



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

2008 Homeownership SuperNOFA 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 2008 Housing Trust Fund (HTF) to fund homeownership activities for Texans. Funds will be made available for the rebuilding or rehabilitation of affordable housing for homeowners and gap financing or downpayment assistance for first-time homebuyers. 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 to assist households earning 50% or less of the Area Median Family Income (AMFI) as defined by the U. S Department of Housing and Urban Development (HUD), with incentive provided to serve households earning 30% or less of the AMFI. Assistance provided with these funds must be in the form of a loan to the homeowner or homebuyer.

In accordance with 10 TAC §51.8, 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 an on-going basis until all funds have been awarded or **5:00 p.m. on Friday, June 27, 2008, 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 Applicant is \$250,000 inclusive of project and administrative funds. Non-profit organizations may request up to five percent (5%) of the requested project funds for administrative costs.

The contract term for each award shall not exceed 24 months.

Eligible and Ineligible Activities

Eligible activities will include those permissible under HTF Rules at 10 TAC §51.4 and described in this NOFA.

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

Mortgage Assistance:

Acquisition, new construction or reconstruction costs assistance is provided to homeowners to rebuild single family housing affected by a disaster other than Hurricane Rita. Eligible homeowners must provide evidence of prior homeownership and principal residence status of the home proposed to be rebuilt. Assistance will be in the form of a zero percent (0%) interest, 30-year term, amortizing loan creating a 1st lien. All properties must meet all applicable building and safety codes, ordinances and standards, local zoning ordinances and HUD's Housing Quality Standards (HQS) at the completion of assistance. If a home is newly constructed it must also meet federal energy requirements as defined by HUD.

The maximum loan amount per homeowner is \$70,000.

As an incentive to prioritize providing assistance to households earning 30% or less of the AMFI, the assistance for these households will be provided in the form of a zero percent interest (0%), 20-year deferred, forgivable loan creating a 1st lien.

Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share on the number of years of the remaining loan term.

If at any time prior to the full loan period there occurs a sale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted homeowner's principal residence, the loan shall become due and payable. In the event the home is sold (voluntary or involuntary); the assisted homeowner will pay the loan balance from the shared net proceeds of the sale. The net proceeds are the sales price minus superior loan repayment (other than HTF funds) and any closing costs. A copy of the HUD closing statement must be provided.

Downpayment Assistance:

Down payment and gap financing is provided to homebuyers for the acquisition of single family housing. Eligible first-time homebuyers must not have owned a home in the three (3) years prior to the receipt of assistance. Assistance will be in the form of a zero percent interest (0%) interest, 10-year deferred, forgivable loan creating a 2nd or 3rd lien. Homebuyer Counseling must be provided to each household served. All properties must meet all applicable building and safety codes, ordinances and standards, local zoning ordinances and HUD's Housing Quality Standards (HQS) at the completion of assistance. If a home is newly constructed it must also meet federal energy requirements as defined by HUD.

The maximum loan amount per homebuyer is \$10,000.

As an incentive to prioritize providing assistance to households earning 30% or less of the AMFI, the assistance for these households will be provided in the form of a zero percent interest (0%) interest, 5-year deferred, forgivable loan creating a 2nd or 3rd lien.

Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share on the number of years of the remaining loan term.

If at any time prior to the full loan period there occurs a sale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted homeowner's principal residence, the loan shall become due and payable. In the event the home is sold (voluntary or involuntary); the assisted homeowner will pay the loan balance from the shared net proceeds of the sale. The net proceeds are the sales price minus superior loan repayment (other than HTF funds) and any closing costs. A copy of the HUD closing statement must be provided.

Rehabilitation Assistance:

Rehabilitation cost assistance is provided to homeowners to rehabilitate single family housing including architectural barrier removal. In general, the rehabilitation of a manufactured housing unit is not an eligible activity. However, the Department may consider individual homeowners' requests made through administrators on a case-by-case basis. Approval to perform the rehabilitation of a manufactured housing unit will be made at the sole discretion of the Department. Eligible homeowners must provide evidence of homeownership and principal residence status of the home proposed to be rehabilitated. Assistance will be in the form of a zero percent (0%) interest, 20-year deferred, forgivable loan creating a 1st, 2nd or 3rd lien. All properties must meet all applicable building and safety codes, ordinances and standards, local zoning ordinances and HUD's Housing Quality Standards (HQS) at the completion of assistance. If a home is newly constructed it must also meet federal energy requirements as defined by HUD.

The maximum loan amount per homeowner is \$30,000.

As an incentive to prioritize providing assistance to households earning 30% or less of the AMFI, the assistance for these households will be provided in the form of a zero percent interest (0%) interest, 10-year deferred, forgivable loan creating a 1st, 2nd or 3rd lien.

Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share on the number of years of the remaining loan term.

If at any time prior to the full loan period there occurs a sale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted homeowner's principal residence, the loan shall become due and payable. In the event the home is sold (voluntary or involuntary); the assisted homeowner will pay the loan balance

from the shared net proceeds of the sale. The net proceeds are the sales price minus superior loan repayment (other than HTF funds) and any closing costs. A copy of the HUD closing statement must be provided.

Any rehabilitation performed on housing units for accessibility modifications must be designed to meet the needs of the individual homeowner.

Eligible and Ineligible Applicants

Eligible applicants are Units of General Local Government, Nonprofit and For-Profit 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 Rule.

Threshold Criteria

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.

Evidence of Prior Experience: All applicants must have at least two (2) years of experience in providing the assistance for each of the activities for which funds are requested as evidenced by current or previous contracts with funding entities for the each activity. Applicants that request funds to provide accessibility modifications must have at least two (2) years of experience in performing this specific activity and evidence the experience with current or previous contracts with funding entities for the same. To satisfy this requirement, applicants may provide evidence of a partnership with an entity or organization that meets this requirement.

Program Design: All applications submitted must include a detailed, written program design which must include proposed activities to be undertaken, marketing, method of receiving applications from prospective homeowners and homebuyers, procurement requirements (if applicable), procedures to handle complaints or grievances and a proposed timeline to complete all activities. Applicants that request funds to provide accessibility modifications must clearly describe the process and expertise to be used in determining the accessibility needs of the homeowner. The documentation submitted must include the resume(s) of qualified and experienced staff or an agreement with a qualified and experienced third-party organization.

Resolution Requirement: All applications submitted 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 §51.8, 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. The Department will ensure review of materials required under the NOFA and Application Submissions Procedures Manual (ASPM) for threshold criteria and eligibility and will issue a notice of any Administrative Deficiencies for Applications within 45 days of the Received Date.

All applicants will be processed through the Department's Application Evaluation System and will include a previous award and past performance evaluation. Poor past performance may disqualify an applicant for funding recommendation or a funding recommendation may include conditions.

Funding recommendations of eligible Applicants will be presented to the Department's Governing Board of Directors based on eligibility and limited by the total amount of funds available under this NOFA and the maximum award amount.

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 by **February 29, 2008**. 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, June 27, 2008**.

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

Texas Department of Housing & Community Affairs
Attn: Ann Gusman-MacBeth, Housing Trust Fund Program Administrator
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: Ann Gusman-MacBeth, Housing Trust Fund Program Administrator
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 §51.8. 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 workshop.

Application Workshop

The Department will present an application workshop that will provide an overview of the Housing Trust Fund, application preparation and submission requirements, evaluation criteria, and program information and requirements. The 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
Attn: Ann Gusman-Macbeth
221 E. 11th Street
Austin, Texas 78701
Telephone: (512) 475-4606
E-mail: ann.macbeth@tdhca.state.tx.us