rules (1 point).
- d) Tiebreaker. In the event that one or more applications receives the same number of points based on the scoring criteria above, staff will recommend for award the Application that proposes a Development Site located the greatest linear distance from the nearest Housing Tax Credit assisted Development.
- e) Applications awarded Competitive (9%) HTCs. Applications recommended for an award of Competitive (9%) HTCs must meet all of the requirements of the HTC Commitment by the Commitment expiration date. Should credits be rescinded or returned, any associated MFD award will also be rescinded. Any rescinded MFD funds will be available to award to Applications layered with Competitive (9%) HTCs that did not initially receive the requested award of MFD funds. Should this NOFA be oversubscribed, Applications that are awarded Competitive (9%) HTCs and that requested but were not awarded MFD funds will be required to provide evidence of financial feasibility without the MFD funds by September 21, 2015 in order to maintain their 9% commitment.

#### **4) Multifamily Development Program (MFD) requirements**

- a) MFD funds will be structured in accordance with §10.307 of the 2015 Uniform Multifamily Rules, related to Direct Loan Requirements except that all recommendations will be underwritten at a 3% interest rate and for a 30 year amortization period. Staff will not recommend that the Board approve any cash flow structures (other than FHA surplus funds where hard debt is still underwritten) or balloon loan structures.
- b) Awarded applicants may, at the Department's discretion, be charged fees for underwriting, asset management, and ongoing monitoring.
- c) All Applications will be limited to a maximum of \$75,000 per unit assisted with MFD funds and be subject to the proportionality requirements of the [HOME/TCAP Unit Calculation Tool](#).
- d) 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 HOME/TCAP Unit Calculation Tool for the term of the loan.

- e) A 2015 Multifamily Development Program Certification must be submitted with each application for funds.
  - f) 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.
  - g) All Developments awarded HOME funds will be required to meet applicable Property Standards in 24 CFR §92.251. Applicants will also be required to submit written cost estimates and construction documents at closing in order that TDHCA can determine if costs are reasonable and if state and local codes will be met. In addition, progress inspections will be conducted to ensure that work is done in accordance with applicable codes and construction documents. Owners of Rehabilitation projects will also be required to meet the new requirements in 10 TAC §10.101 (b)(3)(D)(i-iv).
  - h) Owners may use the HUD Utility Schedule Model for utility allowances. The utility allowances may be calculated by the Department on an annual basis and provided to the Owner with a deadline for implementation.
  - i) The MFD units must be occupied by eligible tenants within six months following completion of construction. For any housing unit that has not been rented to eligible tenants within 18 months after completion of construction, repayment of the MFD funds is required.
  - j) Applicants proposing developments outside a Participating Jurisdiction must be registered in the federal System for Award Management (SAM) prior to execution of HOME contract and have a current Data Universal Numbering System (DUNS) number. Applicants may apply for a [DUNS number \(dnb.com\)](http://dnb.com). When you have the DUNS number, you can [register with the SAM](#). To show that you are registered in the SAM, you may submit a print-out from the website showing your organization's information.
  - k) Applicants proposing developments located outside Participating Jurisdictions, should include language in the Purchase Contract or Site Control Agreement to address choice limiting activities prior to completing the environmental review process such as the following: "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 TDHCA has provided Purchaser and/or Seller with a written notification that: (1) 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, (a) the purchase may proceed, or (b) 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 (2) it has determined that the purchase is exempt from federal environmental review and a request for release of funds is not required. TDHCA shall use its best efforts to conclude the environmental review of the property expeditiously."
  - l) This NOFA does not include text of the various applicable regulatory provisions pertinent to the HOME Program. For proper completion of the application, the Department strongly encourages potential applicants to review the State and Federal regulations, and contact the HOME Division for guidance and assistance.
- 5) Site and Development Restrictions.** All Developments must meet the requirements at 10 TAC §10, Subchapter B.

- 6) Public Notification Requirements.** All Applicants must comply with public notification requirements in 10 TAC §10.203.
- 7) Application and Threshold Criteria.** An Application must be compliant with all applicable requirements in 10 TAC §10, Subchapter C. Each Application will be evaluated by the Real Estate Analysis division in accordance with 10 TAC §10, Subchapter D. In addition, an Application must comply with the Direct Loan requirements in 10 TAC §10.307.
- 8) Post Award Requirements.** Applicants are strongly encouraged to review the applicable Post Award requirements in 10 TAC §10, Subchapter E, as well as the Compliance Monitoring requirements in 10 TAC §10, Subchapter F. Applicants who receive an award of HOME funds must submit all required environmental clearance documentation to [environmental@tdhca.state.tx.us](mailto:environmental@tdhca.state.tx.us) within 30 days of approval by TDHCA's Governing Board.
- 9) Application Submission**
- a) All Applications submitted under this NOFA must be received on or before **5:00 p.m. Central Time Zone on December 1, 2015**. The Department will accept Applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date the NOFA Summary is published in the *Texas Register* until the expiration of the NOFA, or until all funds under the NOFA have been awarded. For questions regarding this NOFA, please contact Eric Weiner, Multifamily Loan Program Administrator, at [eric.weiner@tdhca.state.tx.us](mailto:eric.weiner@tdhca.state.tx.us).
  - b) If an Application is submitted to the Department that requests funds from two separate housing finance programs, the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs. Applicants layered with tax-exempt bonds must have submitted an application to the Bond Review Board prior to submitting an application for funds under this NOFA.
  - c) 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.
  - d) The Application consists of several parts as described in the MPPM. A complete Application for each proposed development must be submitted in an electronic PDF format on a recordable compact disc ("CD-R"). Incomplete Applications or improperly compiled Applications will not be accepted. Applicants must submit the Application materials as detailed in the MPPM in effect at the time the Application is submitted.
  - e) All Application materials including manuals, NOFAs, program guidelines, and HOME rules, will be available on the Department's website at [www.tdhca.state.tx.us](http://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 the HOME Final Rule and subsequent guidance provided by HUD. 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.

- f) Applicants 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. Section 2306.147(b) of the Texas Government Code requires the Department to waive Application fees for 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 MFD Program.
- g) Applications must be sent via overnight delivery, or delivered by hand to:

**Multifamily Finance Division  
Texas Department of Housing and Community Affairs  
Attn: Misael Arroyo  
221 East 11th Street  
Austin, TX 78701-2410**

or via the U.S. Postal Service to:  
**Multifamily Finance Division  
Texas Department of Housing and Community Affairs  
Attn: Misael Arroyo  
Post Office Box 13941  
Austin, TX 78711-3941**