

## **2026 QAP DRAFT PUBLIC COMMENT SUMMARY**

SUMMARY OF PUBLIC COMMENT. The public comment period was held September 19, 2025, to October 11, 2025, to receive stakeholders comment on the new proposed sections. Comment was received from **41** commenters as listed below:

(1) Auxano Development, (2) Betco Housing Lab, (3) Brinshore Development, (4) Charles Holcomb, (5) City of Austin, (6) City of San Antonio, (7) Coalition of Texans with Disabilities, (8) Coats Rose, (9) Daikin Comfort Technologies, (10), National Drowning Prevention Alliance, (11) Disability Rights Texas, (12) DMA, (13) Dominion, (14) Express Group, (15) Fort Worth Housing Solutions, (16) Representative Gary Gates, (17) Generation Housing Partners, (18) Gyani Capital, (19) Hearthy, (20) Hoke Development Services, (21) Houston Housing Authority, (22) Inclusive Communities Project, (23) Institute of RE Management, (24) ITEX, (25) JES Holdings, (26) Knight Development, (27) Lakewood Property Management, (28) Lonestar Development Partners, (29) National Church Residences, (30) Palladium USA, (31) Pivotal, (32) Purple Martin Real Estate, (33) Rural Rental Housing Association, (34) Strategic HFC, (35) Structure Development, (36) Texas Affiliation of Affordable Housing Providers, (37) Texas Association of Local Housing Finance Agencies, (38) Texas Homeless Network, (39) Texas Housers, (40) Texas Water Safety Coalition, and (41) Safe Kids Austin.

It should be noted that in the interest of brevity, some of the more extensive comments received have been summarized significantly; however, copies of all comments received have the commenter's number denoted, and are all available on the Department Website.

### **§11.5(3)(F) - At-Risk Set-Aside**

#### COMMENT SUMMARY:

Commenter 8 is concerned that the new At-Risk language related to the definition of nearing expiration is too restrictive and should be limited only to Section 42 requirements. They suggest removing the insertion regarding the Department's rules since this does not affect/shorten the Affordability Period for the Development.

Commenter 26 recommends TDHCA should explicitly list RAD and Section 18 conversions under the At-Risk Set-Aside for 9% deals.

#### STAFF RESPONSE:

Staff appreciates Commenter 8's concerns about the adjustments to language and how this may be more restrictive to developments. Staff believes that this proposed language clarifies the intention of the existing rule

Staff appreciates Commenter 26's suggestion to allow units with RAD and Section 18 funding to be eligible for the At-Risk Set-Aside for 9% deals. Staff was not able to make this change as State statute dictates what type of subsidy qualifies an At-Risk Development.

### **§11.6(d)(126)(B)(vi) Definition of Supportive Housing**

#### COMMENT SUMMARY:

Commenter 39 suggests removing the language regarding prior eviction history and sex offender registration as part of the Tenant Selection Criteria. Commenter 39 believes this is a detriment to potential tenants who are applying to live in Supportive Housing developments and that the language should better mirror federal and state rules on lookback periods.

#### STAFF RESPONSE:

Staff appreciates Commenter 39's concerns regarding the possible effects of this item. The rule in question was originally introduced to bring clarity and consistency to tenant screening criteria imposed by Supportive Housing developments. Staff does not recommend making adjustments to the definition at this stage in the 2026 QAP Development process without additional research and discussion with the relevant stakeholders. Staff encourages Commenter 39 to introduce this concept during the 2027 QAP development process.

### **§11.6(3)(C)(iii) Competitive HTC Allocation Process**

#### COMMENT SUMMARY:

Commenter 2 supports the removal of the 50% limitation of Rehabilitation and Reconstruction developments in each Subregion.

#### STAFF RESPONSE:

Staff appreciates the support from Commenter 2 for removing the 50% limitation of Rehabilitation and Reconstruction developments in all Subregions.

## **§11.6(6) Credit Returns Due to Unforeseen Short-term Delays.**

### COMMENT SUMMARY:

Commenter 39 proposes to make financial statements and underwriting reports publicly available when a development uses this rule in order to improve transparency.

Commenter 8 supports the refining of these criteria since originally drafted but suggests additional adjustments to the language should be made. Suggested language is provided that refines the requirement for the development owner to be properly insured, given there would be no such insurance prior to construction and closing. Additionally, Commenter 8 is concerned that the requirement of this rule that it can only be used once is problematic for the affordable housing industry given the varying circumstances that may cause delay at any time. Commenter 8 suggests removing subsection (G) of the language in response.

Commenter 2 requests clarification between the distinction of “existing deadline” and “original deadline” in this paragraph.

### STAFF RESPONSE:

Staff appreciates Commenter 39’s interest in enhancing transparency regarding Force Majeure requests. Staff does not find it necessary to underwrite each request, as they typically involve only a time extension with no material changes to the deal. In cases where significant changes are proposed, a material amendment is processed, and a new underwriting report is published to the Department website.

Staff acknowledges Commenter 8’s concerns regarding the insurance requirement but does not believe a change is warranted in response. The term “properly insured” may vary in meaning depending on the stage of development. If no insurance coverage is required at a particular stage, the development would be considered “properly insured” for that point in time. Regarding subsection (G), staff maintains that the limitation remains appropriate, as there is no restriction on requesting Board approval for an additional extension if circumstances warrant it.

Regarding Commenter 2, staff concurs that clarification is needed and has made a responsive change to consistently use “original deadline” in the paragraph.

