

December 17, 2009 Public Hearing Notice

The Texas Department of Rural Affairs (TDRA) and the Texas Department of Housing and Community Affairs (TDHCA) invites you to attend an upcoming public hearing to receive comments on the Criteria for the Affordable Rental Housing Program related to Round 2 Funding for Hurricane Ike Activities.

English Version

The Texas Department of Rural Affairs (TDRA) and the Texas Department of Housing and Community Affairs (TDHCA) invites you to attend an upcoming public hearing to receive comments on the Criteria for the Affordable Rental Housing Program related to Round 2 Funding for Hurricane Ike Activities for no less than \$174,00,000 in Community Development Block Grant Supplemental Disaster Recovery Funds under the U.S. Department of Housing and Urban Development (HUD), Consolidated Security, Disaster Assistance, and Continuing Appropriation Act of 2009, Public Law 110-329.

Written and oral comments regarding the criteria will be taken at a public hearing scheduled for Thursday, December 17, 2009 at 10:00 a.m. at the TDRA South Austin Office located at 1340 Airport Commerce Drive, Bldg. 4, Suite 490, Austin, Texas 78741.

A webcast of this event will be available to enable individuals to view and hear this public hearing. Instructions on how to access this webcast can be found on TDRA's website at www.tdra.state.tx.us (please click on the "Calendar" section on the right side of the home page). Additional written comments may be submitted to TDRA by mail, fax or email, and must be received by 5:00 p.m. on Monday, December 21, 2009. Please send comments to: Chance Sparks, AICP, Senior Program Analyst, at P.O. Box 17900, Austin, TX 78760-7900, via Fax to 512-936-0356 or via e-mail to chance.sparks@tdra.state.tx.us.

The draft criteria will be posted today, December 14, 2009 on www.tdhca.state.tx.us and will also be available for review at the TDRA South Austin Office.

TDRA will provide reasonable accommodations for persons with special needs attending the public hearing. Requests from persons needing special accommodations should be received by TDRA staff 24 hours prior to the function. The public hearing will be conducted in English and requests for interpreters or other special communication needs should be made at least 48 hours prior to the hearing.

For assistance, please contact Chance Sparks at 1-888-693-2236 or chance.sparks@tdra.state.tx.us.

Spanish Version

El Departamento de Asuntos Rurales de Texas (TDRA) y el Departamento de Vivienda y Asuntos Comunitarios de Texas (TDHCA) lo invitan a participar de la próxima audiencia pública con el propósito de recibir sus comentarios acerca de los Criterios del Programa de Alquiler Accesible en relación con la Segunda Ronda de Financiación por las Actividades del Huracán Ike por no menos de \$174,00 en Subsidios Complementarios para la Recuperación en caso de Desastre para el Desarrollo Comunitario de acuerdo con el Departamento de Vivienda y

Desarrollo Urbano (HUD), la Ley de Seguridad consolidada, asistencia en caso de desastres y asignación continuada del año 2009, Ley de Derecho Público 110-329.

Se recibirán comentarios escritos y verbales respecto de estos criterios en una audiencia pública programada para el día jueves 17 de diciembre de 2009, a las 10 a.m., en la Oficina de South Austin del TDRA, cuyo domicilio es 1340 Airport Commerce Drive, Bldg. 4, Suite 490, Austin, Texas 78741.

Una transmisión vía Internet de este evento estará disponible para que todos puedan ver y escuchar esta audiencia pública. Las instrucciones sobre cómo acceder a esta retransmisión vía Internet se encuentran en el sitio en Internet de TDRA www.tdra.state.tx.us (haga clic en la sección “Calendar” (calendario) del lado derecho de la página principal).

Puede presentar comentarios adicionales por correo postal, fax o e-mail en TDRA hasta las 5 p.m. del lunes, 21 de diciembre de 2009. Envíe sus comentarios a: Chance Sparks, AICP, Senior Program Analyst, P.O. Box 17900, Austin, TX 78760-7900, Fax (512-936-0356) o e-mail chance.sparks@tdra.state.tx.us.

El borrador de los criterios se publicarán hoy, 14 de diciembre de 2009 en www.tdhca.state.tx.us y también estarán disponibles para su revisión en la Oficina de South Austin del TDRA.

TDRA ofrecerá facilidades razonables para personas con necesidades especiales que asistan a la audiencia pública. El personal de TDRA recibirá solicitudes de personas que necesiten facilidades especiales 24 horas antes de la audiencia. La audiencia pública se llevará a cabo en idioma inglés y las solicitudes de intérpretes y de otras necesidades especiales de comunicación deberán presentarse al menos 48 horas antes de la misma.

