



HOME American Rescue Plan  
Rental Housing Development  
Supplemental Manual for New Applicants

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## Introduction

The Texas Department of Housing and Community Affairs (TDHCA) was allocated approximately \$132 million in HOME American Rescue Plan (ARP) funds in a one-time allocation from the U.S. Department of Housing and Urban Development (HUD). HOME-ARP is based on HUD's HOME Investment Partnerships Program annual funding infrastructure. HOME-ARP also has significant differences compared to the HOME annual program.

TDHCA is releasing ~~\$46,511,887~~ \$48,384,528 in HOME-ARP funding for the development of affordable multifamily rental housing including funds for the HOME-ARP eligible portion of the property's capitalized operating cost expenses, and \$3,324,229 in nonprofit capacity building/nonprofit operating funds for eligible costs related to developing the capacity of nonprofit organizations to successfully carry out HOME-ARP eligible activities related to Rental housing. Applicants under the HOME-ARP 2023-2 NOFA will be accepted from December 9, 2022, through March 1, 2023 (if sufficient funds remain).

New Applicants for the 2023-2 HOME-ARP Rental Development NOFA will be required to submit a completed 2023 Uniform Multifamily (MF) Application, including Tabs 49-53 related specifically to HOME-ARP. The availability and use of these funds are subject to the rules with several waivers listed in Appendix A of the HOME-ARP Rental NOFA. The rules and regulations include Texas Administrative Codes, Texas Government Codes, HUD's HOME Investment Partnerships Program Rule (24 CFR Part 92), HUD's Community Planning and Development (CPD) Notice 21-10 and Appendix, Fair Housing, and other federal requirements along with the HOME-ARP Allocation Plan.

Contents

|   |                      |
|---|----------------------|
| <b>1. ELIGIBLE APPLICANTS .....</b>                           | <b>3</b>             |
| <b>2. HOME-ARP REQUIREMENTS .....</b>                         | <b>3</b>             |
| <b>3. USING THE HOME-ARP RENTAL APPLICATION MANUAL .....</b>  | <b>4</b>             |
| <b><u>4. Uniform MF Application Updates .....</u></b>         | <b><u>5</u></b>      |
| <b><del>4. HOME-ARP ADDITIONAL TABS .....</del></b>           | <b><del>5</del></b>  |
| <b><u>5. HOME-ARP ADDITIONAL TABS .....</u></b>               | <b><u>5</u></b>      |
| Tab 49. HOME-ARP Specifics .....                              | 5                    |
| Tab 50. HARP Rent Sched. 16-40.....                           | 8                    |
| Tab 51. HARP COCA .....                                       | 9                    |
| Tab 52. HARP Pro Forma 16-40.....                             | 11                   |
| Tab 53. HOME-ARP Scoring.....                                 | 12                   |
| <b><u>6. SUBMISSIONS, APPEALS, PUBLIC ACCESS.....</u></b>     | <b><u>13</u></b>     |
| <b><del>5. SUBMISSIONS, APPEALS, PUBLIC ACCESS.....</del></b> | <b><del>12</del></b> |

## 1. ELIGIBLE APPLICANTS

**Applications under the HOME-ARP 2023-2 Rental Development NOFA will be accepted starting December 9, 2022, and the first Application Acceptance Date will be January 31, 2023, at 5:00pm Austin Local Time.** The first Application Acceptance period will be for Developments that are only requesting HOME-ARP from TDHCA, or are requesting HOME-ARP layered with 2022 or 2023 4% HTCs, 2022 9% HTC, HOME annual, or National Housing Trust Fund (NHTF). NHTF Applicants are only eligible in the event that the per unit subsidy limit for NHTF would be exceeded with additional NHTF. Applications layered with 2020 or 2021 4% or 9% HTCs or 2023 9% HTCs are ineligible to apply during the first Application Acceptance Period.

**Applications received on February 1, 2023, until March 1, 2023 will have the second Application Acceptance Date of March 1, 2023, at 5:00pm Austin Local Time.** The second Application Acceptance period will be only for 2023 9% HTC Supportive Housing Applicants, if funding is available.

A choice-limiting action may not have occurred, except for site acquisition that was completed before the contemplation of federal funds, or except where the Application had prior environmental clearance prior to the choice limiting action 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, to make a determination of supplemental funding or perform a re-evaluation of the original review.

