



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**MULTIFAMILY DIRECT LOAN**  
**2021-1 NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**ANNUAL NOFA**  
**FIRST AMENDMENT**  
**EFFECTIVE JUNE 17, 2021**

**1) Summary.** This Amendment adds acquisition and acquisition with rehabilitation as eligible activities under the national Housing Trust Fund (NHTF) by amending Sections 1, 2, and 5 of the 2021-1 NOFA. All other sections of the 2021-1 NOFA remain as originally published. The availability and use of these funds are subject to the following rules, as applicable:

- a. 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)
- 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](#))
  - 24 CFR Part 93 ([Housing Trust Fund Interim 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 may that apply depending on funding source:

Environmental Compliance

All federal sources must have some type of environmental review in accordance with 24 CFR Part 93 or 24 CFR Part 58 as applicable.

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

Minimizing Resident Displacement

All federal sources must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; HOME must follow Section 104(d) of Housing and Community Development Act of 1974; and all federal sources must follow the 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, and NHTF require compliance with 24 CFR Part 135 (Section 3).

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

**NOTE – the Section 3 requirements have changed, Applicants should review the changes to assure they can meet the new hiring and reporting requirements.**

**If HOME or NHTF funds are awarded and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.**

- 2) **Set-Asides.** All HOME funds will be subject to the Regional Allocation Formula (RAF, located in Attachment A) until January 12, 2021, and then available on a statewide basis. Applications under any and all Set-Asides may or may not be layered with 9% or 4% Housing Tax Credits (HTC). The funds made available under this NOFA are available under the following Set-Asides:

- a. **Community Housing Development Organization (CHDO) Set-Aside.** At least \$5,451,382 in HOME funds are reserved for nonprofit organizations that can be certified as Community Housing Development Organizations (CHDOs).

- b. **Soft Repayment Set-Aside.** \$9,465,974 in NHTF is available in this Set-Aside. Applicants within this Set-Aside must restrict rent and income for all Direct Loan-assisted units to 30% as defined in 24 CFR Part 93.
- c. **General Set-Aside.** HOME funds in the amount of \$26,288,876 is available in this Set-Aside; currently anticipated to be \$26,288,876.

Set-Aside	Eligible Activities	Fund Source and Amount Available		Maximum Request <sup>1</sup>
CHDO	NC, A/R, R	HOME	\$5,451,382	\$3,000,000
Soft Repayment	NC, A/R, R	NHTF	\$9,465,974 <sup>2</sup>	\$3,000,000
General	NC, A/R, R	HOME	\$26,288,876	\$5,000,000

**Key:**

NC – New Construction (For the Soft Repayment Set-Aside, New Construction includes Reconstruction, as defined in 24 CFR Part 93)

A/R – Acquisition/Rehabilitation

R – Rehabilitation

**5) Interest Rates.**

- a. **Construction-to-Permanent Loans.** All Direct Loan requests structured as construction-to-permanent loans will be required to use the minimum required interest rate listed in the table below depending on the Set-Aside, Activity, whether or not HTC are also being requested, and whether or not the Direct Loan will be in first lien position during the permanent period. If the Debt Coverage Ratio is less than the minimum 1.15 with the minimum required interest rate as applicable, staff will make adjustments to the financing structure in accordance with 10 TAC §11.302(d)(4)(D)(i), with the exception of 10 TAC §11.302(d)(4)(D)(i)(II)(-a-).

<sup>1</sup> This total includes any other Multifamily Direct Loan Funds previously awarded to the Applicant by the Department for the Development, including any outstanding loan balances that will remain after the Direct Loan closing.

<sup>2</sup> If the Soft Repayment Set-Aside is undersubscribed and the 2021-3 NOFA becomes oversubscribed, staff may publish an amendment to this NOFA removing all or a portion of the unrequested funds from this NOFA.

Set-Aside and Priority	Activity	HTC layered	Direct Loan 1 <sup>st</sup> Lien during Permanent Period	Minimum Required Interest Rate
CHDO or General – 4% HTC with TDHCA as Bond Issuer	NC, A/R, R	Y	Y or N	0%
CHDO or General – all other Applications	NC, A/R, R	Y	Y	2.0%
			N	2.50%
		N	Y	2.75%
			N	3.0%
Soft Repayment	NC, A/R, R	Y or N	Y or N	0%

- b. **Construction-Only Loans.** All Direct Loan requests structured as construction only loans, regardless of the Set-Aside and Activity, may request an interest rate as low as 0% with the principal amount of the Direct Loan due upon the end of the construction loan term as established in 10 TAC §13.8(e)(1).



