



Texas Department of Housing and Community Affairs Housing Trust Fund (HTF)

2007 Texas Veterans Housing Support Program Notice of Funding Availability (NOFA)

Summary

The Texas Department of Housing and Community Affairs (Department) announces the availability of approximately \$1,000,000 of the 2007 Housing Trust Fund (HTF) to fund housing programs for veterans. Funds will be made available for tenant based rental assistance and homebuyer assistance. The availability and use of these funds are subject to the State Housing Trust Fund Rules at 10 Texas Administrative Code, Title 10, Part 1, Chapter 51 ("HTF Rules") in effect at the time the application is submitted.

Allocation of HTF Funds

These funds are made available through the Housing Trust Fund and are not subject to the Regional Allocation Formula. All funds released under this NOFA shall be used for the creation of affordable housing for Texas veterans earning 80 percent (80%) or less of the Area Median Family Income (AMFI) as defined by the U. S Department of Housing and Urban Development (HUD), with priority given to veterans with disabilities and/or veterans who have served in the war in Afghanistan, also known as Operation Enduring Freedom, the Iraq War, also known as Operation Iraqi Freedom, and other recent overseas conflicts.

In accordance with 10 TAC §51.6(d), this NOFA will be an Open Application Cycle and funding will be available on a first-come, first-served statewide basis. Applications will be accepted by the Department on regular business days until 5:00 p.m., **Friday, December 28, 2007, regardless of method of delivery.** Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet minimum threshold criteria will not be considered for funding.

The maximum award amount per activity is \$250,000 inclusive of project and administrative funds. Up to four percent (4%) of the requested project funds may be requested for administrative costs.

Entities applying for both activities, must submit one application for each activity.

Eligible and Ineligible Activities

Eligible activities will include those permissible under HTF Rules at 10 TAC §51.4.

Prohibited activities include those under HTF Rules 10 TAC §51.5.

Veteran's Rental Assistance (VRA):

Rental subsidy, security, and utility deposit assistance is provided in the form of a grant to tenants in accordance with written tenant selection policies for a period not to exceed 36 months. VRA allows the assisted tenant to move to and live in any dwelling unit with a right to continued assistance during a 36-month period with the condition that the assisted household participate in a self-sufficiency program, which shall include among its objectives the acquisition of a permanent source of affordable housing on or before the expiration of the rental subsidy. The VRA program will be available for veterans transitioning from Veteran's Administration (VA) Hospitals or other care facilities; or veterans honorably discharged from the service and transitioning to civilian life. All rental properties must meet HUD's Housing Quality Standards (HQS).

The contract term for a VRA contract will be 40 months.

Veteran's Homebuyer Assistance (VHA):

Down payment and closing cost assistance is provided to homebuyers for the acquisition, or acquisition and rehabilitation, of affordable and accessible single family housing. Rehabilitation must be to ensure accessibility. Eligible homebuyers may receive loans up to \$35,000 for down payment, closing costs and rehabilitation. A maximum of \$15,000 of the \$35,000 loan can be used for down payment and closing costs. The balance of the assistance can be used for needed accessibility modifications. All homes purchased with HTF assistance must meet all applicable codes and standards including the Texas Minimum Construction Standards (TMCS).

If the assisted household has an income that is less than 60% of the area median family income or if the head or co-head of the household is an income-qualified (up to 80% AMFI) disabled veteran, the assistance will be in the form of a zero percent (0%) interest 5-year deferred, forgivable loan creating a 2nd or 3rd lien.

If the household income is below 80% of the AMFI, but more than 60% of the AMFI, then the homebuyer assistance will be in the form of a zero percent (0%) interest 10-year deferred, forgivable loan creating a 2nd or 3rd lien.

The VHA loan is to be repaid at the time of resale of the property, refinance of the first lien, repayment of the first lien, or if the unit ceases to be the assisted homebuyer's principal residence. If any of these occur before the end of the 5 or 10-year loan term, the borrower must repay the unforgiven portion of the funds to the Department. This amount will be based on a pro-rata share of the remaining loan term. The amount of assistance for the accessibility modifications will be in the form of a grant. At the completion of the assistance, all properties must meet the TMCS, all applicable building and safety codes, rehabilitation standards,

ordinances and local zoning ordinances. If a home is newly constructed it must also meet federal energy requirements as defined by HUD.

The contract term for a VHA contract will be 24 months.

Eligible and Ineligible Applicants

Eligible applicants are Units of General Local Government, Nonprofit Organizations and Public Housing Authorities (PHA's).

Applicants may be ineligible for funding if they meet any of the criteria listed in §51.5 of the Department's HTF Rules.

Threshold Criteria

Veteran's Rental Assistance (VRA):

Cash Reserve:

Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every applicant must be able to evidence as a threshold standard that they demonstrate the ability to administer the program and commit adequate cash reserves of at least one month's total rents for the number of households proposed to be served in order to cover any delays in the disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. This commitment must be included in the applicant's resolution.

Self-Sufficiency Plan:

It will also be a threshold requirement that the applicant for rental assistance submit a detailed self-sufficiency plan which must be implemented for each tenant served, if awarded. The Plan must describe the process for the transition of households to permanent housing by the end of the 36-month rental assistance contract term.

The documentation must describe the necessary components for the overall plan proposed for transition of potential tenants. This plan, like a case management plan, should detail the need of the tenant, how these needs will be addressed including any agreements with service providers who shall assist the tenant at meeting these needs, and a proposed timeframe for completing those activities. The plan must include:

1. A sample household budget which will utilize existing sources of income such as employment, disability payments and other types of support that details how the assisted household will afford to be self-sufficient by the end of the 36 month rental assistance.
2. If additional income is required to attain self-sufficiency, a plan for attaining the required education or training, or a job search plan must be included.
3. Specific housing goals that will be completed on or before the end of the 36 month assistance period. This includes finding subsidized housing, affordable market housing or other permanent housing solutions. The plan should include the required steps such as completing an application, approximate waiting time to get into the type of housing desired and the cost of the housing to the tenant.

Resolution Requirement:

All applications submitted for VRA must include an original resolution from the applicant's direct governing body, authorizing the submission of the application, committing a specific amount for cash reserves for use during the contract period and naming a person authorized to represent the organization and signature authority to execute a contract.

Veteran's Homebuyer Assistance (VHA):**Cash Reserve:**

Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every applicant must be able to evidence as a threshold standard, that they can demonstrate the ability to administer the program and commit adequate cash reserves of at least \$35,000 to cover any delays in the disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. This commitment must be included in the applicant's resolution.

Homebuyer Counseling and Lender Products:

It will also be a threshold requirement that every VHA Applicant provide evidence of Homebuyer Counseling and evidence of available lender products. Evidence must include documentation describing the level of homebuyer counseling proposed for potential homebuyers including a copy of the curriculum, type of materials that will be provided to the homebuyer, a copy of a written agreement with service provider, if the applicant is not the service provider; and a description of post purchase counseling to be provided. The Homebuyer Counseling must be provided to each household served, if awarded.

Applicant is required to submit three letters from lenders interested in participating in the applicant's proposed homebuyer assistance activity. Lender Letters must be on the lender's letterhead and include the lender name, address, city, state, and zip code. Lender letter must affirm the willingness, ability and type of affordable loan products available for the applicant's targeted homebuyers.

Resolution Requirement:

All applications submitted for VHA must include an original resolution from the applicant's direct governing body, authorizing the submission of the application, committing a specific amount for cash reserves for use during the contract period and naming a person authorized to represent the organization and signature authority to execute a contract.

Review Process

Pursuant to 10 TAC §51.6, each application will be handled on a first-come, first-served basis. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Applications will be reviewed for Applicant and Activity Eligibility and Threshold Criteria as described in this NOFA.

Funding recommendations of eligible applicants will be presented to the Department's Governing Board of Directors based on eligibility and on a first-come, first-served basis limited by the total amount of funds available under this NOFA and the maximum award amount per activity.

Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HTF funds before an application has been completely reviewed. If on the date an application is received by the Department, no funds are available under this NOFA, the applicant will be notified that no funds exist under the NOFA and the application will not be processed.

An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

Application Submission

The Application Guide for this NOFA will be available on the Department's website at www.tdhca.state.tx.us on **August 15, 2007**, or you may call (512) 463-8921 to request a copy. Applications must be submitted on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department. All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials. Final application deadline date is **5:00 P.M., Friday, December 28, 2007**.

Applications mailed via the U.S. Postal Service must be mailed to:

**Texas Department of Housing & Community Affairs
Attn: Housing Trust Fund, Texas Veterans Housing Support Program
HOME Division
P.O. Box 13941
Austin, Texas 78711-3941**

Applications mailed by private carrier or hand-delivered will be received at the physical address:
**Texas Department of Housing & Community Affairs
Attn: Housing Trust Fund, Texas Veterans Housing Support Program
HOME Division
221 E. 11th Street
Austin, Texas 78701**

Applicants are required to remit a non-refundable application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$30 per application. Please send a check, cashier's check or money order; **do not send cash**. Section 2306.147(b) of the Texas Government Code requires the Department to waive grant application fees for 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 in lieu of the application fee.

Applications that do not meet the filing deadline and application fee requirements will be returned to the applicant and will not be considered for funding. Application deficiencies will be processed in accordance to 10 TAC §51.6. An applicant may appeal decisions made by the Department in accordance with 10 TAC §1.7.

This NOFA does not include text of the various applicable regulatory provisions that may be important to the Housing Trust Fund Program. For proper completion of the application, the Department strongly encourages potential applicants to review the HTF Rules and regulations and to attend an application training workshop.

Application Workshop

The Department will present a Housing Trust Fund Program Application Workshop that will provide an overview of the Housing Trust Fund, application preparation and submission requirements, evaluation criteria, and information about the major State requirements that may affect a Housing Trust Fund project. The Housing Trust Fund Application Workshop schedule and registration will be posted on the Department's website at www.tdhca.state.tx.us.

Audit Requirements

An applicant is not eligible to apply for funds or any other assistance from the Department unless a past audit or Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b). This is a threshold requirement outlined in the application, therefore applications that have outstanding past audits will be disqualified. Staff will not recommend applications for funding to the Department's Governing Board unless all unresolved audit findings, questions or disallowed costs are resolved per 10 TAC §1.3(c).

Contact Information

Questions regarding this NOFA should be addressed to:

HOME Division

221 E. 11th Street

Austin, Texas 78701

Telephone: (512) 463-8921

E-mail: HOME@tdhca.state.tx.us