

Texas Department of Housing and Community Affairs
Office of Colonia Initiatives
Fiscal Year 2015 Texas Bootstrap Loan Program
Notice of Funding Availability (NOFA)
Originally Released April 28, 2014
Revised October 10, 2014

Summary

The Texas Department of Housing and Community Affairs (“TDHCA”), through its Office of Colonia Initiatives, announces the availability of approximately **\$4,320,338** for the Texas Bootstrap Loan Program (“Bootstrap” or “Program”) for Fiscal Year 2015. This funding derives from the Housing Trust Fund and will be available for reservation on Thursday, May 1, 2014, but not distributed to participating Nonprofit Owner-Builder Housing Providers (“NOHPs”) until Wednesday, September 3, 2014. TDHCA will continue to accept reservations on an ongoing basis **until August 31, 2015** or until all funding has been committed. Additional funds may be added to this NOFA from loan repayments, interest earnings and deobligations from prior years. The purpose of the Program is for very low- and extremely low-income individuals and households (“Owner-Builders”), including persons with special needs, to purchase land and/or build new or improve existing residential housing through self-help construction methods.

For additional Program requirements, refer to the Texas Administrative Code, Title 10, Part 1, Chapters 20, 24 and 26 and the Texas Government Code, Chapter 2306. Any capitalized terms not defined in this NOFA are defined in these chapters.

All participating organizations must secure funds for Owner-Builders using an online reservation system. Prior to accessing the online reservation, all organizations must:

- Be certified by TDHCA as an NOHP or be a Colonia Self-Help Center (CSHC)
- Have an executed Loan Origination Agreement
- Fulfill the additional requirements listed below

In accordance with Texas Government Code, Section 2306.753(d), these funds are not subject to the Regional Allocation Formula since two-thirds of the funds are allocated to Owner-Builders whose property is in a census tract that has a median household income that is not greater than 75% of the current median state household income. In addition, in accordance with Texas Government Code, Section 2306.111 (d-1)(3), the funds allocated from the 2014-2015 HTF biennium appropriation do not exceed \$3,000,000.

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Program Guidelines

Per Texas Government Code, Section 2306.753(d), TDHCA has set aside at least two-thirds of funding (approximately \$2,881,665) for Owner-Builders whose property is in a census tract that has a median household income that is not greater than 75% of the current median state household income. Census tract income data is available on the Program’s website: <http://www.tdhca.state.tx.us/oci/bootstrap.jsp> The remaining one-third of the funding (approximately \$1,438,673) will be available statewide. Funds will be available for reservation on Thursday, May 1, 2014, but will not be distributed to participating NOHPs until Wednesday, September 3, 2014.

Per Texas Government Code, Section 2306.754(b), the maximum Bootstrap loan per household is \$45,000. The Owner-Builder may obtain supplemental funds from other sources including other TDHCA funds, as long as the total amount of amortized repayable loans made by all sources does not exceed

\$90,000, in accordance with Texas Government Code Section 2306.754(b). Rates and terms for all additional non-TDHCA resources must be fully documented to the satisfaction of TDHCA staff.

After the completion of each home and mortgage loan closing, TDHCA will disburse an administration fee to the NOHP equal to 6% of the Bootstrap loan amount.

Becoming a Nonprofit Owner-Builder Housing Provider (NOHP):

The NOHP certification application is available on the Program website: <http://www.tdhca.state.tx.us/oci/bootstrap.jsp>

Nonprofit organizations seeking NOHP certification must verify they are a tax-exempt organization under Internal Revenue Code Section 501(c)(3). Additional NOHP certification requirements may be found in Texas Administrative Code, Chapters 20, 24 and 26. An NOHP may become ineligible if TDHCA discovers any findings of noncompliance, such as past due single audit information, delinquent payments to TDHCA, unresolved audits or TDHCA monitoring findings, or misrepresentations in the application process.

The NOHP designation and execution of a Loan Origination Agreement is required before:

- Qualifying potential Owner-Builders for Bootstrap loans.
- Originating Bootstrap loans in compliance with program rules and guidelines.
- Assisting Owner-Builders in constructing or rehabilitating their home.
- Providing Owner-Builder classes on financial responsibilities specific to self-help programs, self-help housing construction, and resources for low-cost building materials and building assistance.

Reservation System Guidelines:

In order to submit Owner-Builder loan applications for reservation, a certified NOHP or CSHC must execute a Loan Origination Agreement with TDHCA. NOHPs that have an existing Loan Origination Agreements with TDHCA prior to May 1, 2014 must be in compliance with all performance benchmarks per their current agreement if they wish to have access to the online reservation system.