Para recibir ayuda, comuníquese con Chance Sparks al 1-888-693-2236 o chance.sparks@tdra.state.tx.us.

Please find material detailed below that has been previously posted on the Texas Department of Rural Affairs and Texas Department of Housing and Community Affairs websites in regards to an upcoming Public Hearing at 10:00 a.m. on December 17, 2009. Also, attached you will find Public Hearing Notice information that has been previously posted on these same websites.

A webcast of this event will be available to enable individuals to view and hear this public hearing. Instructions on how to access this webcast can be found on TDRA’s website at www.tdra.state.tx.us (please click on the “Calendar” section on

the right side of the home page). For assistance, please contact Chance Sparks at 1-888-693-2236 or chance.sparks@tdra.state.tx.us.



Supplemental Disaster Recovery Fund Public Law 110-329

Criteria for the Affordable Rental Housing Program related to Round 2 Funding for Hurricane Ike Activities

Introduction.

The State of Texas Action Plan, as amended for Round 2 funding, allocates no less than \$174,000,000 in funding from the Community Development Block Grant (“CDBG”) Disaster Recovery Program (Program) to restore multifamily and single family affordable rental housing. All housing programs under the State of Texas Action Plan are administered by the Texas Department of Housing and Community Affairs (the “Department”).

These criteria only apply Affordable Rental Program category administered by TDHCA as not to rental activities offered by Subrecipients.

Source of Funds.

These funds are made available through the U.S. Department of Housing and Urban Development (“HUD”) pursuant to the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, (Public Law 110-329), enacted on September 30, 2008, for the purpose of assisting in the recovery activities related to disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization in areas affected by Hurricanes Dolly and Ike.

Application Cycle.

Applications will be awarded on a competitive basis. In the event that all funds under one of the rental categories are not requested, the remaining balance will be made available to any other funding category that is oversubscribed within the region. Any funds remaining after addressing applications within the region will be returned to the State for allocation to rental activities across the remaining disaster-impacted regions that had loss of or damage to affordable rental housing.

Limitation on Funds.

- a) TDHCA proposes to provide no less than \$50,000,000 of the \$174 million set-aside for developments with project based rental assistance, including public housing or Housing Choice Voucher eligible units.
- b) In populated coastal areas, single family rental stock was especially damaged, displacing lower-income persons and weakening the local workforce. The Department proposes to

dedicate at least \$40,000,000 of this \$174 million set-aside to addressing affordable single, family rental stock recovery. The single family stock within the affected regions varies from a single unit owned by an individual to multiple single residences located on scattered sites. To address the needs of the communities comprehensively and effectively restore the single family rental inventory, the NOFA addresses single family rental in two groups: Single family rental housing is broken into categories with 8 or less units and those with 9 or more units.

- c) The balance of the funds shall be used for multifamily rehabilitation and new construction, potentially in connection with other housing finance tools available through TDHCA of local Housing Finance Agencies.
- d) The maximum award amount is \$10 million for the multifamily and Project Based categories with an over all cap of \$20 million per Developer/Applicant. The maximum award for single family is \$65,000 for rehabilitation and \$125,000 for reconstruction with a maximum award per application of \$5 million.
- e) The availability and use of these funds will be subject to the Department’s CDBG Program Rules at Title 10 Texas Administrative Code (10 TAC) Chapter 54 in effect at the time the applications are submitted, the Federal CDBG regulations governing the CDBG program (24 CFR §570), and Chapter 2306 of the Texas Government Code. Other federal regulations apply, including but not limited to:
 - i. 24 CFR §50 and §58 (Environmental Requirements);
 - ii. 24 CFR §85.36 and §84.42 (Conflict of Interest Regulations); and
 - iii. 24 CFR §5(A) (Federal Fair Housing Regulations).
- g) These criteria will be consistently applied to all applicants. In the event of a conflict between these criteria and the Action Plan Amendment, the Action Plan Amendment will prevail.