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**2) Summary.** The Texas Department of Housing and Community Affairs (the Department) announces the availability of **\$31,740,258** in HOME funds<sup>3</sup> and **\$9,465,974** of National Housing Trust Fund (NHTF)<sup>4</sup> for the development of affordable multifamily rental housing for low-income Texans. Applicants under the 2021-1 NOFA will be accepted from December 11, 2020, through October 5, 2021 (if sufficient funds remain). Applicants The availability and use of these funds are subject to the following rules, as applicable:

- a. 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)
  
- b. Texas Government Code
  - Tex. Gov't. Code Chapter 2306
  - <http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>

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<sup>3</sup> HOME funds under this NOFA may only be awarded to Applications with Development sites in non-Participating Jurisdictions.

<sup>4</sup> NHTF funds under this NOFA are 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.

- c. U.S. Department of Housing and Urban Development (HUD) Program Regulations  
24 CFR Part 92 ([HOME Investment Partnerships Program Final Rule](#))  
24 FR Part 93 ([Housing Trust Fund Interim 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 may that apply depending on funding source:

Environmental Compliance

All federal sources must have some type of environmental review in accordance with 24 CFR Part 93 or 24 CFR Part 58 as applicable.

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

Minimizing Resident Displacement

All federal sources must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; HOME must follow Section 104(d) of Housing and Community Development Act of 1974; and all federal sources must follow the HUD Handbook 1378.

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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, and NHTF require compliance with 24 CFR Part 135 (Section 3).

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

**If HOME or NHTF funds are awarded and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.**

- f. HUD approval of an amendment to the 2020 Action Plan is required prior to contracting with NHTF funds.

**2) Set-Asides.** All HOME funds will be subject to the Regional Allocation Formula (RAF, located in Attachment A) until January 12, 2021, and then available on a statewide basis. Applications under any and all Set-Asides may or may not be layered with 9% or 4% Housing Tax Credits

(HTC). The funds made available under this NOFA are available under the following Set-Asides:

- d. **Community Housing Development Organization (CHDO) Set-Aside.** At least \$5,451,382 in HOME funds are reserved for nonprofit organizations that can be certified as Community Housing Development Organizations (CHDOs).
- e. **Soft Repayment Set-Aside.** \$9,465,974 in NHTF is available in this Set-Aside. Applicants within this Set-Aside must restrict rent and income for all Direct Loan-assisted units to 30% as defined in 24 CFR Part 93.
- f. **General Set-Aside.** HOME funds in the amount of \$26,288,876 is available in this Set-Aside; currently anticipated to be \$26,288,876.

Set-Aside	Eligible Activities	Fund Source and Amount Available		Maximum Request <sup>5</sup>
CHDO	NC, A/R, R	HOME	\$5,451,382	\$3,000,000
Soft Repayment	NC	NHTF	\$9,465,974	\$3,000,000
General	NC, A/R, R	HOME	\$26,288,876	\$5,000,000

**Key:**

NC – New Construction (For the Soft Repayment Set-Aside, New Construction includes Reconstruction, as defined in 24 CFR Part 93)A/R – Acquisition/Rehabilitation  
R – Rehabilitation

**3) Priorities within General and CHDO Set-Asides.** Priority 1 Applications will be subject to various Application Acceptance Dates depending on the criteria described below. The Application Acceptance Dates are those that exist in 10 TAC §13.4(c) for Priority 2 or Priority 3 Applications. The Department will utilize the Scoring Criteria in 10 TAC §13.6.

**a. Priority 1.**

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<sup>5</sup> This total includes any other Multifamily Direct Loan Funds previously awarded to the Applicant by the Department for the Development, including any outstanding loan balances that will remain after the Direct Loan closing.