NOHPs reserve funds first-come, first-served and TDHCA processes the reservations in the order they are time stamped in the system. **Each NOHP or CSHC may reserve up to a maximum combined dollar amount of \$540,000 in funds.** This limit applies regardless of location or set-asides. For NOHPs and CSHCs at the \$540,000 reservation limit, additional reservations can only be submitted after existing loans have closed.

After reserving funds, it is the NOHP's responsibility to then submit the package of documents listed on the "Bootstrap Application/Compliance Checklist" (Exhibit 9 of the Texas Bootstrap Loan Program Manual) **within 10 business days** of the date the Owner-Builder application was submitted on the online reservation system. The Application/Compliance Checklist is available on the Program forms page: <http://www.tdhca.state.tx.us/oci/forms.jsp>

TDHCA staff will review the package of documents within 10 business days of receipt and provide written notification to the NOHP of the Owner-Builder's eligibility. A reservation for an Owner-Builder applicant does not guarantee funding.

Advanced Priority Access to the Reservation System:

Per Texas Government Code Sections 2306.753 and 2306.757, TDHCA will grant 24 hours of advanced priority access to the reservation system to NOHPs submitting Owner-Builder applications meeting the following criteria:

- (1) Household income is below \$17,500 per year, OR
- (2) Property is located in a county or municipality that has verified—in writing—that it will waive capital recovery fees, building permit fees or other fees related to Bootstrap-funded construction. In order to receive priority, these fees must be imposed by the county, municipality, or respective water supply company.

The 24 hours of advanced priority access to the reservation system for eligible Owner-Builder applications begins at 9:30 a.m. Central Daylight Time on Thursday, May 1, 2014, and ends at 9:29 a.m. Central Daylight Time on Friday, May 2, 2014. TDHCA will cancel any reservation that does not meet the priority criteria upon further review.

From 9:30 a.m. to 9:59 p.m. Central Daylight Time on Friday, May 2, 2014, the online reservation system will be inactive in order for TDHCA staff to reconcile reservations. Absolutely no reservations will be accepted at this time.

At 10:00 a.m. Central Daylight Time on Friday, May 2, 2014 all remaining funds will be available to any Owner-Builder applicant meeting Program Guidelines.

Owner-Builder Eligibility Requirements:

1. Household income may not exceed the greater of 60% of the Area Median Family Income or 60% of the State Median Family Income, adjusted for household size per the U.S. Department of Housing and Urban Development's "HOME Investment Partnership Program."
2. Must have resided in Texas for the 6 months preceding the Owner-Builder application submission.
3. Must successfully complete an Owner-Builder education class prior to loan closing.
4. Must fulfill the self-help labor requirement in one of the following ways, all under the guidance and supervision of a certified NOHP:
 - a. Execute a Self-Help Agreement to provide the personal labor equivalent of at least 65% of the labor necessary to build or rehabilitate the proposed housing; OR
 - b. Provide the labor equivalent of at least 65% of the labor necessary to build or rehabilitate housing for others; OR
 - c. Provide the labor equivalent through the noncontract labor of friends, family, or volunteers and personal labor of at least 65% of the labor necessary to build or rehabilitate the proposed housing; OR
 - d. Provide the labor equivalent through the noncontract labor of friends, family, or volunteers of at least 65% of the labor necessary to build or rehabilitate the proposed housing if Owner-Builder has a documented disability or other limiting circumstances preventing the contribution of the personal labor required.

Under the Personal Responsibility and Work Opportunity Act (PRWORA) (Pub. L. 104-193, 100 Stat. 2105, codified at 8 U.S.C. Section 1601 et. seq. as amended by Omnibus Appropriations Act, 1997, Pub. L. 104-208), NOHPs may be required to verify the immigration status of individuals applying for the Program. PRWORA requires state and local agencies administering federal programs to verify the immigration status of all applicants for federal public benefits using the U.S. Citizenship and Immigration Services' online "Systematic Alien Verification for Entitlements" (SAVE) Program (Welfare Act Section 432, 8 USC 1642(b)). However, **PRWORA exempts nonprofit charitable organizations from requirements to**

verify immigrant eligibility or status. NOHPs believing they are exempt from PRWORA requirements will certify their status in their Loan Origination Agreement for TDHCA's review and approval.

Please note that the PRWORA exemption for nonprofit charitable organizations *does not apply* to public organizations with 501(c)(3) nonprofit status, such as public housing authorities, local mental health authorities, housing finance agencies, councils of governments, their associated instrumentalities or affiliate organizations, and instrumentalities of cities and counties. These entities, even if organized as a 501(c)(3), must verify the immigration status of applying individuals via the SAVE Program online and follow all protocols per the PRWORA.