The following shows the breakdown of the funding for each Region according to three rental categories:

	Single Family Rental	Project-Based Rental	Multi-Family Rental	Total Region
SETRPC	\$7,044,000.00	\$8,805,000.00	\$14,845,252.19	\$30,694,252.19
HGAC	\$23,960,000.00	\$29,950,000.00	\$50,495,775.47	\$104,405,775.47
LRGVDC	\$3,468,000.00	\$4,335,000.00	\$7,308,820.92	\$15,111,820.92
DETCO				
G	\$4,028,000.00	\$5,035,000.00	\$8,489,022.69	\$17,552,022.69
POOL	\$1,500,000.00	\$1,875,000.00	\$3,161,254.73	\$6,536,254.73
Totals	\$40,000,000.00	\$50,000,000.00	\$84,300,126.00	\$174,300,126.00

3) Eligible Activities and Applicants

Eligible Applicants are Units of General Local Government, Nonprofit Organizations, Public Housing Authorities (“PHAs”), and for-profit entities located within ATCOG, CBCOG, CTCOG, BVCOG, ETCOG, GCRPC and STDC that can demonstrate an unmet housing need resulting from Hurricane Ike.

These funds are proposed to be made available in the form of grants or loans to the owners of rental properties in any of the 37 Hurricane Dolly or Ike “Impacted Counties” covered under the Action Plan (Angelina, Austin, Brazoria, Cameron, Chambers, Cherokee, Fort Bend, Galveston, Gregg, Grimes, Hardin, Harris, Harrison, Hidalgo, Houston, Jasper, Jefferson, Liberty, Madison, Matagorda, Montgomery, Nacogdoches, Newton, Orange, Polk, Rusk, Sabine, San Augustine, San Jacinto, Shelby, Smith, Trinity, Tyler, Walker, Waller, Washington, and Willacy) that sustained documented loss of or damage to rental stock as a direct result of either Hurricane Ike or Hurricane Dolly. Awards will be administered on a competitive basis. If awarded, a minimum of 51% of the total units in each multifamily property are to be used for affordable rental housing for low/moderate-income Texans earning 80 percent or less of the Area Median Family Income (AMFI), unless specified to serve a greater number of units and/or low/moderate-income persons in the application. Single units must be occupied by individuals and family earning 80% or less of AMFI.

- a.) Rehabilitation of existing affordable single-family or multifamily rental housing developments damaged by Hurricanes Ike or Dolly; and/or,
- b.) Replacement of multifamily rental housing developments or units damaged or destroyed by Hurricanes Ike or Dolly through reconstruction and/or new construction on the same site or another site as long as the applicant shows evidence of an equal or greater number of units damaged or destroyed located within the county. Documentation must be submitted in the form of street addresses to substantiate the damaged/destroyed units.
- c.) Single-family rental units may only be rehabilitated or reconstructed for the purposes of this NOFA.
- d.) The applicant must be either the current owner of the property or, at the time of application, have a binding contract to purchase the property and the seller must have been the owner of record at the time of the disaster. An “as is” appraisal (consistent with 10 TAC §1.34) is required for all acquisition properties.
- e.) If the replacement units are to be reconstructed on a different site, the applicant must show good cause as to why the units are being reconstructed on a different site. Relocation from a floodplain would be an example of good cause.
- f.) Eligible activities will include those permissible under the Housing and Community Development Act (HCDA) Section 105(a) and the federal CDBG Rules at §24 CFR 570, Subpart I, as specifically allowed for under Federal Register Notice dated 2/13/2009, which involve the rehabilitation, reconstruction, or new construction (including demolition, site clearance, and remediation) of affordable rental housing in Hurricane Ike and Dolly impacted areas.
- g.) Eligible applicants for this program include qualified nonprofit organizations, for-profit entities, sole proprietors, public housing authorities and units of general local government.
- h.) Scattered site developments are eligible as long as they are or will be affordable rental housing units and satisfy eligibility, selection and threshold criteria.

Eligible and Prohibited Activities.

Activities to be funded include those permissible under the federal Rule at 24 CFR §570.201, .202, and .204 unless specifically waived under FR-5256-N-01 or FR-5337-N-01 published February 13, 2009 and August 14, 2009 respectively.

Prohibited activities include those at 24 CFR §570.207.