## 2. HOME-ARP REQUIREMENTS

HOME-ARP is based on HUD’s HOME Investment Partnerships Program, with significant differences as described in HUD CPD Notice 21-10 and Appendix: Waivers and Alternative Requirements for Implementation of the HOME-ARP Program. The Department reserves the right to amend the requirements of the 2023-2 HOME-ARP Rental Development NOFA based on further HUD guidance.

More information and guidance is available online at <https://www.tdhca.state.tx.us/home-arp/index.htm> in the HOME-ARP Handbook. The handbook includes information on layering of HOME-ARP with other funds, rent levels, reserves, and qualifying populations (QPs).

The Texas Administrative Code that applies to HOME-ARP are below.

- 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 Bond Rules)
- 10 TAC Chapter 13 (Multifamily Direct Loan Rule)

However, there are several waivers to the rules as listed in the HOME-ARP Rental NOFA. The HOME-ARP Rental NOFA is competitive. Applicant must complete a self-score along with supporting documentation. The scoring criteria is listed in the NOFA.

Items that apply only to 4% or 9% HTC do not apply to HOME-ARP. Therefore, the waivers listed in the NOFA and the list of tabs with exceptions only affect the criteria that would have applied to “All

Programs” or “Direct Loan Applications Only.”

Applications will be processed by score and Application Acceptance Date. Applications with an Application Acceptance Date on or before January 31, 2023, will be reviewed and potentially awarded in order of high score to low score. If funds are remaining after Applications received January 31, 2023 are submitted, Applications with Application Acceptance Dates between ~~January 31~~ February 1, and March 1, 2023 will be reviewed and potentially awarded in order of high score to low score. Applicants may have only one active Application per Development at a time under this NOFA or other TDHCA NOFAs.

The minimum request per application for the HOME-ARP Rental is \$500,000, and maximum request per application is \$15,000,000 for the first Application due date and \$7,000,000 for the second Application due date.

There may be a master lease option for TDHCA’s HOME-ARP. Applicants that would like to use the master lease option with a nonprofit sponsor listed in HUD CPD Notice 21-10 must request a waiver of 10 TAC §10.613(i) and 10 TAC §13.3(d)(2)(C) regarding the requirement to lease directly to residents. This waiver is not available to Developments with HOME annual funds, Tax Credit Assistance Repayment Funds, National Housing Trust Fund, or a property with HOME Match Units. In addition, Applicants should consider that TDHCA is still in the process of establishing processes and legal documents for the master lease option and a master lease option cannot be expedited. These will be expected to face delays and TDHCA encourages Applicants that need to close in an expedited fashion to seek another solution.

There are programmatic limitations on layering Units when a Development is funded by HOME-ARP and NHTF, or with HOME-ARP and other HOME funding or Tax Credits. Those limitations will be identified during the Department’s program and underwriting review of the application. Generally a HOME-ARP Unit cannot be layered on NHTF Units that were committed as part of the proportionality test. In addition, HOME-ARP Units generally cannot be layered with a HOME Unit/HOME match Unit (from any Participating Jurisdiction) or a HOME ARP unit from another Participating Jurisdiction. Regarding layering with HOME annual, there may be limited exceptions where the number of HOME Units was determined because of scoring or for layering with HOME Match if HOME and HOME-ARP Units are greater than 50% of the total Units in the Development and there is more than one HOME Match Unit in the Development.

### 3. USING THE HOME-ARP RENTAL APPLICATION MANUAL

This manual is intended for new Applicants. New Applicants are Applicants that are submitting applications for projects that have not received awards for Departmental funding previously (e.g., Applicants with **no** awards for 9% Housing Tax Credit, 4% Housing Tax Credit, HOME annual, NHTF or other multifamily direct loan funding). The purpose of this manual is to provide a brief and general description of tabs in the Application, high level guidance as to the Department’s submission requirements and what staff would generally view as acceptable supporting documentation.

Instructions for a majority of the tabs included in the Multifamily Application Procedures Manual (available at: <https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm>). There are updates for Tabs 30, 31, 47, and HOME-ARP Supplemental Tabs 49-53 which are included in this document. Tabs 49-53 should be completed in the Uniform Multifamily Application, and submitted with that Application. The submission process is outlined in the Uniform Multifamily Application Manual.

**Important** – Please do not use Googledocs or any other software that may affect the formulas in the excel cells. An unlocked version of the spreadsheet will be considered outside altered application materials not prescribed by TDHCA and will not be accepted. Also, do not transfer tabs from one Excel file to another, even if it is for the same Application.

#### **4. Uniform MF Application Updates**

While instructions for the Uniform MF Application is in the Uniform Multifamily Application Manual, there are updates on Tabs 30, 31, and Tab 47 in the HOME-ARP Supplemental Manual for New Applications (this document).

##### **Tab 30. Development Cost Schedule**

If the Applicant is requesting optional capitalized operating cost assistance (COCA), the COCA must be entered under Soft Costs in one of the lines shown as “Other (specify).” The Applicant must complete Tab 51. HARP COCA before entering COCA in the Soft Costs. The amount entered on Tab 30 should match the amount requested on Tab 51, and also shown in Tab 17. Dev. Narrative. As a reminder, COCA is optional.

##### **Tab 31. Schedule of Sources**

If the Applicant requests optional COCA, the COCA must be entered as Debt. The Applicant must complete Tab 51. HARP COCA before entering COCA on Tab 31. Schedule of Sources. The amount of COCA requested should be entered as a “Permanent Loan.” The interest rate may be 0% deferred forgivable or 0.25% deferred payable, as further described in the NOFA. The COCA will be payable in full or forgiven upon the greater of fifteen years from the project completion, or the term of a HAP Contract layered on the property and reflected in the underwriting report. The Department will require that funds not expended during the Federal Affordability Period be returned to the Department in accordance HUD Notice 21-10, unless the Federal Affordability Period is being extended. If the Applicant selects a deferred forgivable note and also has Housing Tax Credits awarded to the property, a letter from the equity partner(s) is required before award stating that the partner(s) has considered the tax implications of a deferred forgivable loan.

##### **Tab 47. Third Party Reports**

HOME-ARP Applicants without previous Part 50 or 58 environmental clearance, must submit their completed Part 58 environmental review 90 days after the Application Acceptance date.

#### **4.5. HOME-ARP ADDITIONAL TABS**

The HOME-ARP additional tabs in the Uniform MF Application must be submitted with the entire Application. For more information about HOME-ARP requirements, see the guidance pages at <https://www.tdhca.state.tx.us/home-arp/index.htm>.

#### Tab 49. HOME-ARP Specifics

Questions on this tab gather basic information from the applicant to be able to administer HOME-ARP if awarded.

Enter information in the yellow cells regarding:

1. **Proposed Development Name.** This field will self-populate based on previous entries. No further entry needed.
2. **HOME-ARP QP Referral Method**
  - 2a. Expanded CE Only: If using Coordinated Entry (CE) only, there are a series of questions to ensure that the CE meets the HOME-ARP requirements. The CE must encompass the entire primary market area, include all the QP household types, and expect to refer enough households to fill the HOME-ARP Units. In addition, the CoC lead entity would need to enter into a written agreement with TDHCA regarding the use of preferences. If no agreement can be reached between TDHCA and the CoC lead entity, by time of Contract, then another referral source must be used.
  - 2b. CE and Other Referrals: If using CE and other referral methods, list the CoCs expected to make the referrals and the names of other agencies that would be referring the households.
3. **Preferences**
  - **Important:** All QPs will be eligible for the Units; the selection of preferences is not a limitation that excludes QPs.
  - Preferences listed in the application and approved by TDHCA will be formalized in the written agreement and in the Land Use Restriction Agreement.
  - Preference for persons referred through Coordinated Entry:
    - The preference “Persons Referred through Coordinated Entry” is not available for any HOME-ARP Units layered with HOME annual or NHTF. If *any* HOME-ARP Units are layered with National Housing Trust Fund (NHTF) or HOME annual, then the preference “Persons Referred through Coordinated Entry” is not eligible for any HOME-ARP Units unless the Units are fixed.
    - If using the referral method “Expanded CE Only,” the preference “Persons referred through Coordinated Entry” is duplicative and not required. If using CE and Other Referrals, the preference “Persons referred through Coordinated Entry” is not required.
  - 3a. Other Preferences. If there is a preference required by another federal funding source, list the preference and attach documentation showing the preference requirement.
  - 3b. Managing Preferences. If the Applicant wishes to apply some preferences to certain units and not others, provide details on how

the preferences will be applied. If more than one preference is selected, the Applicants should state if and describe how the preferences are ranked.

#### 4. Attachments

- **HOME-ARP Certification (Required).**
  - Applicants should ensure that the appropriate HOME-ARP Certification is attached: New Applicant Certification (not the Returning Applicant Certification).
  - The Application Certification must be signed by the Applicant or person with authority to execute documents on the Applicant’s behalf and must be dated.
  - No hard copy of either certification is required, only a LEGIBLE scanned copy within the PDF file. The Applicant must, however, retain the originals and provide them to the Department on request.
  - A copy of the HOME-ARP Rental Certification for New Applicants to execute is available online at <https://www.tdhca.state.tx.us/multifamily/special-initiatives.htm>.
  - The MF Certifications also apply to HOME-ARP funds.
- **Direct Loan Unit Calculator (Required).**
  - Calculator is available online at <https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm>.
  - Applicant must submit a direct loan unit calculator tool, with Step 1 – Development Cost Schedule and Direct Loan Request Info, and Step 2 – Rent Schedule Info completed.
  - IMPORTANT: Requests for COCA must be reflected in Table 1. If the Applicant accurately updated Tab 30. Development Cost Schedule, then the COCA would already be included in the Total Development Cost from the Development Cost Schedule.
  - **If Applicant has conducted acquisition or started construction, those costs cannot be included in the total development cost.** Please note the amount reflected on the calculator should represent HOME-ARP funds only.
  - Step 3 – Actual Max Per Unit Subsidy would only need to be completed if the Development was also requesting other MFDL funding from the Department. (HOME ARP is not considered a federal funding source for NHTF subsidy layering purposes).
  - Step 4 – Scoring Max Per Unit Subsidy would not need to be completed.
- **Preference required under another funding source (if applicable)**
- **Settlement Statement (if applicable)**

**5. Nonprofit Capacity Building (optional)**

- Nonprofit organizations as part of the organizational structure for the Development may be eligible for a grant of nonprofit capacity building funds.
- The Development team may enter an amount requested for nonprofit capacity building each year for the first three years after award. The total amount of nonprofit capacity building funds combined with the optional request for nonprofit operating cost assistance funds should not exceed \$75,000 yearly.
- Per the NOFA: A nonprofit applicant must describe their approach to implementing the Capacity Building Assistance. A narrative must answer the questions: How will funds be used? How does the use of the funds in that way build capacity specific to HOME-ARP QPs?
- The narrative must also describe the uses of capacity building for each of the eligible capacity building activities, as listed in HUD CPD Notice 21-10:
  - A. Payroll. Salaries for new hires including wages and other employee compensation and benefits.
  - B. Training. Employee training or other staff development that enhances an employee's skill set and expertise.
  - C. Equipment. Computer software or programs that improve organizational processes, upgrades to materials, and supplies under \$5,000 combined over contract period (e.g., 1-3 years).
  - D. Technical Assistance/Consultants. Contracts for technical assistance or for consultants with expertise related to the HOME-ARP qualifying populations.

**5a. Nonprofit Operating Cost Assistance (optional)**

- Nonprofits organizations as part of the organizational structure for the Development may be eligible for nonprofit operating cost assistance funds.
- The Development team may enter an amount requested for nonprofit operating cost assistance each year for the first three years after award. The total amount of nonprofit operating cost assistance funds combined with the optional request for nonprofit capacity building funds should not exceed \$75,000 yearly.
- Per the NOFA: The Nonprofit Operating Assistance will be available only to Supportive Housing Developers as defined in [10 TAC §11.1\(d\)\(126\)](#) or Qualified Nonprofits, as defined in [10 TAC §11.1\(d\)\(108\)](#). An Applicant will describe the need for Operating Cost Assistance. A narrative must answer the questions: How will funds be used? How does the use of the funds in that way support the nonprofit to build the rental development? The narrative must also describe the uses of nonprofit operating cost assistance for each of the eligible activities, as listed in HUD CPD Notice 21-10.



- A. Payroll. Employee salaries, wages and other employee compensation and benefits.
- B. Training. Employee education, training and travel.
- C. Equipment. Equipment, materials, and supplies under \$5,000 combined over contract period (e.g., 1-3 years).
- D. Operating/overhead. Rent, utilities, communication costs, taxes, and insurance.

#### 6. Total HOME-ARP Request

- The total amounts entered into Tab 17, Funding request; Tab 49, Total Nonprofit Capacity Building and Operating Cost Assistance; and Tab 51, HARP COCA, will auto-populate the total HOME-ARP request. Total cannot exceed \$15,000,000 for Applicants under the first Application due date or \$7,000,000 for Applicants under the second Application due date.

#### Tab 50. HARP Rent Sched. 16-40

- Tab 50. Rent Schedule 16-40 is for rents expected in year 16 (after the HOME-ARP federal affordability period ends if there is no Housing Assistance Payment contract layered on the project). These forms show up to 40 years to assist with underwriting criteria, but the rents will last as long as the LURA and the state affordability period.
- The HOME-ARP federal affordability period is 15 years, or the expiration of a layered Housing Assistance Payment (HAP) Contract. The rent limits for the HOME-ARP Units may be increased after the Federal Affordability Period, (which on this form is after 15 years), though must remain affordable throughout the state affordability period. If the Applicant has a HAP contract layered on the project, the rents reflected on Tab 50 will take affect after the greater of 15 years or the end of the HAP contract.
- Layering HOME-ARP post year 15 is allowed with the same guidelines as Tab 24, Rent schedule. However, there will be no Units at zero rent collected, since QP units' restrictions cease.
- For the HOME-ARP LURA, the rent levels post year 15 must be the same as other TDHCA programs on the Development whether the Units are layered or not. For example, the rent post year 15 can be HOME annual, 4% or 9% HTC, NHTF, Neighborhood Stabilization Plan (NSP), Tax Credit Assistance Program (TCAP) or other TDHCA funding source. The rent levels post year 15 cannot be restricted only to an external funding source or external affordable housing program.
- Guidance on rent levels (including rent levels during the state affordability period) is available at <https://www.tdhca.state.tx.us/home-arp/index.htm>.

**Tip** – Applicants may copy and paste individual columns from Tab 24 into Tab 50 so that each drop down does not have to be selected individually.

**Important** – At least 20% of the Units must be for households at 60% or below AMI, and all Units must be for households at 80% or below AMI.

- The HOME-ARP Units must be indicated in HOME-ARP column, as well as the other layered sources. However, in years 16-40, the rent collected on the Unit will be the amount of the most restrictive layered source.
- Once the rent is entered by the Applicant in Rent Collected/Unit, the HOME-ARP Supplemental Application will automatically calculate the expected rent in 15 years with 2% inflation per year.
- If the HOME-ARP Unit was not layered in years 1-15, the Applicant will need to indicate what rent level from the other program will be charged.
  - Example:
    - the HOME-ARP Unit was not layered in years 1-15
    - the Development was layered with HTC Units, and
    - the Applicant wishes to have HTC rents on the HOME-ARP Units in the state affordability period.
    - the Applicant will indicate the rents to be charged in the corresponding rent designations in the HOME-ARP column.

selected in column B on their own row so the number of match units is correctly reflected in column G.

| Rent Designations (select from Drop down menu) |                 |                 |          |                      |            |                |            |                                  |                            |                    |                            |                      |  | Carryforward                 |  |  |  |  |  |  |  |
|--|-----------------|-----------------|----------|----------------------|------------|----------------|------------|----------------------------------|----------------------------|--------------------|----------------------------|----------------------|--|------------------------------|--|--|--|--|--|--|--|
| HTC Units                                      | MFDL HOME Units | MFDL NHTF Units | HOME-ARP | Other/ Subsidy Units | # of Units | # of Bed-rooms | # of Baths | Unit Size (Net Rentable Sq. Ft.) | Total Net Rentable Sq. Ft. | Program Rent Limit | Tenant Paid Utility Allow. | Rent Collected /Unit | Total Monthly Rent for year of application | Rent Year in year 16         |  |  |  |  |  |  |  |
|  |                 |                 |          |                      | (A)        |                |            | (B)                              | (A) x (B)                  |                    |                            | (E)                  | (A) x (E)                                  | Total Monthly rent x 1.02^15 |  |  |  |  |  |  |  |
|  |                 |                 | TC 60%   |                      | 11         | 1              | 1.0        | 500                              | 5,500                      | 555                | 55                         | 500                  | 5,500                                      | \$ 7,402                     |  |  |  |  |  |  |  |
|  |                 |                 | TC 80%   |                      | 12         | 2              | 1.0        | 700                              | 8,400                      | 665                | 65                         | 600                  | 7,200                                      | \$ 9,690                     |  |  |  |  |  |  |  |
|  |                 |                 | TC 50%   |                      | 13         | 1              | 1.0        | 500                              | 6,500                      | 775                | 75                         | 70                   | 910  | \$ 1,225                     |  |  |  |  |  |  |  |
|  |                 |                 | TC 80%   |                      | 14         | 2              | 1.0        | 700                              | 9,800                      | 885                | 85                         | 800                  | 11,200                                     | \$ 15,074                    |  |  |  |  |  |  |  |
|  |                 |                 |          |                      |            |                |            |                                  |                            |                    |                            |                      |  |                              |  |  |  |  |  |  |  |

**Tab 51. HARP COCA**

- Step 1:
  - A. HOME-ARP Units
    - This table automatically calculates total Units and total HOME-ARP Units from Tab 49b, Rent Schedule 1-15.
  - B. Units Mix
    - This table automatically calculates HOME-ARP QP Units and HH/60% and HH/80% Units from Tab 49b, Rent Schedule 1-15. Only HOME-ARP QP Units are eligible for COCA.
  - C. HOME-ARP Units for COCA
    - Applicant should complete this table based on how many QP Units are expected to have project-based rental assistance and/or operating assistance other than COCA. The percentage calculated in Table C is the total percent of Units that are eligible for HOME-ARP.
  - D. Square Footage Calculation
    - Applicant should complete the table using figures from Tab 22 in the Uniform Multifamily Application.
- Step 2:
  - Operating expense totals and ineligible costs from Tab 26 Annual Operating

Expenses should prepopulate into the Tab 51. HARP COCA.

- Tab 26 Annual Operating Expenses - possible adjustments: There are certain items eligible for COCA that may not be reflected on Tab 26, and could be added as “other” with a description on Tab 26 if the Applicant wishes to request these operating costs be reflected in the COCA. These are:
  - Other General Administration Costs:
    - Bank charges;
    - Internet; and
    - Other administrative costs that are reasonable and customary.
  - Payroll, Tax and Employee Benefits:
    - Resident Services Coordinator (pro-rated)
    - Employee compensation for employees assigned to building
    - Benefits for employees assigned to building
    - Education for employees assigned to building
    - Training for employees assigned to building
    - Travel for employees assigned to building
- Any HOME-ARP ineligible costs will be subtracted in Step 1. Most of these ineligible costs will automatically populate from Tab 26 Annual Operating Expenses and be automatically subtracted, but some ineligible costs may need to be submitted by the Applicant.
- First a percentage of ineligible square footage is applied to the annual operating expenses, and subtracted from the total to account for the proportionality of ineligible costs. These were calculated in Step 2(D) and include but are not limited to:
  - detached leasing office;
  - detached garages;
  - commercial spaces; or
  - spaces not intended for tenants and their guests.

**Important** -- Replacement reserves and lease-up reserves are not eligible for HOME-ARP, and should be removed under “Other ineligible costs” in Step 5.

- In addition, certain costs in the Operating Expenses are not eligible for HOME-ARP capitalized operating reserve, such as repairs and maintenance on a pool (or other ineligible HOME-ARP costs), cable TV, supportive services, and compliance fees. These costs are automatically subtracted, and there is additional space to add other ineligible costs as applicable. 10 TAC §13.3(e) lists ineligible costs for Multifamily Direct Loan funds, and which will also be ineligible for HOME-ARP, except for §13.3(e)(12) regarding reserve accounts. These costs include, but are not limited to:

- (1) Offsite costs;
- (2) Stored Materials;
- (3) Site Amenities, such as swimming pools and decking, landscaping, playgrounds, and athletic courts;

- (4) The purchase of equipment required for construction;
- (5) Furnishings and Furniture, Fixtures and Equipment (FF&E) required for the Development;
- (6) Detached Community Buildings;
- (7) Carports and/or parking garages, unless attached as a feature of the Unit;
- (8) Commercial Space costs;
- (9) Personal Property Taxes;
- (10) TDHCA fees;
- (11) Syndication and organizational costs;
- \*(12) Reserve Accounts, except Initial Operating Deficit Reserve Accounts;
- (13) Delinquent fees, taxes, or charges;
- (14) Costs incurred more than 24 months prior to the effective date of the Direct Loan Contract, unless the Application is awarded TCAP RF, and if specifically allowed by the Board;
- (15) Costs that have been allocated to or paid by another fund source (except for soft costs that are attributable to the entire project as specifically identified in the applicable federal rule, or for TCAP RF if specifically allowed by the NOFA), including but not limited to, contingency, including soft cost contingency, and general partner loans and advances;
- (16) Deferred Developer Fee;
- (17) Texas Bond Review Board (BRB) fees;
- (18) Community Facility spaces that are not for the exclusive use of tenants and their guests;
- (19) The portion of soft costs that are allocated to support ineligible hard costs; and
- (20) Other costs limited by Award or NOFA, or as established by the Board;
- (21) Interest on Construction Loans; and
- (22) Acquisition that occurred before the Application Acceptance Date and environmental clearance for HOME and NSP projects. For NHTF, acquisition that occurred prior to Contract signing.

\*COCA is a reserve account allowed for HOME-ARP that is not an initial operating deficit reserve account.

- Step 3:
  - The amount of COCA for year 1 is calculated by multiplying the percentage of QP Units eligible to receive COCA by the eligible annual operating costs.
  - Step 3 also calculates the total amount over 15 years, with inflation of 3% per year.
  - **Applicant must enter the total amount of COCA requested with the application in Year 1: COCA Requested.**
  - The total amount of COCA requested over the 15 years will be automatically calculated after the Year 1: COCA request is entered.

**Tab 52. HARP Pro Forma 16-40**

- The pro forma should largely self-populate, unless there are other expenses or

income not included in Tabs 50, HARP Rent Schedule 16-40 or Tab 26, Annual Operating Expenses. All income and expenses are adjusted for 2% growth (income) or 3% growth (expenses) each year from 1-15 and reflected in Year 16. Then the growth will still be 2% or 3% respectively and shown in each column. Any items not included should in Tabs 50 or 26 be entered under “Other (Describe)” with a description.

- If COCA was requested in Tab 51, the amount over 15 years would have expired in year 16, and will not be reflected on the 16-40 Pro Forma.
- Any deferred developer’s fee must be the same amount or more as reflected in the latest REA report, and still must be shown to be able to be fully repaid by year 15, so should not be reflected on the 16-40 Pro Forma.
- If (1) the project is layered with a Housing Assistance Payment (HAP) Contract, and (2) not all the HOME-ARP units are covered under the HAP contract: then an additional pro forma will be needed. HOME-ARP rental projects paired with a Housing Assistance Payment (HAP) contract will retain the HOME-ARP requirements for the greater of 15 years or the term of the HAP contract per HUD Notice 21-10. **Because each HAP contract may have a different term, the pro forma in Tab 52 will not reflect the extension for the units without HAP. A QP Unit without HAP support or other project based rental assistance will continue to pay 30% of their income toward rent and will be underwritten as zero income until the end of the HAP contract. HOME ARP LI Units will continue using the HOME income and rent limitations until the end of the HAP Contract. An applicant without HAP on each HOME-ARP unit must attach an additional pro forma behind Tab 52 showing how long the HOME-ARP requirements last past year 15.**

### Tab 53. HOME-ARP Scoring

- Applicant should select the scoring items for which the Project is requesting points. When selecting points, the boxes should be checked in Column B and the points claimed will automatically populate be entered into Column D.
- The Applicant should indicate at the top of Sections A, B and C, how many total points they are claiming, not exceeding the maximum point values for each section.
- Section D will auto-calculate based on the amounts entered into Sections 1-3.
- Section E is a reminder to submit attachments as required for the points claimed. Each attachment should be labeled according to the number of the scoring item.

### 5.6. SUBMISSIONS, APPEALS, PUBLIC ACCESS

The submission process is dictated by the Uniform MF Application Manual.

All written appeals should be submitted to the HOME-ARP Director. Appeals may be uploaded to the Serv-U file for the Application, in all instances the Applicant must email notification of

the Appeal to Naomi Cantu at [naomi.cantu@tdhca.state.tx.us](mailto:naomi.cantu@tdhca.state.tx.us).

### **Public Access to Applications**

The Department will allow the public to view any Applications that have been submitted to the Department in an electronic format. An Applicant may request, via an open records request, an electric or paper copy between the hours of 8:00 a.m. and 5:00 p.m. (Austin local time) Monday through Friday. There may be an associated cost with requesting this information.