



# **2019 Qualified Allocation Plan ("QAP") and Uniform Multifamily Rules (the "Rules")**

## **Project Plan**

**May 9, 2018**

**IMPORTANT DISCLAIMER: THIS PROCESS IS INTENDED TO ENABLE STAKEHOLDERS AND STAFF TO PROPOSE AND DEVELOP IDEAS AND CONCERNS TO BE CONSIDERED IN THE DEVELOPMENT OF THE QAP AND UNIFORM MULTIFAMILY RULES FOR 2019. THE OFFICIAL PUBLICATION OF A BOARD APPROVED DRAFT FOR PUBLIC COMMENT WILL STILL OCCUR IN ACCORDANCE WITH THE STATUTORILY ESTABLISHED CALENDAR IN FALL 2018.**

## **INTRODUCTION**

The purpose of this project is to solicit and discuss ideas to be considered for inclusion in the 2019 QAP and the Rules. The ultimate deliverables for this project are a QAP and Rules that clearly articulate TDHCA housing policy as established by the Governing Board through threshold and scoring criteria and that also address all applicable state and federal requirements. TDHCA staff welcomes an open discussion with stakeholders in affordable housing across the state of Texas.

It is planned that the process will include regular monthly meetings on the day before Board meetings, outreach efforts so that stakeholders who are not able to attend meetings will have an opportunity for input, and focused meetings with stakeholders that have specific needs and insights. Staff may involve local and regional experts in affordable housing to present findings at meetings, and staff may conduct and contribute their own research on select issues.

Throughout this plan and in supporting documents, the terms “Rules” and “QAP” may be used interchangeably. Because the QAP (10 TAC Chapter 11) and the Rules (10 TAC Chapter 10) are currently so integrated, staff’s and stakeholders’ input will often reference these two Chapters in unison. However, it is likely that the QAP and aspects of the Rules will be reconfigured as a part of this process.

## **PROJECT GOALS AND PURPOSE**

The Multifamily Finance Division (“Division”) staff will lead the project, including scheduling meetings, accessing necessary resources, facilitating conversations, and compiling results. The Division will provide periodic reporting to the Board so they are regularly updated on the progress of the monthly meetings and have an opportunity for input throughout the process. Staff from other TDHCA divisions may be asked to participate as needed.

Stakeholders, including the development community, advocates for various interest groups served by affordable housing, residents of TDHCA properties, and various subject matter experts, will be invited to participate in meetings, surveys, or other forms of public comment and discussion so that a clear assessment of varying needs and priorities may be compiled. That assessment, along with applicable statutory and regulatory requirements, will be used to draft amendments and changes to develop the proposed 2019 QAP. Because many stakeholders cannot travel to Austin for these monthly QAP meetings, the Division staff will make a strong effort to solicit feedback through more flexible means. Possible media include online polls and focus groups. TDHCA staff also may hold stakeholder meetings in other locations.

It is anticipated that the process will continue through July 2018, and that a staff draft (one that has not yet had Board input) 2019 QAP will be available in late summer/early fall 2018. Specific sections of the QAP may be drafted and made available for informal comment throughout the process, in order to provide for the most effective possible feedback on those items.

## **PROJECT SCOPE**

The scope of the project will include the planning and development of specific topics to be considered for amendment in the 2019 QAP and Rules, and potentially years later. While it is anticipated that the process will be completed prior to publication of the staff draft and presentation of the QAP to the Board in September 2018, this is an ever-evolving process and there may be items that will be continued into subsequent years. The chief focus of the project is the 2019 QAP, but other parts of the Rules may be included in the project as needed.

The project will, in certain matters, rely heavily on data gathered from external sources. Sources may include (but will not be limited to) Census and American Community Survey data, reputable research centers, and best practices from other organizations or states. Internal data may include TDHCA's Compliance Monitoring and Tracking System ("CMTS") and general knowledge gathered from previous application rounds. Results from the Department's recently completed resident survey may also be included.

During this process, Division staff will be evaluating related topics to the QAP. This research and staff's experiences with and/or knowledge of evaluation, scoring criteria, and tenant needs will be incorporated into the project.