- i. **Applications submitted in the General Set-Aside by January 12, 2021, and CHDO Set-Asides by January 11, 2021, that request less than RAF amount for the subregion in which the Development Site is located.** Applications submitted under the CHDO Set-Aside that request less than or equal to the amount listed for the subregion in which the Development Site is located December 11, 2020 through January 11, 2021, will have an Application Acceptance Date of January 11, 2021. Applications submitted in the General Set-Aside, that request less than or equal to the amount listed for the subregion in which the Development Site is located December 11, 2020 through January 12, 2021, will have an Application Acceptance Date of January 12, 2021.
  - ii. **4% HTC-layered Applications with TDHCA as the Bond Issuer that request greater than RAF amount for the subregion in which the Development Site is located, where TDHCA is the Bond Issuer and were not recommended for an award under 3) a i. of this NOFA, or where TDHCA is the Bond Issuer and the Application is submitted under the Soft-Repayment Set-Aside.** Applications submitted under all Set-Asides that meet all of the following requirements will have an Application Acceptance Date of January 13, 2021:
    1. The Application is layered with 2020 4% HTC in which TDHCA is the Bond Issuer;
    2. The Application was not recommended for an award under 3)a i. of this NOFA; and
    3. The Application is submitted December 11, 2021 through January 12 , 2021 .
  - iii. **Applications in the Soft Repayment , General, and CHDO Set-Asides, that did not apply for or were not recommended for awards under 3) a. i. and ii, and submitted Applications December 11, 2020 through March 31, 2021, will have an Application Acceptance Date of March 31, 2021.**
- b. **Priority 2.** Applications applying contemporaneously for 2021 9% HTC will have an Application Acceptance Date of April 1, 2021.
  - c. **Priority 3.** Applications submitted after April 1, 2021, will have an Application Acceptance Date on the business day of receipt, in accordance with 10 TAC §13.5(c)

**4) Priorities within the Soft Repayment Set-Aside.**

- a. **Applications between December 11, 2020, and December 28, 2020, will have an Application Acceptance Date of December 28, 2020.**
- b. **Applications applying contemporaneously for 2021 9% HTC will have an Application Acceptance Date of April 1, 2021.**
- c. **Applications applying after December 28, 2020, will have an Application Acceptance Date on the business day of receipt, except as reflected in 4) b of this NOFA.**



**5) Interest Rates.**

- a. Construction-to-Permanent Loans.** All Direct Loan requests structured as construction-to-permanent loans will be required to use the minimum required interest rate listed in the table below depending on the Set-Aside, Activity, whether or not HTC are also being requested, and whether or not the Direct Loan will be in first lien position during the permanent period. If the Debt Coverage Ratio is less than the minimum 1.15 with the minimum required interest rate as applicable, staff will make adjustments to the financing structure in accordance with 10 TAC §11.302(d)(4)(D)(i), with the exception of 10 TAC §11.302(d)(4)(D)(i)(II)(-a-).

<b>Set-Aside and Priority</b>	<b>Activity</b>	<b>HTC layered</b>	<b>Direct Loan 1<sup>st</sup> Lien during Permanent Period</b>	<b>Minimum Required Interest Rate</b>
<b>CHDO or General – 4% HTC with TDHCA as Bond Issuer</b>	NC, A/R, R	Y	Y or N	0%
<b>CHDO or General – all other Applications</b>	NC, A/R, R	Y	Y	2.0%
			N	2.50%
		N	Y	2.75%
			N	3.0%
<b>Soft Repayment</b>	NC only	Y or N	Y or N	0%

- b. Construction-Only Loans.** All Direct Loan requests structured as construction only loans, regardless of the Set-Aside and Activity, may request an interest rate as low as 0% with the principal amount of the Direct Loan due upon the end of the construction loan term as established in 10 TAC §13.8(e)(1).

**6) 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 2021 Maximum Per Unit Subsidy Limits table provided in this Section 5:

<b>2021 Maximum Per Unit Subsidy Limits<sup>6</sup></b>		
<b>Bedrooms</b>	<b>Non-elevator property</b>	<b>Elevator-served property</b>
0 bedroom	\$145,685	\$153,314
1 bedroom	\$167,978	\$175,752

<sup>6</sup> These limits are inclusive of any federal fund sources in the Development.

