



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY DIRECT LOAN
2024-2 NOTICE OF FUNDING AVAILABILITY (NOFA)
ANNUAL NOFA
FIRST AMENDMENT – EFFECTIVE MAY 14, 2024

(1) Summary. This First Amendment suspends the assignment of Application Acceptance Dates as of May 14, 2024 at 5:00 PM.

The Texas Department of Housing and Community Affairs (the Department) announces the availability of \$25,000,000 of HOME¹ funding for the development of affordable multifamily rental housing for low-income Texans. Applicants under the 2024-2 NOFA will be accepted from **April 1, 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.

Applications for a Development previously awarded HOME, HOME-ARP, national Housing Trust Fund, Neighborhood Stabilization Program, TCAP-RF (except for pre-Development only awards), or Emergency Rental Assistance 2 (ERA2) funds from the Department where the loan has not closed or where the federal affordability period is not completed, or Applications for a Development that had an active Application for direct loan funds for a Development as of March 1, 2024, are not eligible to apply under this NOFA.

Applications for Developments that are located in another HOME Participating Jurisdiction are not eligible to apply under this NOFA.

The availability and use of these funds are subject to the following rules, as applicable:

a. Texas Administrative Code

¹ HOME funds under this NOFA may be 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.

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](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](#))

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 that may apply depending on the activity:

Environmental Compliance

All Developments must have some type of environmental review in accordance with 24 CFR Part 50 or 24 CFR Part 58, as applicable.

<https://www.tdhca.state.tx.us/program-services/environmental/index.htm>

Minimizing Resident Displacement

HOME must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; Section 104(d) of Housing and Community Development Act of 1974, depending on the activity; and 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 requires compliance with 24 CFR Part 75 (Section 3).

<https://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm>

(2) **Set-Asides.** HOME funds will be subject to the sub-Regional Allocation (located in Attachment A) from **April 1, 2024**, until **April 30, 2024**. Those who apply during the Regional Distribution period must request the total amount available in the sub-Region.

Applicants in the General Set-Aside that did not apply during the sub-Regional Distribution or the Regional Distribution period must request, at a minimum, \$4,000,000. An Applicant in the General set-aside may request no more than \$10,000,000.

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 HOME in the amount of \$25,000,000. Applicants are required to initially provide 120% of the minimum required number of MFDL Units as established by 10 TAC §13.7. Should the minimum number of required MFDL Units change at any point between initial Application and Project Completion, Applicants will not be required to provide additional units so long as the initial 120% continues to be sufficient to meet the federally required amount of units.

Set-Aside	Eligible Activities	Fund Source and Amount Available		Maximum Request ²
General	NC, R, RC ³	HOME	\$25,000,000	\$10,000,000

Key:

- NC – New Construction
- R – Rehabilitation
- RC--Reconstruction

(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.

² This total includes any outstanding loan balances from the Department from any fund source that will remain after the Direct Loan closing of this award and any pre-Development grant from TCAP-RF. Note, HOME funds may not be used to pay off or refinance federal funding or insurance from any source.

³ Acquisition may be included in the activity, only if the Applicant or an Affiliate does not own the land or the improvements on or before April 1, 2024.

- I. **General Set-Aside Application Periods:** HOME 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.
 - A. **Sub-Regional Distribution:** HOME funds will be subject to the Regional Distribution from April 1, 2024 to April 30, 2024, at 5:00 pm Austin Local Time. All eligible Applications submitted during this period will be given an Application Acceptance Date of April 30, 2024. All Applications submitted during this period must have the Department's HOME loan in first lien position and be a prior 9% tax credit award. The minimum request during this period is the lesser of \$4,000,000 or the total amount available in the sub-region in which the Application is submitted, as reflected in Attachment A.
 - B. **Regional Distribution:** From May 1, 2024, to May 2, 2024 at 5:00 pm Austin Local Time. All eligible Applications submitted during this period will have an Application Acceptance Date of May 2, 2024. All Applications submitted during this period must have the Department's HOME loan in first lien position during the permanent period on the Sources and Uses tab, and be a prior 9% tax credit award. The minimum request during this period is the lesser of \$4,000,000, or the total amount available in the region in which the Application is submitted, as reflected in Attachment B..
 - C. **First Lien:** From May 3, 2024 to May 6, 2024, at 5:00 pm Austin Local Time. All eligible Applications submitted during this period will have an Application Acceptance Date of May 6, 2024, conditional upon being listed as first lien during the permanent period on the Sources and Uses tab, and be a prior 9% tax credit award. The minimum request during this period is \$4,000,000.
 - D. **Open Applications: Starting on May 7, 2024,** all eligible Applications will have an Application Acceptance Date on the business date of receipt ending at 5:00 pm Austin Local Time. The minimum request during this period is \$4,000,000.
- II. **Priorities:** Within each of the above Application acceptance periods, except the sub-Regional and Regional Distribution period, 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 sub-Regional and Regional Distribution Application Acceptance Period, Priorities 2 and 3 will be used.

- A. **Priority 1:** Staff will first prioritize applications with the same Application Acceptance Date based upon the amount of HOME funds requested. Staff will give priority to applications requesting larger amounts.
- B. **Priority 2:** If a tie persists, staff will fund the application that provides a higher match percentage of the Direct Loan funds requested.
- C. **Priority 3:** If a tie persists, 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.

(4) Loan Terms

- I. **Product: Construction-to-Permanent and Construction-Only Loans.** All Direct Loan Applications will be structured as construction-to-permanent or construction-only loans. All products will reflect the interest rate listed in the table below.
- II. **Interest Rates.**

Set-Aside or Priority	Interest Rate
General	2%

- III. **Loan Structure for Construction-to-Permanent Loans.**
 - A. Except for Applicants proposing a Federal Housing Administration (FHA) loan subject to the MAP Guide in the senior lien position, funds must be requested as **Fully Amortizing Loans**. Loans will be structured with regular principal and interest payments sufficient to fully repay the loan within the loan term.
 - B. For Applicants proposing an FHA-insured loan senior subject to the MAP Guide in the senior lien position, loan payments will be calculated using 75% of Surplus Cash, as defined by FHA. 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 Limits⁴		
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 Limits⁵		
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.⁶

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 contracts 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.

⁵ 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 contracts 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.

⁶ 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.

(7) Application Submission Requirements

- I. **Application Acceptance Period.** Applications under this NOFA will be accepted starting at 8:00 a.m. Austin local time on April 1, 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 or Invitation to Apply, and may only have that Development apply under one Set-Aside at a time.
- II. **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.
- III. **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.
- IV. **Match Submission Requirements.**
 - A. 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.
 - B. All Applicants will be required to provide HOME Match-Eligible Unit(s) in accordance with **10 TAC §13.2(a)(6) and §13.10(c)** and federal guidance at <https://www.hudexchange.info/resource/2676/notice-cpd-97-03-home-programmatch-guidance/>
- V. **Bond Reservation.** All 4% HTC-layered applications must provide evidence of a Reservation with submission of the MFDL Application submission.
- VI. **Environmental Clearance.** For HOME, a choice-limiting action may not have occurred, except for site acquisition that was completed before the contemplation

of the submission of the multifamily application, except where the Application has prior environmental clearance under 24 CFR Part 50 or Part 58, and where the prior 24 CFR 50 or 58 "Responsible Entity" agrees in writing by the Application Acceptance Date, and submitted in the Application to make a determination of supplemental funding or perform a re-evaluation of the original review.

VII. Application Fee. An Applicant under the General 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.

VIII. 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 14 of 17 Management Requirements and 10 TAC Chapter 13, as well as the Compliance Monitoring requirements in 10 TAC Chapter 10, Subchapters F and G.

- I. Awarded Applicants may, at the Department's discretion, be charged fees for underwriting, asset management, legal services, and ongoing monitoring.
- II. 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.
- III. 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.

- IV. An Applicant may be required to meet additional requirements prior to contract, as determined by the Board, or federal or state requirements.
- V. 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

- I. 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.
- II. Utility allowances must be for HUD-regulated buildings and approved by TDHCA prior to application (**10 TAC §11.614**).
- III. All Applicants must comply with public notification requirements in **10 TAC §11.203**.
- IV. 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.
- V. For questions regarding this NOFA, please contact Connor Jones, Multifamily Direct Loan Program Manager, at connor.jones@tdhca.state.tx.us.

Attachment A

HOME SubRegional Distribution under the General Set-Aside

HOME

Region	Sub-Regional Distribution Amount
1 Urban	\$217,230
2 Urban	\$160,786
3 Urban	\$4,438,911
4 Urban	\$1,021,526
5 Urban	\$393,986
6 Urban	\$700,503
7 Urban	\$2,872,511
8 Urban	\$1,363,424
9 Urban	\$954,497
10 Urban	\$469,922
11 Urban	\$817,235
12 Urban	\$534,672
13 Urban	\$759,461
1 Rural	\$809,678
2 Rural	\$673,460
3 Rural	\$804,064
4 Rural	\$1,769,633
5 Rural	\$1,253,172
6 Rural	\$662,141
7 Rural	\$341,090
8 Rural	\$754,605
9 Rural	\$641,244
10 Rural	\$796,653
11 Rural	\$1,247,126
12 Rural	\$468,941
13 Rural	\$73,528

Attachment B

HOME Regional Distribution under the General Set-Aside

HOME

Region	Regional Distribution Amount
1	\$1,026,908
2	\$834,246
3	\$5,242,975
4	\$2,791,159
5	\$1,647,158
6	\$1,362,644
7	\$3,213,601
8	\$2,118,028
9	\$1,595,741
10	\$1,266,575
11	\$2,064,362
12	\$1,003,614
13	\$832,989