Broad questions that may guide our discussion throughout 2018 include the following:

1. How should the QAP treat applicable Fair Housing Requirements?
2. How can the scoring structure best address widely varying needs across the State (as well as within rural and urban subregions)?
3. How to optimize the providing of services and benefits to tenants? And how to maximize the value of TDHCA's annual LIHTC allocation while also providing meaningful tenant services?
4. Which scoring items can move from an "all-or-nothing" structure to a weighted structure that offers multiple scoring options, so as to encourage greater competition among Applicants? Once identified, how might this be accomplished?
5. Which policy changes are conducive to implementing a two-year QAP?
6. Some proposed changes to the 2018 QAP offered in public comment once it was posted as a proposed rulemaking were too significant to implement as a result of public comment. Their common themes included ideas relating to:
  - a. Costs and HTC Efficiency
  - b. Tie-Breaker Factors
  - c. Opportunity Index menu items and distances to amenities
  - d. Population limitations for certain scoring items

It is staff's desire to place at the front end of this project those ideas that will require the most time to develop adequately so that they can, if possible and, after assessment, appropriate, be considered for inclusion in the 2019 QAP and/or Rules.

Based on previous conversations, staff's research, and policy directions from the Governing Board, staff proposes the following topics as the initial points of departure as the Division and stakeholders begin composing the 2019 QAP and Rules:

1. Recognizing, but also containing, rising costs and encouraging HTC allocation efficiency
2. The inclusion of employment data in competitive scoring items
3. Weighting scoring items to encourage more competition among Applicants and more fine-tuned public policy that responds to quantifiable, real estate metrics.
  - a. Weighting opportunity index menu items
  - b. Weighting underserved area scoring criteria
  - c. Etc.
4. Better categorizing resident services, and accurately reflecting the value of items with weighted scores
5. Better categorizing common and unit amenities, and accurately reflecting the value of items with weighted scores
6. Monitoring the Readiness-to-Proceed item
7. Any other topics identified during the course of this project.

## SCHEDULE BASELINE

The initial schedule proposes to meet in Austin the day before the TDHCA Governing Board meeting. Specific topics to be discussed at each meeting will be mapped out prior to the January 25 meeting, based on input from stakeholders and staff priorities. Additional meetings may be scheduled in order to accommodate specific topics, or in locations other than Austin.

2017 QAP Planning Process - Tentative Schedule		
Title	Date	Description
1 <sup>st</sup> 2019 QAP Meeting	12/14/17	Location: John H. Reagan Building 140: 1:30 to 4:30 pm Subject: Planning the 2019 QAP monthly meetings; identifying topics of interest
TDHCA Board Meeting	12/14/17	TDHCA Governing Board meeting
2 <sup>nd</sup> 2019 QAP Meeting <b>**CANCELLED due to inclement weather – topics posted in TDHCA Online Forum**</b>	01/17/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: Opportunity Index & Employment Area Proximity
TDHCA Board Meeting	01/18/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
3 <sup>rd</sup> 2019 QAP Meeting <b>**CANCELLED**</b>	02/21/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: <del>REA – Costs and Efficiency; Direct Loan</del>
TDHCA Board Meeting	02/22/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.

4 <sup>th</sup> 2019 QAP Meeting	03/21/18	Location: John H. Reagan Building 140 Time: 2:00 to 5:00 pm Subject: REA and Costs; Direct Loan
TDHCA Board Meeting	03/22/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
TDHCA QAP & Rules Board Subcommittee <b>***DELAYED***</b>	<del>3/22/2018</del>	<del>Location: John H. Reagan Building 140 Time: 1:30 to 4:00 pm Subject: Resident Survey Report; 2019 QAP &amp; Rules Plan</del>
5 <sup>th</sup> 2019 QAP Meeting	04/25/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 3:30 pm Subject: Common and Unit Amenities; Building Standards; Resident Services; Integrated Housing Rule
TDHCA QAP & Rules Board Subcommittee	04/25/18	Location: Texas State Capitol, Capitol Extension E1.014 Time: Begins at 4:00 pm Subject: Resident Survey Report; 2019 QAP & Rules Plan; Unit Distribution policy; ROFR policy
TDHCA Board Meeting	04/26/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
6 <sup>th</sup> 2019 QAP Meeting	05/23/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: Tie-Breakers; Section 811 PBRA, & 10 TAC Chapter 1, Subchapter C (Previous Participation and EARAC).
TDHCA Board Meeting	05/24/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
7 <sup>th</sup> 2019 QAP Meeting	05/25/18	Location: Stephen F. Austin Building, Room 170 Time: 9:00 am to 12:00 pm Subject: Income Averaging set-aside
<del>7<sup>th</sup> 2019 QAP Meeting <b>**CANCELLED**</b></del>	<del>06/27/18</del>	<del>Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: TBD</del>
TDHCA Board Meeting	06/28/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
<del>8<sup>th</sup> 2019 QAP Meeting <b>**CANCELLED**</b></del>	<del>07/25/18</del>	<del>Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: TBD *Subject to Cancellation</del>
TDHCA Board Meeting	07/26/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
Staff Draft of QAP	08/2018	In August, staff will post a draft of the QAP for input from stakeholders. That input will be considered as staff prepares the QAP for presentation to the Board in September.
TDHCA QAP & Rules Board Subcommittee	09/05/18	Location: Stephen F. Austin Building, Room 170 (subject to change) Time: 2:00 to 5:00 pm (subject to change) Subject: Presentation and discussion of staff draft of the 2019 QAP

