



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY DIRECT LOAN
2020-2B NOTICE OF FUNDING AVAILABILITY (NOFA)
SPECIAL PURPOSE NOFA

- 1) Summary.** The Texas Department of Housing and Community Affairs (the Department) announces the availability of **\$11,383,833** in National Housing Trust Fund (NHTF). These funds are available under the 4% HTC and Bond Layered Set-Aside for the new construction or reconstruction of affordable multifamily rental housing for extremely low-income Texans. All NHTF available under this NOFA is currently available statewide. **Applications under the 2020-2B NOFA will be accepted from February 27, 2020, to March 5, 2020, with all Applications having an Application Acceptance Date of March 5, 2020.** Applications will be subject to the 2020 Qualified Allocation Plan (10 TAC Chapter 11), Multifamily Housing Revenue Bond Rules (10 TAC Chapter 12), and Multifamily Direct Loan Rule (10 TAC Chapter 13). **Capitalized Terms in this NOFA are defined in 24 CFR Part 93, 10 TAC Chapters 1, 11, 12, or 13, or in Tex. Gov't Code Chapter 2306, as applicable.**
- 2) Eligible Applications.** Eligible Applications under this NOFA are limited to those that meet all of the following requirements:

 - a.** Must have received advance notice of Certificate of Reservation from the Texas Bond Review Board under the 2020 Lottery.
 - b.** Must be proposing NHTF Units that:

 - i. Must be available for households earning the greater of the federal poverty limit or 30% AMI or less, and have rents no higher than the rent limits for Extremely low-income Tenants in 24 CFR §93.302(b);
 - ii. May not receive any project-based subsidy;
 - iii. May not be receiving tenant-based voucher or tenant-based rental assistance, to the extent that there are other available Units within the Development that the voucher-holder may occupy; and
 - iv. May not be restricted to 30% AMI or less by Housing Tax Credits, or any other fund source.

- c. Must be proposing new construction or reconstruction (as defined in 24 CFR §93.2) in areas that meet the requirements of 24 CFR §93.301(f) as further described in CPD Notice 16-14, and the Site and Neighborhood Standards in 24 CFR §93.150.
- d. If the Applicant proposes to make the income averaging election under Section 42(g)(1)(C) of the Internal Revenue Code, the Application may not have more than 15% of the Units in the Development designated as Market Rate Units.

3) Maximum Per Application Request and Loan Structure

- a. The maximum per Application request under this NOFA is \$3,000,000.
- b. The only loan structure available for Construction-to-Permanent loans under this NOFA is Surplus Cash, with interest rates as low as 0%, but determined in accordance with 10 TAC Chapter 11, Subchapter D.
- c. The loan structure may be Construction Only with a 0% interest rate and repayment due at Construction Completion.
- d. Permanent Refinance Loans are not eligible under this NOFA.

4) Maximum 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 table below:

Bedrooms	Non-elevator property	Elevator-served property
0 bedroom	\$142,411	\$149,868
1 bedroom	\$164,203	\$171,802
2 bedroom	\$198,034	\$208,913
3 bedroom	\$253,490	\$270,266
4 bedroom or more	\$282,398	\$296,666

Smaller per unit subsidy limits are allowable and incentivized as point scoring items in 10 TAC §13.6. To determine the minimum number of NHTF Units required either by scoring, maximum per unit subsidy limits, or the cost allocation analysis - ensuring that, which will ensure the amount of MFDL Units as a percentage of total Units is equal to or greater than the percentage of MFDL funds requested as a percentage of total eligible NHTF Development costs, please use the 2020 Multifamily Direct Loan Unit Calculator Tool found here: <https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm>

5) Application Submission Requirements.

- a. **Applications under this NOFA will be accepted starting at 8:00 a.m. Austin local time on February 27, 2020, through March 5, 2020, at 5:00 p.m. Austin local time.**
- b. 2020 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 Acceptance Date 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.

- d. A 2020 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 (MPPM) in effect at the time of the Application Acceptance Date. All scanned copies must be scanned in accordance with the guidance provided in the MPPM in effect at the time the Application Acceptance Date.
- e. If an Applicant has an active Application (i.e. the Board has not made a Direct Loan Award), but wishes to apply for additional funds, it must withdraw that Application and submit a new Application.
- f. The request for funds may not be less than \$300,000. 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.
- g. In addition to the NHTF Units, Applicants must provide a Matching Contribution to HOME Eligible Units as described in 10 TAC §13.(2)(9) in the amount of at least 5 percent 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 NHTF funds.
- h. An Application must be uploaded to the Department's secure web transfer server in accordance with 10 TAC §11.201(1)(C).

6) 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 Management Requirements and 10 TAC Chapter 13, as well as the Monitoring requirements in 10 TAC Chapter 10.

- a. Awarded Applicants may, at the Department's discretion, be charged fees for underwriting, legal fees, asset management, and ongoing monitoring.
- b. 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, or as represented in the Application for the term of the LURA.
- c. An Applicant must have a current Data Universal Numbering System (DUNS) number and be registered in the federal System for Award Management prior (SAM) prior to execution of a Direct Loan contract. Applicants may apply for a DUNS number at dnb.com). Once you have the DUNS number, you can [register with the SAM](#).
- d. An awarded Applicant may be required to meet additional documentation requirements in order to draw funds, in accordance with its Previous Participation results.
- e. Notwithstanding any other deadlines in 10 TAC Chapter 11, 12, or 13, if the Department and the Applicant are unable to execute a Contract by October 2, 2020, and the Department loses access to all or a portion of its 2018 NHTF funding, the Application may be subject to a partial or total reduction of the NHTF award.

7) Miscellaneous.

- a.** This NOFA does not include text of the various applicable regulatory provisions pertinent to NHTF. 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 §11.203.
- c.** For questions regarding this NOFA, please contact Andrew Sinnott, Multifamily Loan Program Administrator, at andrew.sinnott@tdhca.state.tx.us.

Attachment A

Rules and Resource Links

State of Texas

Texas Administrative Code

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)

Texas Government Code

Tex. Gov't. Code Chapter 2306

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>

Department of Housing and Urban Development (“HUD”)

HUD Program Regulations (NHTF)

24 CFR Part 93 (“NHTF Interim Rule”)

http://www.ecfr.gov/cgi-bin/text-idx?SID=222584118d192eb177d111b97b45cda8&mc=true&tpl=/ecfrbrowse/Title24/24cfr93_main_02.tpl

Federal Cross-Cutting Requirements

Visit <https://www.tdhca.state.tx.us/program-services/training.htm> for TDHCA training regarding the following requirements:

- Fair Housing
<https://www.tdhca.state.tx.us/fair-housing/index.htm>
- Environmental Review and Clearance
<https://www.tdhca.state.tx.us/program-services/environmental/index.htm>
- Minimizing Resident Displacement
<https://www.tdhca.state.tx.us/program-services/ura/index.htm>
- Employment Opportunities for Low-Income People: HUD Section 3
<https://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm>