

# HOME American Rescue Plan (HOME-ARP) Rental Development Gap Financing Guidance

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Presented by:

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## Questions

- Enter questions into Question panel of GoToWebinar
- Questions may be addressed at the end of each webinar.
- For further information, email [Tiara.Hardaway@tdhca.state.tx.us](mailto:Tiara.Hardaway@tdhca.state.tx.us).

3

## Objectives

### HOME-ARP Rental Development Gap Financing

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- ✓ HIGHLIGHTS FOR THE 2023-2 HOME-ARP RENTAL DEVELOPMENT NOFA
- ✓ KEY POINTS FOR HOME-ARP RENTAL DEVELOPMENTS
- ✓ UNIFORM MULTIFAMILY (MF) APPLICATION EXPECTATIONS
- ✓ HOME-ARP SUPPLEMENTAL APPLICATION



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

4

## HOME-ARP Basics

- Based on HUD's HOME Investment Partnerships Program
- Governed by HUD CPD Notice 21-10 and Appendix
- Waivers/additional requirements to 10 TAC in NOFA Appendix A
- Web resources:
  - TDHCA: <https://www.tdhca.state.tx.us/home-arp/index.htm>
  - HUD Exchange: <https://www.hudexchange.info/programs/home-arp/>

5

## Qualified Populations (QP)

- Main focus for HOME-ARP is to serve QP
  - Experiencing homelessness
  - At-risk of homelessness, and at-risk of homelessness criteria, with waiver to allow for income up to 50% AMI
  - Fleeing or attempting to flee domestic violence
  - 30% AMI with severe housing cost burden
  - Previously homeless and who need additional assistance avoid a return to homelessness

IMPORTANT: Not all QP Households have an income qualification.

6

## Highlights of the HOME-ARP Rental NOFA

7

### HOME-ARP Multifamily Funds Available

- Total amount of 2023-2 HOME-ARP Rental NOFA
  - \$46,511,887 for rental development
  - \$3,324,229 in nonprofit capacity building/nonprofit operating assistance
- Background
  - \$56,511,887 programmed for affordable rental housing
  - \$10,000,000 for National Housing Trust Fund set-aside
    - NHTF Awardees from 2020/2021 eligible if have cost increases.

8

## Application Acceptance and Eligibility

- **First period – December 9, 2022 to January 31, 2023**
  - Eligible: HOME-ARP only
  - Eligible: Layered with 2022 or 2023 4% HTCs, 2022 9% HTC, HOME annual, or National Housing Trust Fund (NHTF)
    - NHTF only eligible if the per unit subsidy limit would be exceeded with additional NHTF.
  - Ineligible: Applications layered with 2020 or 2021 4% or 9% HTCs or 2023 9% HTCs
- **Second period – February 1, 2023 to March 1, 2023.**
  - Limited to 2023 9% HTC Supportive Housing Applicants for layering.

9

## Competition Fundamentals

- **Amount**
  - Min: \$500,000
  - Max for first application period: \$15,000,000, inclusive of Capitalized Operating Cost Assistance (COCA) and nonprofit capacity building/nonprofit operating cost assistance (NCO)
  - Max for second application period: \$7,000,000, inclusive of COCA and NCO
- **Affordability period**
  - 15 year federal compliance period
  - At least 30 year state affordability period

10

## Gap Financing vs New Applicants

- Gap Financing
  - Applicants for HOME-ARP on a project with previously awarded TDHCA funds or credits
- New Applicants
  - Applicants for HOME-ARP on a project with no previous multifamily award from TDHCA

11

## HOME-ARP Rental: Gap Financing Application



12

## Application Materials

- **Submit:**
  - Updated Uniform Multifamily Application
    - Awarded application in Excel and PDF, including changes submitted through prior deficiency process
    - Updated for HOME-ARP
  - HOME-ARP Supplement Application
    - Complete tabs 49 through 53
- **Do not:**
  - Complete a 2023 Uniform MF Application
  - Use software that may affect the formulas in the excel cells.
  - Transfer tabs from one Excel file to another.

13

## New Electronic Filing Agreement Form

- Electronic Filing Agreement Form:
  - <https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm>
  - Send to Tiara Hardaway at [Tiara.Hardaway@tdhca.state.tx.us](mailto:Tiara.Hardaway@tdhca.state.tx.us) five days prior to application submission

14

## **HOME-ARP Rental Application: Required Updates to Uniform MF Application**

Applications are incomplete if required tabs are not updated for HOME-ARP.

15

### **Gap Financing Applicants: Required Updates**

- Tab 17. Development Narrative
  - Target population
    - Abbreviation of "HOME-ARP QP" allowed
  - Development Narrative
  - Set-aside does not apply (Question 6)
  - Previously Awarded State and Federal Funding
- Tab 30. Development Cost Schedule
  - If acquisition occurred, these are HOME-ARP ineligible.
  - No increase in developer fee and no decrease in deferred developer fee

16



## Gap Financing Applicants: Required Updates (part 2)

- Tab 31. Financing Narrative and Schedule of Sources
  - Include HOME-ARP in sources
  - Narrative should reflect increased costs.
- Tab 35. Supporting Documentation
  - Signed construction contracts/contractor bids or schedule of values
  - Evidence of other cost increases

17

## Gap Financing Applicants: Required Updates (part 3)

- Tab 47. Third-party reports
  - Part 58 environmental clearance due 30 days after the application due date.
  - Current market demand for QPs
    - use gap analysis, COC data, housing wait lists, point-in-time survey or other relevant data.
  - Scope and cost review updates for rehab/adaptive reuse
    - Could be updated labor costs if trigger Davis Bacon Labor Standards (e.g., 12 or more HOME-ARP units)

18

## HOME-ARP Rental Application: Tabs with Possible Updates in Uniform MF Application

19

### Possible updates

- All tabs with changes from the awarded application must be updated.
  - You need to update tabs with changes, even if tab was not listed in the HOME-ARP Gap Financing Manual.
- Some “Tabs with Possible Updates” are required for HTC awardees

20

## Tab Guide

### Appendix A: Uniform Multifamily Application Tabs with Additional Instructions or Updates and HOME-ARP Supplement

Applicants may use the chart below to determine which tabs should be updated for the HOME-ARP Supplemental Application.

Tab #	Applicants with existing awards	Applicants with MFDL awards only	Applicants with HTC awards only
1 App. Cover	n/a		n/a
1a. Certifications	n/a		n/a
1b. 4% HTC-Bond Filing	n/a		n/a
2. Cert. of Dev. Owner	n/a		n/a
3 Appl. Elig. Cert.	n/a		n/a
4. MF Direct Loan Cert.	n/a		MFDL certification required for applicants with only HTC.
5. Contact Info	Update if applicable: Contact info.	Update if applicable: Contact info.	Update if applicable: Contact info.
6a. Competitive HTC Self Score	n/a		n/a
6b. MFDL Self Score	n/a		n/a
7. Site Info Part I	n/a		Required update: Question 8, Site and Neighborhood Standards.

21

## Gap Financing Apps: Tabs with Possible Updates

Tab 4. Direct Loan Certification (Required for awardees with only HTC)

Tab 5. Contact Info.

Tab 7. Site Info Part I (Required for awardees with only HTC)

- Question 8. Site and Neighborhood Standards.

Tab 8. Site Info Part I Supporting Documents (Required for awardees with only HTC)

22

## **Gap Financing Apps: Tabs with Possible Updates (Pt. 2)**

- Tab 11. Site Info Part III
  - If extended site control, resubmit this tab.
- Tab 12. Site Info Part III Supporting Docs
- Tab 20. Existing Dev. Info. (Required for awardees with only HTC)
  - Lead Based Paint
- Tab 21. Occupied Developments
  - Possible update for HTC developments for Uniform Relocation Act.

23

## **Gap Financing Apps: Tabs with Possible Updates (Pt. 3)**

- Tab 25. Utility Allowances
  - Not updated for Gap Financing Applicants unless Development is all bills paid.
  - HOME-ARP can use the PHA utility allowance, if no conflict with other funding sources.
  - Any updates must be approved by Compliance.
- Tab 28. Offsite Cost Breakdown
  - Offsite costs are usually not HOME-ARP eligible, but may need to be updated to support development cost schedule.
- Tab 29. Site Work Costs Breakdown
  - Should be consistent with costs from the development cost schedule.

24

## Gap Financing Apps: Tabs with Possible Updates (Pt. 4)

- Tab 35 Supporting documentation
  - Supporting documentation more than one year old needs to be updated and resubmitted for schedule of sources.
- Tab 44. Experience Certification (Required for awardees with only HTC)
  - Evidence or commitment to show evidence of registration with SAM.gov
  - Acknowledgement of Davis Bacon Labor Standards if 12 or more units of HOME-ARP.
- HOME-ARP staff may request additional information if needed.

25

## HOME-ARP Rental Supplement



26

## **HOME – ARP Rental Applicant Sample**

- Development – Capital Complex Flats
- Location – Austin TX
- Supportive Housing
- Number of Units – 39 Efficiency, 1 Employee occupied unit (7 QP and 3 Low Income HOME-ARP units)
- Preference – Persons referred through Coordinated Entry
- Referral Method – Project specific waitlist
- Loan Structure – Deferred Forgivable
- Total HOME-ARP Request - \$ 1,966,785

27

## **Tab 49 HOME-ARP Specifics**

1. Development Name
2. HOME-ARP Referral Method
  - ❖ Coordinated Entry (CE) only
  - ❖ CE with other referrals  
List the referrals
  - ❖ Project-Specific Waitlist

28

### Tab 49 HARP Specific- Capital Complex Flats Example

<i>HOME-ARP Specifics</i>		
<b>1</b>	<b>Development Name</b>	Capital Complex Flats
<b>2</b>	<b>HOME-ARP QP Referral Method</b>	
	Is referral method for QPs (1) Expanded CE only; (2) CE and other referral methods; or (3) project-based waitlist?	(3) Project-based waitlist
<b>2a</b>	<b>EXPANDED CE ONLY</b>	--
	Expanded CE only: If using option 1, which Continuum of Care (CoC) regions are expected to make the referrals?	(1) Expanded CE only (2) CE and other referrals (3) Project-based waitlist
	Expanded CE only: Has the CE expanded to include all QPs?	
	Expanded CE only: does the CE serve the entire primary market area?	
	Expanded CE only: does the Applicant expect enough referrals through CE to fill all QP restricted units?	
	Expanded CE only: If the Development has discussed the possibility of expanded CE with the CoC, is the CoC willing to enter into a written agreement with TDHCA to comply with only TDHCA-adopted preferences and method of prioritization for HOME-ARP referrals?	
<b>2b</b>	<b>CE AND OTHER REFERRALS</b>	
	Which Continuum of Care (CoC) region are expected to make the referrals?	
	If using option 2 (CE and other referrals), which other referral sources (e.g., organizations) will be used?	

29

### Tab 49 HARP Specific – Section 3 Preference Selection

Preferences do not mean other QPs are excluded.

Not all preferences have to be selected in order to serve all QPs.

Preferences required per another federal funding source (if applicable)

Preferences applicable only to some units but not others (if applicable)

30

## Tab 49 HARP Specific- Capital Complex Flats Example

<b>Preferences (indicate any preferences, if applicable)</b>	<b>Put an "x" in the box next to the preferences below, as applicable.</b>
<i>Persons who are experiencing homelessness</i>	
<i>Persons who were formerly homeless but housed with temporary resources</i>	
<i>Persons With Disabilities (includes Persons with Substance Use Disorders and Persons Living with HIV/AIDS)</i>	
<i>Persons With Violence Against Woman Act (VAWA) Protections and Human Trafficking</i>	
<i>Chronically Homeless</i>	
<i>Homeless or At-Risk of Homelessness Veterans (including Wounded Warriors as defined by the Caring for Wounded Warriors Act of 2008)</i>	
<i>Homeless or At-Risk of Homelessness Families with Children</i>	
<i>Persons At-Risk of Homelessness</i>	
<i>Persons Exiting Institutions or Systems of Care/Reentry</i>	
<i>Persons referred through Coordinated Entry (may not be used with HOME-ARP layered with NHTF or HOME annual)</i>	X
<b>Other preferences</b>	
If there is a preference required by another federal funding source?	NO

31

## Tab 49. HOME-ARP Specifics Section 4 - Attachments

1. HOME-ARP Certification
  - New Applicant Financing Applicant Certification
2. Direct Loan Unit Calculator (which you can find on the link below)  
[22-MFDL-Calc-Tool.xlsx \(live.com\)](#)
  - Step 1 and 2 only
3. Preference required under another funding source (if applicable)
4. Settlement Statement (if applicable)

32



### Tab 49. HOME-ARP Specifics – Additional Funding Sources

#### Additional Funding Sources

- Details on other funding sources that may be pending

<b>5 Returning Applicants - Additional Funding Sources</b>
If applicable, list what other sources has Applicant applied for to help fund this development since the application was last underwritten.
If other funding sources are pending, when does Applicant expect notification of award or denial?
If other funding sources are awarded, will the amount of HOME-ARP requested in this application decrease?

33

### Tab 49. HOME-ARP Specifics – Section 6 Non Profit Capacity Building (Optional)

Narrative:

How will the funds be used?

How does the use of the funds build capacity, specifically to HOME-ARP QP tenants?


<b>6 Nonprofit Capacity Building (Optional)</b>	
Enter the amount of Nonprofit Capacity Building for year one	\$ 50,000
Enter the amount of Nonprofit Capacity Building for year two	\$ 50,000
Enter the amount of Nonprofit Capacity Building for year three	\$ 50,000
Total Nonprofit Capacity Building requested	\$ 150,000.00
<i>Support documentation will be requested per the Application Manual.</i>	

34

## Tab 49. HOME-ARP Specifics – Nonprofit Operating Cost Assistance (Optional)

**Important:** The Nonprofit Operating Assistance will be available only to Supportive Housing Developers.

<b>6a Nonprofit Operating Cost Assistance (Optional)</b>	
Enter the amount of Nonprofit Operating Cost Assistance for year one	\$ 25,000
Enter the amount of Nonprofit Operating Cost Assistance for year two	\$ 25,000
Enter the amount of Nonprofit Operating Cost Assistance for year three	\$ 25,000
Total Nonprofit Operating Cost Assistance requested	\$ 75,000.00
<i>Support documentation will be requested per the Application Manual.</i>	



35

## Tab 49 Section 7 Total HOME-ARP Request Example Capital Complex Flats

Information pulled from multiple tabs within the Uniform Application

<b>7 Total HOME-ARP Request</b>	
HOME-ARP Construction (from Tab 49b)	\$ 1,500,000
HOME-ARP NCO (if applicable)	\$ 225,000
HOME-ARP COCA (if applicable, from Tab 51)	\$ 241,785
Total HOME-ARP request	\$ 1,966,785

36

## Tab 49a HARP Funding Request

### Loan types:

- Construction to permanent loans:
  - Interest as low as .25%
- Construction-only loans:
  - 0% interest
- Deferred forgivable loans
  - Interest at 0% for supportive housing only

FHA layered transactions are unavailable for HOME-ARP

37

## Example: Capital Complex Deferred Forgivable

HOME-ARP Funding Request				
<b>1</b>	<b>Construction Loans</b>			
Complete the table below to describe this Application's funding request, selecting only one type of loan.				
	Requested Amount	Interest Rate	Amorization	Permanent Term (Years)**
HOME-ARP Construction to Permanent (repayable)*	\$ -	0.25%	-	-
HOME-ARP Construction Only (repayable)	\$ -	0.00%	n/a	n/a
HOME-ARP Construction to Permanent (deferred forgivable)***	\$ 1,500,000.00	0.00%	n/a	40
*Construction loan term will match existing TDHCA construction loan term.				
**Matches term of senior loan (within 6 months) or if no senior loan between 15 and 30 years.				
***Supporting documentation required per the HOME-ARP Rental manual.				

38

## Tab 49b Rent Schedule

Recreate existing rent schedule from Tab 24 into Tab 49b

- Add HOME-ARP to the existing rent schedule
  - Cannot change number of low income units or rent restrictions without also requesting amendment.
  - Cannot change Tax-Exempt Bond units or National Housing Trust Fund Units (if applicable)

39

## Tab 49b Rent Schedule

Tab 49b. Rent Schedule

- At least 70% of HOME-ARP units must be for Qualified Populations (QP)
  - Pay 30% of income toward rent.
  - Underwritten at zero rent, unless paired with project based assistance
  - Max rent is low HOME rent (24 CFR 92.252(b)), unless paired with project based assistance
- No more than 30% of units may be for low-income households – HH/80% or HH/60%
  - Low-income units are high HOME rent (unless further guidance received by HUD)
  - No more than 10% of the high HOME units can be HH/80%; remainder must be HH/60%
- The QP and HH/60% or HH/80% units must be proportionally distributed among similar units at the Development.

40

## Tab 49b Considerations - Layering Updates

### National Housing Trust Fund

- HOME-ARP funds will not add to NHTF annual per unit subsidy limit.

X Proportionality test units may not be layered

✓ Federal subsidy limit test units may be layered

✓ Voluntarily committed may be able to be layered (upon review)

### HOME annual

HOME-ARP funds will add to the HOME annual per unit subsidy limit

X Proportionality test units may not be layered

X Federal subsidy limit test units may not be layered

✓ Voluntarily committed may be able to be layered (upon review)

See HOME-ARP Rental Guidance at <https://www.tdhca.state.tx.us/home-arp/index.htm>.

41

## Tab 49b Considerations - Two Requirements Involving 50% AMI Units

- 10% of QP Units must:
  - Not be layered, or
  - Layered on units that are at 50% AMI or above.
- Optional Low-Income Units (up to 30% of the units) must\*:
  - Not be layered, or
  - Layered with units that have income requirements above 50% AMI and at or under 80% AMI.

\*Requirements of LI Units may change based on pending HUD guidance.

42

### Rent Schedule from Tab 49b – Capital Complex Example

Rent Designations (select from Drop down menu)				Carryforward									
HTC Units	MFDL HOME Units	MFDL NHTF Units	HOME ARP Units	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
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 60%					14	0	1.0	275	3,850	1,159	0	1,159	16,226
				City Low HOME	3	0	1.0	325	975	866	0	866	2,598
				City Low HOME	3	0	1.0	300	900	866	0	866	2,598
				City Low HOME	3	0	1.0	280	840	866	0	866	2,598
				City Low HOME	3	0	1.0	315	945	866	0	866	2,598
				City Low HOME	3	0	1.0	275	825	866	0	866	2,598
			HH/60%		3	0	1.0	275	825	1,059	0	1,059	3,177
EO				City High HOME	1	1	1.0	450	450	1,059	0	1,059	1,059
TC 60%			QP		6	0	1.0	280	1,680	1,159	0	0	-
			QP		1	0	1.0	275	275	1,352	0	0	-
									0				-

### Tab 50 Rent Schedule Years 16-40

QP units and low income units receive a different designation.

Tip - Copy and paste individual columns from Tab 49b

Important:

20% of units must be for households 60% or below AMI

All Units must be for households at 80% or below AMI

### Rent Schedule Post Year 15 Capital Complex Flats Example

Rent Designations (select from Drop down menu)				Carryforward										
HTC Units	MFDL HOME Units	MFDL NHTF Units	HOME-ARP	Other/ Subsidy Units	# of Units	# of Bedrooms	# 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%					14	0	1.0	275	3,850	1,159	0	1,159	16,226	\$ 21,838
				City Low HOME	3	0	1.0	325	975	866	0	866	2,598	\$ 3,497
				City Low HOME	3	0	1.0	300	900	866	0	715	2,145	\$ 2,887
				City Low HOME	3	0	1.0	280	840	866	0	866	2,598	\$ 3,497
				City Low HOME	3	0	1.0	315	945	866	0	866	2,598	\$ 3,497
				City Low HOME	3	0	1.0	275	825	866	0	866	2,598	\$ 3,497
			TC 60%		3	0	1.0	275	825	1,159	0	1,159	3,477	\$ 4,680
EO				City High HOME	1	1	1.0	450	450	1,059	0	1,059	1,059	\$ 1,425
TC 60%			TC 60%		6	0	1.0	280	1,680	1,159	0	1,159	6,954	\$ 9,359
			TC 70%		1	0	1.0	275	275	1,352	0	1,352	1,352	\$ 1,820
			TC 70%						0				-	\$ -
			TC 80%						0				-	\$ -
			30%/30%						0				-	\$ -
			40%/40%						0				-	\$ -
			LH/50%						0				-	\$ -
			HH/60%						0				-	\$ -
			HH/80%						0				-	\$ -
			30						0				-	\$ -

### Tab 51 Capitalized Operating Cost Assistance (COCA)

All Applicants must complete Step 1 in Tab 51.

Operating and COCA.

Step 1 should reflect Tab 26 of the Uniform MF App.

Steps 2-4 are only for Applicants requesting COCA.

COCA explained in

<https://www.tdhca.state.tx.us/multifamily/special-initiatives.htm>

### COCA Step 1: Annual Operating Expenses Example

Step 1: Annual Operating Expenses			
ANNUAL OPERATING EXPENSES			
			Annual Operating Expenses from Tab 26
<b>General &amp; Administrative Expenses</b>			
Accounting		\$	\$6,500
Advertising		\$	\$0
Legal fees		\$	\$500
Leased equipment		\$	\$500
Postage & office supplies		\$	\$125
Telephone		\$	\$1,200
Other	<i>describe</i>	\$	
Other	<i>describe</i>	\$	
<b>Total General &amp; Administrative Expenses:</b>		\$	<b>\$8,825</b>
<b>Management Fee:</b>			
			\$3,865
<b>Payroll, Payroll Tax &amp; Employee Benefits</b>			
Management		\$	\$30,000
Maintenance		\$	\$15,000
Other	<i>describe</i>	\$	
Other	<i>describe</i>	\$	
<b>Total Payroll, Payroll Tax &amp; Employee Benefits:</b>		\$	<b>\$45,000</b>

47

### Tab 51 Capitalized Operating Cost Assistance (COCA)

A. HOME-ARP Units			
Unit Designation	# of Units	% of Total Units	
		100%	
Total # of Units in Development	40		
HOME-ARP Units in Development	10	25%	

B. Units Mix			
Unit Designation	# of Units (should total # of HOME-ARP units above)	% of HOME-ARP Units	
HOME-ARP QP Units (min 70% of HOME-ARP units)	7	70%	
60%/HH or 80%/HH HOME-ARP Units (max 30% of HOME-ARP units)	3	30%	

**\*\*COCA Request for Qualifying Populations (QP) Only**

48



C. HOME-ARP Units for COCA		
Unit Designation	# of Units	% of Total Units
HOME-ARP QP units with project based assistance	0	n/a
HOME-ARP QP units with existing operating assistance from another source (exclusive of units with project based assistance)	0	n/a
HOME-ARP QP units eligible for Operating Assistance	7	17%

### Step 2 – Table C and Table D

D. Square footage calculation		
Total square footage (Tab 22)	14,000	
Ineligible sq. ft. - detached leasing office	1,000	
Ineligible sq. ft. - detached garages	-	
Ineligible sq. ft. - commercial spaces	-	
Ineligible sq. ft. - spaces not intended for tenants and their guests	400	
<b>Total ineligible sq. ft.</b>	<b>1,400</b>	
<b>Percentage of ineligible sq. ft.</b>	<b>10%</b>	

49

### Operating and COCA – Step 3

- Ineligible Costs from Step 1 should auto population
- Enter other ineligible costs.
  - Example: replacement reserves for HTC properties.

Step 3: Ineligible Costs		
Ineligible Square Footage applied to annual expenses	\$	15,527
Pool	\$	-
Cable TV	\$	5,000
Supportive Services (Staffing/Contracted Services)	\$	2,000
TDHCA Compliance fees (\$40/HTC unit)	\$	-
TDHCA Direct Loan Compliance Fees (\$34/MDL unit)	\$	476
TDHCA Bond Compliance Fees (TDHCA as Bond Issuer Only - \$25/MRB unit)	\$	-
Bond Trustee Fees (ALL Tax-Exempt Bond Developments; entry or explanation required)	\$	-
Issuer Ongoing Compliance Fees (entry or explanation required)	\$	-
Other ineligible costs: (optional) <i>replace reserve</i>	\$	50,000
<b>Subtotal of annual expenses for proportion of QP COCA</b>	<b>\$</b>	<b>82,263</b>

50

## Operating and COCA – Step 4 COCA Eligibility

- Automatic calculation of how much COCA is eligible.
- Year 1 of COCA should be entered by applicant.

Step 4		COCA Eligibility	
COCA Calculations			COCA Eligibility
Year 1: Eligible COCA for QP units for year one (Total eligible annual costs * % QP units eligible)		\$	13,985
Total 15 Year COCA eligible (adjusted 3% annually for inflation)		\$	260,101
<b>Year 1: COCA requested</b>		\$	13,000
Total COCA requested for 15 years		\$	241,785

51

## Tab 51a Pro Forma Years 1 - 15

- Income populates from Tab 49b. Rent Schedule 1-15 and Tab 51. Operating and COCA
- HOME-ARP COCA grows at 3% annually
- Expenses populate from Tab 51. COCA.
- Applicant should enter debt service and other.
- Deferred developer's fee must be equal or more than in latest Real Estate Analysis report, and fully repaid by year 15
- Supplemental Pro Forma should be signed.

52

15 Year Rental Housing Operating Pro Forma (All Programs)							
<p><i>The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. The exception is HOME-ARP Capitalized Operating Cost Assistance (COCA) requests that increase at 3% annually. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.</i></p>							
INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
INCOME	\$ 395,988	\$ 403,908	\$ 411,986	\$ 420,226	\$ 428,630	\$ 473,242	\$ 522,498
Secondary Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
POTENTIAL GROSS ANNUAL INCOME	\$ 395,988	\$ 403,908	\$ 411,986	\$ 420,226	\$ 428,630	\$ 473,242	\$ 522,498
Provision for Vacancy & Collection Loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Concessions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HOME-ARP COCA	\$ 13,000	\$ 13,390	\$ 13,792	\$ 14,205	\$ 14,632	\$ 16,962	\$ 19,664
EFFECTIVE GROSS ANNUAL INCOME	\$ 408,988	\$ 417,298	\$ 425,778	\$ 434,431	\$ 443,262	\$ 490,204	\$ 542,161
EXPENSES							
General & Administrative Expenses	\$ 8,825	\$ 9,090	\$ 9,362	\$ 9,643	\$ 9,933	\$ 11,515	\$ 13,349
Management Fee	\$ 3,865	\$ 3,942	\$ 4,021	\$ 4,102	\$ 4,184	\$ 4,619	\$ 5,100
Payroll, Payroll Tax & Employee Benefits	\$ 45,000	\$ 46,350	\$ 47,741	\$ 49,173	\$ 50,648	\$ 58,715	\$ 68,067
Repairs & Maintenance	\$ 13,000	\$ 13,390	\$ 13,792	\$ 14,205	\$ 14,632	\$ 16,962	\$ 19,664
Electric & Gas Utilities	\$ 12,500	\$ 12,875	\$ 13,261	\$ 13,659	\$ 14,069	\$ 16,310	\$ 18,907
Water, Sewer & Trash Utilities	\$ 17,300	\$ 17,819	\$ 18,354	\$ 18,904	\$ 19,471	\$ 22,573	\$ 26,168
Annual Property Insurance Premiums	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 32,619	\$ 37,815
Property Tax	\$ 22,000	\$ 22,660	\$ 23,340	\$ 24,040	\$ 24,761	\$ 28,705	\$ 33,277
Reserve for Replacements	\$ 300	\$ 309	\$ 318	\$ 328	\$ 338	\$ 391	\$ 454
Other Expenses	\$ 7,476	\$ 7,700	\$ 7,931	\$ 8,169	\$ 8,414	\$ 9,754	\$ 11,308
TOTAL ANNUAL EXPENSES	\$ 155,266	\$ 159,885	\$ 164,642	\$ 169,542	\$ 174,587	\$ 202,163	\$ 234,107
NET OPERATING INCOME	\$ 253,722	\$ 257,412	\$ 261,135	\$ 264,890	\$ 268,675	\$ 288,041	\$ 308,054
DEBT SERVICE							
First Deed of Trust Annual Loan Payment							
Second Deed of Trust Annual Loan							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	\$ 253,722	\$ 257,412	\$ 261,135	\$ 264,890	\$ 268,675	\$ 288,041	\$ 308,054
CUMULATIVE NET CASH FLOW	\$ 253,722	\$ 511,134	\$ 772,270	\$ 1,037,159	\$ 1,305,834	\$ 2,697,625	\$ 4,187,864
Debt Coverage Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other (Describe)							
Other (Describe)							

53

## Tab 52 HARP Pro forma 16-40

16-40 Year Rental Housing Operating Pro Forma (All Programs)									
<p><i>The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.</i></p>									
INCOME	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20	YEAR 25	YEAR 30	YEAR 35	YEAR 40
INCOME	\$ 671,937.48	\$ 685,376	\$ 699,084	\$ 713,065	\$ 727,327	\$ 803,027	\$ 886,607	\$ 978,886	\$ 1,080,769
Secondary Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
POTENTIAL GROSS ANNUAL INCOME	\$ 671,937	\$ 685,376	\$ 699,084	\$ 713,065	\$ 727,327	\$ 803,027	\$ 886,607	\$ 978,886	\$ 1,080,769
Provision for Vacancy & Collection Loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Concessions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EFFECTIVE GROSS ANNUAL INCOME	\$ 671,937	\$ 685,376	\$ 699,084	\$ 713,065	\$ 727,327	\$ 803,027	\$ 886,607	\$ 978,886	\$ 1,080,769
EXPENSES									
General & Administrative Expenses	\$ 13,749	\$ 14,162	\$ 14,586	\$ 15,024	\$ 15,475	\$ 17,939	\$ 20,797	\$ 24,109	\$ 27,949
Management Fee	\$ 6,022	\$ 6,142	\$ 6,265	\$ 6,390	\$ 6,518	\$ 7,196	\$ 7,945	\$ 8,772	\$ 9,685
Payroll, Payroll Tax & Employee Benefits	\$ 70,109	\$ 72,212	\$ 74,378	\$ 76,609	\$ 78,908	\$ 91,476	\$ 106,045	\$ 122,936	\$ 142,516
Repairs & Maintenance	\$ 20,254	\$ 20,861	\$ 21,487	\$ 22,132	\$ 22,796	\$ 26,426	\$ 30,635	\$ 35,515	\$ 41,171
Electric & Gas Utilities	\$ 14,453	\$ 14,886	\$ 15,333	\$ 15,793	\$ 16,267	\$ 18,858	\$ 21,861	\$ 25,343	\$ 29,380
Water, Sewer & Trash Utilities	\$ 21,485	\$ 22,129	\$ 22,793	\$ 23,477	\$ 24,181	\$ 28,033	\$ 32,498	\$ 37,674	\$ 43,674
Annual Property Insurance Premiums	\$ 38,949	\$ 40,118	\$ 41,321	\$ 42,561	\$ 43,838	\$ 50,820	\$ 58,914	\$ 68,298	\$ 79,176
Property Tax	\$ 34,275	\$ 35,304	\$ 36,363	\$ 37,454	\$ 38,577	\$ 44,721	\$ 51,844	\$ 60,102	\$ 69,675
Reserve for Replacements	\$ 467	\$ 481	\$ 496	\$ 511	\$ 526	\$ 610	\$ 707	\$ 820	\$ 950
Other Expenses	\$ 7,476	\$ 7,700	\$ 7,931	\$ 8,169	\$ 8,414	\$ 9,754	\$ 11,308	\$ 13,109	\$ 15,197
TOTAL ANNUAL EXPENSES	\$ 227,238	\$ 233,995	\$ 240,954	\$ 248,120	\$ 255,499	\$ 295,834	\$ 342,555	\$ 396,677	\$ 459,373
NET OPERATING INCOME	\$ 444,699	\$ 451,381	\$ 458,130	\$ 464,946	\$ 471,828	\$ 507,194	\$ 544,052	\$ 582,209	\$ 621,396
DEBT SERVICE									
First Deed of Trust Annual Loan Payment									
Second Deed of Trust Annual Loan									
Third Deed of Trust Annual Loan Payment									
Other Annual Required Payment									
Other Annual Required Payment									
ANNUAL NET CASH FLOW	\$ 444,699	\$ 451,381	\$ 458,130	\$ 464,946	\$ 471,828	\$ 507,194	\$ 544,052	\$ 582,209	\$ 621,396
CUMULATIVE NET CASH FLOW	\$ 444,699	\$ 896,080	\$ 1,354,211	\$ 1,819,156	\$ 2,290,984	\$ 4,738,537	\$ 7,366,650	\$ 10,182,303	\$ 13,191,315
Debt Coverage Ratio	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other (Describe)									
Other (Describe)									

54

### Tab 53. HOME-ARP Scoring

A. Previous rental experience with persons experiencing homelessness and persons with specific needs (9 points max)

B. Project Commitments (15 points max)

C. Resident Services (11 points max)

\*\*Please Note: Tie breaker development with the lowest HOME-ARP Capital cost per unit or random draw.


### Tab 53 HARP Scoring Capital Complex Example

vi.	<input checked="" type="checkbox"/>	<b>Mitigation factors.</b>	<b>3</b>	<b>Points claimed</b>
		Applicant may receive three (3) points for submission of a current a tenant selection plan or tenant eligibility forms showing that its screening criteria at an existing property owned by a Principal of the Applicant targeted for persons experiencing homelessness or at-risk of homelessness that allows for mitigation of two or more issues common to the population, such as not denying tenants based on credit history, prior rental payment history, or eviction at property owned/managed by the Applicant. An example of mitigation includes a process such as one described at 10 TAC §11.2(b)(126)(B)(v)(II) regarding criminal screening mitigation. (3 points)		
		<b>Total previous experience points eligible</b>	<b>9</b>	
		<i>Applicant cannot claim more than 9 points total, and will be awarded 9 or less.</i>		
		<b>Total previous experience points claimed</b>	<b>9</b>	

## Tab 53 HOME-ARP Scoring

Section D will auto-calculate based on the amounts entered into Sections A-C.

Submit attachments to support points when applicable.

<b>D. Total Points (Max 35 points)</b>	
<b>Total Points Claimed</b>	<b>35</b>
Total points claimed cannot exceed 35 points.	
<b>E. Attachments</b>	
	Attachments should be provided behind this tab according to the requirements for each scoring section. Each attachment should be labeled according to the number of the scoring item.

57

## Tab 53a. HOME-ARP Rental Tabs (Gap Financing Applicants Only) Tab 53a. HOME-ARP Rental Tabs

Checked boxes to indicate updates for review. Will speed the review process.

Part 2 - Development Site	
<input type="checkbox"/>	Tab 7 – Site Information Form Part I (required for HTC-only awardees)
<input type="checkbox"/>	Tab 8 – Supporting Documentation for the Site Information Form (required for I only awardees)
<input type="checkbox"/>	Tab 9 – Site Information Form Part II
<input type="checkbox"/>	Tab 10 – Supporting Documentation for the Site Information Form Part II
<input type="checkbox"/>	Tab 11 – Site Information Form Part III (possible updates needed)
<input type="checkbox"/>	Tab 12 – Supporting Documentation from Site Information Part III (possible updates needed)
<input type="checkbox"/>	Tab 13 – Multiple Site Information Form
<b>n/a</b>	Tab 14 – Elected Officials
<b>n/a</b>	Tab 15 – Neighborhood Organizations

58

## Additional Guidance for Applicants

- Please subscribe to “Homelessness Issues, Programs and Policies” topic on the Texas Department of Housing and Community Affairs’ email list.
  
- Check HOME-ARP Main webpage :  
<https://www.tdhca.state.tx.us/home-arp/index.htm>
  
- Email Staff: HOME-ARP Manager [Tiara.Hardaway@tdhca.state.tx.us](mailto:Tiara.Hardaway@tdhca.state.tx.us)

59

## Recap

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Highlights for the 2023-2 HOME-ARP Rental Development  
NOFA

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Key Points for HOME-ARP Rental Developments

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Uniform Multifamily (MF) Application Expectations

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HOME-ARP Supplemental Application

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Additional Guidance for Applicants

60

# THANK YOU

FOR MORE INFORMATION, PLEASE SEE THE  
TDHCA SPECIAL FUNDING INITIATIVES:

[HTTPS://WWW.TDHCA.STATE.TX.US/MULTIFAMILY/SPECIAL-INITIATIVES.HTM](https://www.tdhca.state.tx.us/multifamily/special-initiatives.htm)



## Questions