TDHCA Board Meeting	09/06/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
Public Comment Period on Chapters 10 and 11	TBD	Following the September TDHCA Board Meeting, the public comment period on Chapters 10 and 11 will commence at a to be determined date and time and will conclude at a to be determined date and time.
TDHCA Board Meeting	10/11/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
TDHCA Board Meeting	11/08/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion. (Time to send to Governor)
TDHCA Board Meeting	12/06/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.

As much as practically possible, amendments contemplated for proposal to the Board will be presented to stakeholders after they have been thoroughly reviewed by TDHCA staff, including Legal Services, for compliance with statutory and regulatory requirements and compliance with TDHCA Board housing policy. It is expressly pointed out that Board policy may evolve and change in this process. As the meetings progress it is likely that the Board will be asked to dig into different policy objectives and weigh in on the objectives it directs staff to pursue. Possible amendments that impact scoring will be added to a draft scoring matrix, so that impacts can be fully understood in context as they are developed and considered.

In the case of proposed changes that will significantly impact the development process, TDHCA staff may suggest a phased approach to implementation so that stakeholders are able to effectively plan for implementation.

This Project Plan will change over the course of 2018, as needs or priorities are identified and addressed. Schedules regarding individual topics may expand or contract as necessary to accommodate stakeholder input and staff priorities.

## COMMUNICATIONS MANAGEMENT PLAN

The Communications Management Plan sets the communications framework for this project. It will serve as a guide for communications throughout the life of the project and will be updated as communication requirements change. This plan identifies and defines the roles of stakeholders, staff and the Board as they pertain to communications. It also includes a communications matrix which maps the communication requirements of this project.

Communication Type	Description	Format	Participants/ Distribution	Deliverable
Periodic Status Report	Summary of project status	Website	Multifamily Finance	Status Report
Monthly Project Meeting	Meeting to discuss scheduled topic	In Person	All	Meeting Summary
Special Project	Meeting to	In Person	All	Meeting Summary

Meeting	discuss specific topics			
Status Report to Governing Board	Report on Project progress, request Board input	In Person	TDHCA staff and Board	Board report, Action Request as needed
Website	Posting of Meetings and Materials	Website	Multifamily Finance	Resource for Project participants
Online Forum	Method for gathering stakeholder input	Website	All	Input regarding specific topics to be integrated into rule making process

While informal communication is a part of every project and is necessary for successful project completion, any issues, concerns, or updates that arise from informal discussion between TDHCA staff and stakeholders will be communicated to the larger group so that the appropriate action may be taken.

## **COST MANAGEMENT PLAN AND OUTREACH**

TDHCA has minimal resources available to rent meeting space, provide hard copy materials, or travel to areas outside Austin. Wherever possible, meeting spaces that are available without charge will be utilized. Meeting participants will be requested to provide their own copies of materials.

As described in the Communications section, the project will provide opportunities for stakeholders that are not able to attend meetings to provide input. Division staff plan to conduct meetings in geographic areas outside of Austin as travel schedules and budgets allow.

## **SCHEDULE MANAGEMENT PLAN**

Meeting schedules and topics will be regularly posted to the TDHCA website, via the listerv, and through social media. Once the initial schedule has been established, necessary resources will be developed, reviewed and approved prior to posting. Schedules will be updated as the project evolves, and updates will be posted to the TDHCA website.

## **STAFFING PLAN**

Key TDHCA staff members working on the 2019 QAP and Rules Planning Process include:

### **Asset Management**

Director of Asset Management

### **Compliance**

Chief of Compliance

Director of Multifamily Compliance

### **Executive Team**

Executive Director

Chief of External Affairs

### **Fair Housing & Data Management**

Fair Housing Project Manager

Program Data Specialist

### **Legal**

General Counsel

Legal Counsel assigned to Multifamily Programs

Federal Compliance Counsel

### **Multifamily Finance Division**

Multifamily Finance Director

Multifamily Finance Manager

Housing Tax Credit Administrator

Multifamily Direct Loan Program Administrator

Multifamily Policy Research Specialist

### **Real Estate Analysis**

Director of Real Estate Analysis and key REA staff