Project Selection: Summary of Objective Scoring Criteria

a) Scoring Criteria. Applicants may receive up to 260 points based on the scoring criteria listed below, and must obtain a minimum score of 100 points to be considered for award. Evidence of these items must be submitted in accordance with the 2009 Final Application Submission Procedures Manual (ASPM), effective as of the date of issuance of the NOFA to award funds. All applications will be held to scoring criteria with the exception of Single-family Rental applications that are 8 units or less. The scoring criteria is as follows:

i) Proposed Activities-

- Developments proposing Rehabilitation will receive- **100 points**
- Developments proposing Reconstruction/ New Construction will receive-**50 points**

ii) Extremely Low-Income Targeting:

To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants will receive a **maximum** of 20 points for proposed developments that provide a percentage of units to families or individuals earning 30% or less of the area medium income for the development site. The maximum monthly rent (which includes the tenant paid portion of the rent, the utility allowance, and any rental assistance payment) charged by the development owner for units benefiting low-moderate income persons earning 30 percent or less of the AMFI as defined by HUD shall not exceed the limits determined by the Department and published on an annual basis. Such rent shall not be greater than thirty percent (30%) of the income of a family whose income equals thirty percent (30%) of AMFI as defined by HUD with adjustments for family size. **Maximum for this item 20 points.**

- | | | |
|---------------|--|------------------|
| a.) | 0 ≤ 5% of the total development will serve families at 30% AMI - | 5 |
| Points | | |
| b.) | 6 ≤ 10% of the total development will serve families at 30% AMI- | 10 Points |
| c.) | 11 ≤ 15% of the total development will serve families at 30% AMI- | 15 Points |
| d.) | 16 ≤ 20% of the total development will serve families at 30% AMI- | 20 Points |

iii) Exceeding the LMI requirement:

All assisted developments must designate at least 51% of all assisted units to serve low-moderate income families earning 80% or less of AMFI as defined by HUD for the applicable affordability period. Developments that exceed this minimum figure for the affordability period will receive the following points: **Maximum for this item 30 points.**

a.) For developments that designate at least 51% but less than 61% of the units to serve low-moderate income families: **5 points**

b.) For developments that designate at least 62% but less than 71% of the units to serve low-moderate income families: **10 points**

c.) For developments that designate at least 72% but less than 81% of the units to serve low-moderate income families: **15 points**

d.) For developments that designate at least 81% but less than 91% of the units to serve low-moderate income families: **20 points**

e.) For developments that designate at least 92% but less than 99% of the units to serve low-moderate income families: **25 points**

f.) For developments that designate 100% of all the units to serve low-moderate income families: **30 points**

iv) Cost-Effectiveness of a Proposed Development:

For units designated for elderly individuals if cost per square foot do not exceed \$87.00 the applicant will receive **10 points**. For units designated for families if the costs per square foot does not exceed \$77.00 per square foot the applicant will receive **10 points**. **Maximum 10 points**

v) Increasing the affordable housing stock-

In order to target units that will have the most impact on increasing the affordable housing stock points will be awarded based on the habitability of the development.

a.) Developments that have $\leq 5\%$ of the Total Units uninhabitable and propose to make those units affordable units will receive: **5 points**

b.) Developments that have $6\% \leq 10\%$ of the Total Units uninhabitable and propose to make those units affordable units will receive: **10 points**

c.) Developments that have $11\% \leq 15\%$ of the Total Units uninhabitable and propose to make those units affordable units will receive: **15 points**

d.) Developments that have $\leq 16\%$ of the Total Units uninhabitable and propose to make those units affordable units will receive: **20 points**

In addition to the units scored above:

a) Developments that will make $0 \leq 25\%$ substandard affordable units meet habitability standards will receive: **5 points**

b) Developments that will make $26 \leq 50\%$ substandard affordable units meet habitability standards will receive: **10 points**

c) Developments that will make $51 \leq 75\%$ substandard affordable units meet habitability standards will receive: **15 points**

d) Developments that will make $76 \leq 100\%$ substandard affordable units meet habitability standards will receive: **20 points**

vi) Serving persons with disabilities-

Developments that increase the number of accessible units beyond the minimum required by Section 504, the Fair Housing Accessibility Guidelines or other mandated minimums. To earn points units must meet the full mobility requirements of Section 504 to receive points. **Maximum for this item 10 points**

a.) Developments that increase the required accessible units by an additional 5% (rounded to the next whole unit) will receive: **5 points**

b.) Developments that increase the required accessible units by an additional 10% (rounded to the next whole unit) will receive: **10 points**

vii) Units that meet or exceed low maintenance and energy efficiency, any combination of the following items may be used; however, **a maximum of 10 points will be awarded**–

a.) Install water-conserving fixtures with the following specifications for toilets and shower heads and follow requirements for other fixtures wherever and whenever they are replaced: toilets – 1.6 gallons per flush; showerheads – 2.0 gallons per minute; kitchen faucets – 2.0 GPM; bathroom faucets – 2.0 GPM. (in all units) –

2 Points

b.) Install Energy Star labeled refrigerators in all units.