2 bedroom	\$202,586	\$213,718
3 bedroom	\$259,20	\$276,482
4 bedroom or more	\$288,893	\$303,490

Smaller per unit subsidies are allowable and incentivized as point scoring items in 10 TAC §13.6. Once the Applicant commits a number of Direct-Loan Units in the Application, the number may be raised, at Department request, to account for a change in Development costs or to account for other federal funding, but the number may not be lowered.

**7) Application Submission Requirements.**

- a. **Application Acceptance Period.** Applications under this NOFA will be accepted starting at 8:00 a.m. Austin local time on December 11, 2020, through October 5, 2021 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, and may only have that Development apply under one Set-Aside at a time.
- b. **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](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 federal rules that may apply and subsequent guidance provided by HUD.
- c. 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.
  - i. 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 the current Application and submit a new Application.
  - ii. Applicants for Developments that have received an award of Multifamily Direct Loan Funds or Housing Tax Credits prior to the date of the Application under this NOFA, should consult 10 TAC §13.5(g) regarding Eligibility Criteria, and provide the additional information required by 10 TAC §13.5(g), including clear evidence of the circumstances beyond their control that materially impair their ability to provide affordable housing. Evidence will include information from verifiable third-party sources that allows the Board to make an informed decision regarding eligibility.

- d. Minimum Requests.** The request for funds may not be less than \$500,000 regardless of the Set-Aside under which an application is being submitted. However, if the underwriting report indicates that the Development will be feasible with an award of less than \$500,000, staff may recommend a lower award.
- e. Match Submission Requirements.**
- i. 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.
  - ii. 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-program-match-guidance/>
- f.** The 2021 CHDO Certification Packet must be submitted with the 2021 Uniform Multifamily Application for Applicants applying under the CHDO Set-Aside.
- i. Each CHDO that is awarded HOME funds may also be eligible to receive a CHDO operating 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.
  - ii. An award of HOME funds under the CHDO Set-Aside does not guarantee that a CHDO will receive a grant for CHDO Operating Expenses.
- g.** All 4% HTC-layered applications must provide evidence of a Reservation with submission of the MFDL Application submission.
- h.** An Applicant under the CHDO, Soft Repayment, and General Set-Asides who is not also simultaneously applying for 9% or 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. 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.

- i. An Application must be uploaded to the Department's secure web transfer server in accordance with 10 TAC §11.201(1)(C).

**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 Management Requirements and 10 TAC Chapter 13, as well as the Compliance Monitoring requirements in 10 TAC Chapter 10, Subchapters F and G.

- a. Awarded Applicants may, at the Department's discretion, be charged fees for underwriting, 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 along with any require HOME Match-eligible units, 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](http://dnb.com)). Once you have the DUNS number, you can [register with the SAM](#).
- d. An Applicant may be required to meet additional requirements prior to contract, as determined by the Board, or federal or state requirements.
- e. 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.**

- a. This NOFA does not include text of the various applicable regulatory provisions pertinent to the HOME and NHTF fund sources. 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. 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.
- d. For questions regarding this NOFA, please contact Charlotte Flickinger, Multifamily Direct Loan Manager, at [charlotte.flickinger@tdhca.state.tx.us](mailto:charlotte.flickinger@tdhca.state.tx.us).

**Attachment A**

**Regional Allocation Formula under the General Set-Aside – URBAN**

<b>Region</b>	<b>Subregion Allocation Amount</b>
1	\$288,603.27
2	\$139,633.77
3	\$5,799,818.99
4	\$1,488,351.39
5	\$580,792.85
6	\$1,332,334.05
7	\$3,044,137.09
8	\$1,308,085.68
9	\$968,530.99
10	\$771,726.72
11	\$1,055,830.54
12	\$704,859.28
13	\$1,018,716.22

**Regional Allocation Formula under the General Set-Aside – RURAL**

<b>Region</b>	<b>Subregion Allocation Amount</b>
1	\$1,106,385.39
2	\$762,194.82
3	\$914,370.13
4	\$2,171,994.39
5	\$1,665,351.73
6	\$823,976.47
7	\$437,915.88
8	\$1,118,636.89
9	\$830,730.90
10	\$1,079,101.93
11	\$1,588,424.32
12	\$649,856.55
13	\$89,897.75