2 Points

c.) Install Energy Star-labeled lighting fixtures in all interior units and use Energy Star or high-efficiency commercial grade fixtures in all common areas.

2 Points

d.) Use tankless hot water heaters or install conventional hot water heaters in rooms with drains or catch pans piped to the exterior of the dwelling and with non-water sensitive floor coverings (for all units).

2 Points

e.) Install Energy Star-labeled power vented fans or range hoods that exhaust to the exterior (in all units).

2 Points

f.) Install Energy Star-labeled bathroom fans in all units that exhaust to the outdoors which as a humidistat sensor or timer, or operates continuously in all units.

2 Points

g.) Install correctly sized HVAC units (according to Manual J) of at least 14 SEER or better in all units.

3 Points

h.) Perform an energy analysis of existing building condition, estimate costs of improvements, make those with a 10 year or shorter payback.

4 Points

Maximum for this item 10 points

viii) Developments that dedicate at least 51% of their units towards serving person who have previously been homeless or at risk of being homeless will receive **10 points**.

Maximum for this item 10 point

ix) Greatest Financial Need-

Developments will receive points for the percentage of remaining need represented in their sources and uses documentation. This will be calculated as a percentage of total benefits received from private insurers and public benefits compared to the CDBG funds required for necessary repairs and reconstruction. Applicants will be required to document how these benefits were expended on the subject property or make the funds available for the CDBG funded project. This calculation will be CDBG funds requested divided by total funds needed including funds previously used. **Maximum for this item 15 points**

a.) Applicants that require at least 10% but less than 25% of their total budget from CDBG funds will receive **15 Points**

b.) Applicants that require at least 25% but less than 50% of their total budget from CDBG funds will receive **10 points**

c.) Applicants that require at least 75% of their total budget from CDBG funds will receive **5 points**.

ix) Leveraging of Public and Private Financing-

Developments will receive points for the involvement of non-CDBG financing in the housing under one of the following subparagraphs. Evidence must be submitted in the form of a Final Commitment or Term Sheet: **Maximum for this item 15 points**

a.) Applicants that receives a total contribution of funding from other local, state, federal, or private contributions of at least 10% but less than 25% of the Total Housing Development Cost of the Development (as reflected in the Cost Schedule) **5 points; or**

b.) Applicants that receives a total contribution of funding from other local, state, federal, or private contributions of at least 26% but less than 50% of the Total Housing Development Cost of the Development (as reflected in the Cost Schedule) **10 Points; or**

c.) Applicants that receives a total contribution of funding from other local, state, federal, or private contributions of at least 51% but less than 75% of the Total Housing Development Cost of the Development (as reflected in the Cost Schedule) **15 Points**

Affordability Requirements

- a) Each development will require a minimum CDBG affordability period of not less than a 5 year period beginning after closeout of the loan or grant. If the property is restricted under an existing LURA from the Department, the affordability period will be the greater of 5 years or the existing affordability period reflected in the existing LURA. Throughout this period, the applicant agrees to maintain the development for the intended purpose as outlined in the LURA. Compliance will be monitored by the Department consistent with 10 TAC §60, Subchapter A, Compliance Monitoring.
- b) At a minimum, 51% of the total units must benefit low-moderate income persons earning 80% or less of the AMFI as defined by HUD and detailed in the Housing and Community Development Act of 1974 (HCDA) Title I, 105(a) unless otherwise specified to sever a high amount of units and/or targeted income group within the application.
- c) Rent restricted units occupied by Low/Moderate Income households must be occupied at affordable rents. The units occupied by the Low/Moderate households must comply with the High HOME rents published by TDHCA under the HOME program. Rents must comply with the rent limit through the affordability period and compliance with the rent limit is calculated in the same manner as the HOME program.

Threshold Criteria:

- a) Completion and submission of the required application and any other supplemental information deemed necessary by the Department.
- b) Completion and submission of the Site Packet as provided in the application materials.
- c) Development Certification as provided in the Application Submission Procedures Manual (ASPM).
- d) Submission of current financial statements, authorization to release credit and previous participation documentation (if applicable).
- e) Submission of current pro forma and operating budget.
- f) Provide a third-party verified scope of work or property condition assessment in accordance with 10 TAC §1.36.
- g) For rehabilitation developments only provide evidence for one of the following:
 - i) If no insurance claim was filed specific to damages from the applicable hurricane, the Applicant must submit third party documentation from a verifiable source acceptable to the Department, establishing the amount of damage incurred as a direct result of Hurricane Ike or Dolly. Such damage must have caused one or more units to no longer be habitable. The amount of the deductible must be confirmed and there must be confirmation that no claim was filed because the amount to be claimed would not have met the deductible;
 - ii) If an insurance claim was paid out and the settlement amount was less than the amount requested the Applicant must provide written justification that warrants the amount of

funds requested excluding what would be required under 3(c), (d) and (e) in Site and Development Restrictions under the Ike/Dolly Round B NOFA.

- h) Provide evidence of financial reserves or a line of credit equal to at least ten percent (10%) of the total development cost to be held during the construction period for rehabilitation developments.
- i) Rehabilitation may include the replacement of damaged or no longer functional appliances. Appliances must be permanently installed and replaced with Energy-Star or equivalently rated appliances (refrigerator, dishwasher, ceiling fans and lighting).
- j) If HVAC systems are to be replaced, they must be replaced with energy efficient rated systems.
- k) All New Construction or Reconstruction that is using this source of funding alone, or layered with other funding sources, must meet the minimum threshold requirements as described in §49.9(h) of the Texas Government Code with the exception of the following:
 - i) (3) regarding set-asides;
 - ii) (4)(K) and (4)(L) regarding certifications;
 - iii) (6)(C) and (D) which relate to tax credit syndication;
 - iv) (8) regarding notifications;
 - v) (11)(B) regarding non-profit set-aside for tax credits; and
 - vi) (15) regarding self-score.

Tie Breakers

In the event that two or more applications are received at the same time or are ready to proceed at the same time, the Department will first utilize those priorities noted in Section 4 of this NOFA. If those applications are within the same Priority category, the Department will utilize the factors in this paragraph, in the order they are presented, to determine which Development will receive a preference in consideration for an award. The Department may also make a partial funding recommendation. The application located in the municipality or, if located outside a municipality, the county that has:

- a) the highest number of units per capita destroyed by Hurricanes Ike or Dolly;
- b) the greatest dollar amount of damage per capita;
- c) the greatest number of residents displaced;
- d) the lowest area median income.

Application Review Process

- a) **Review and Assessment of Applications.** Applications submitted for consideration for CDBG Disaster Recovery funding under this NOFA will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as further described in Item 5 of this NOFA. Applicants will be promptly notified in these instances.
 - i) **Eligibility Criteria Review.** All Applications will first be reviewed as described in this paragraph. Applications will be confirmed for eligibility for funding.

- ii) Selection Criteria Review. Applications will be evaluated to determine if the proposed activities meet the Department requirements.
 - iii) Threshold Criteria Review. Applications will be reviewed for Threshold. Applications not meeting Threshold Criteria will be notified of any Administrative Deficiencies; in each event the Applicant will be given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect.
 - iv) Administrative Deficiencies. If an Application contains Administrative Deficiencies pursuant to 10 TAC §49.3(2) which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. Because the review for Eligibility, Selection, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an email, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt within 24 hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. If Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department by 5:00 p.m. on the fifth business day following the date of the deficiency notice, then the Application will move behind the other Applications in the process behind their priority group. . The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. This Administrative Deficiency process applies to requests for information made by the Real Estate Analysis Division review.
- b) **Financial Evaluation.** The Department shall underwrite an Application to determine the financial feasibility and amount of requested funds needed for the Development to arrive at an appropriate level of CDBG Disaster Recovery Funds. In determining an appropriate level of CDBG Disaster Recovery Funds, the Department shall, at a minimum, evaluate the estimated cost of repairs needed by the development based on insurance estimates from the development owner's insurer, and if applicable verifiable estimates from reputable contractors. The Department shall evaluate acceptable cost parameters as evidenced in the third-party verified scope of work or property condition assessment. Underwriting of a Development will include a determination by the Department, that the amount of CDBG Disaster Recovery Funds recommended for commitment to a Development is necessary for the financial feasibility of the Development and its viability as a qualified rent restricted housing property. In making this determination, the Department will use the Underwriting Rules and Guidelines, 10 TAC §1.32. An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not increase their funding amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate Analysis Division to remedy an

Administrative Deficiency as further described in 10 TAC §49.3(2) or by amendment of an Application after a commitment.

The Department may decline to consider any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications which are received and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any application.

A Notice of Funds Availability (NOFA) will address submission and compliance requirements.