## **§ 11.7 Tie Breaker Factors**

### COMMENT SUMMARY:

Commenters 1, 24, 31, 35 recommend giving applicants the ability to use a single plot of land with multiple amenities for this tie breaker as they believe this follows the intent of the tie breaker item. Commenter 24 speaks to the fact that some campuses have amenities that are co-located with schools and because of the way the rule is written, only one amenity on the site can be counted. Commenters 24, 31, 35 do not believe this goes along with the intent of Tie Breaker as it prevents some amenities from being counted.

Commenter 32 supports the continued prohibition of using a school campus facility as a park.

Commenter 6 supports expanding the second Tie Breaker proximity beyond just elementary schools.

Commenters 11 and 39 believe there should be a Tie Breaker that incentivizes the lowest income units, which are of the highest need in the state. Commenter 11 supports a suggestion by Commenter 39 regarding a proposed Tie Breaker that prioritizes more affordable units over efficient use of tax credits. Commenter 39 has provided suggested language and further explanation on how the potential Tie Breaker could function.

Commenters 14, 15, 17, 32 believe the refined language regarding a public announcement regarding school closure would be too administratively difficult for staff to administer. Commenters 14, 15, 17, 32 suggest that this item should be based on the school being in operation as of the Application Acceptance Period.

#### STAFF RESPONSE:

Staff appreciates Commenters 6 and 32 for their support on the revisions related to the schools and parks aspects of the Tie Breaker.

Staff appreciates the suggestion by Commenters 1, 24, 31, 35 to allow a single plot of land with multiple amenities to count as separate items in this Tie Breaker. Adjustments have been made to the QAP in response to these comments.

Staff appreciates hearing from Commenters 11 and 39 and thanks them for proposing an alternative method to determine Tie Breaks. Staff recognizes the importance of incentivizing and increasing the number of 30% units in the program, as they are the most in-demand in the state. Given that there have been several adjustments to the existing language, including adding a new level to the Tie Breaker, staff does not recommend additional significant change to this rule immediately preceding adoption.

Staff appreciates the concern from Commenter 14, 15, 17, and 32's regarding potential administrative difficulties in reviewing the public announcement requirement but believes that this item is acceptable as is and can be revised in the 2027 QAP development process if needed.

### **§ 11.7(3) Tie Breaker Factors – Housing Tax Credit Per Low Income Unit**

#### **COMMENT SUMMARY:**

Commenters 2 and 33 believe this additional Tie Breaker would create a “race to the bottom” and would not be good for residents, developers, or stakeholders. Commenter 2 speaks to this provision being something that has already been tried and did not provide the desired result. Commenter 2 suggests that if this Tie Breaker cannot be removed, it should be made the final Tie Breaker. Commenter 33 believes that while this item has good intentions, it may lead to lower construction quality and a diminished impact for the community.

Commenter 14, 15, 17, 32 supports the placement of this new Tie Breaker behind the community amenities Tie Breaker.

Commenter 14, 15, 17, 32, 33 is worried that with this new Tie Breaker, applicants will not be as informed to make business decisions on whether to pursue a project. Additionally, this Tie Breaker incentivizes applicants to limit the amount of tax credits requested, which would create issues given the difficult economic environment. Commenters 14, 15, 17, 32, 33 request for this Tie Breaker option to be removed and an alternative be developed in future years.

#### **STAFF RESPONSE:**

Staff appreciates Commenter 14, 15, 17 and 32 for their support of the placement of this new Tie Breaker behind the amenities Tie Breaker.

Staff recognizes the risks noted by Comments 2, 14, 15, 17, 32, and 33 regarding the potential for the policy to incentivize developments to request fewer Tax Credits than may be needed; however, staff believes the policy advances a Department priority to promote the efficient use of public resources and does not anticipate that it will result in lower-quality construction.

Regarding the concern from Commenters 14, 15, 17, 32, and 33 that this tie breaker will lead to less informed business decisions, staff is sympathetic but emphasizes that since this not a first priority Tie Breaker it will not be pertinent in determining the competitiveness of many Applications.

### **§11.9(a)(3) Competitive HTC Selection Criteria.**

#### COMMENT SUMMARY:

Commenter 2 appreciates staff's clarification of this circumstance as it has become more common.

#### STAFF RESPONSE:

Staff appreciates Commenter 2's support of this item.

### **§11.9(b)(2) Sponsor Characteristics**

#### COMMENT SUMMARY:

Commenter 2 suggests a cleanup to the language given one of the items is not properly referenced in the first part of the subsection.

Commenter 16 supports the inclusion of Item (D) as it reserves points that are intended to incentivize Developments that do not use property tax exemptions; however, Commenter 16 opposes the inclusion of Item (E) which gives a point advantage to housing authorities and their instrumentalities over other projects that use a second layer of public subsidy. Commenter 16 believes that receiving this second layer of subsidy should come along with increased benefit so that the return to the community is clear and measurable.

Commenters 5, 14, 15, 17, and 32 though request that the Item (E) be expended to include Housing Finance Corporations in addition to Housing Authorities.

Commenters 34 and 39 are confused by the section as it appears some public entities can be awarded these points while others are restricted. Commenter 34 says that this change disincentives partnerships with entities that have been reformed by the legislature, even though reforms were done to increase the public benefit of Housing Finance Corporation (HFC) partnerships. Commenter 34 recommends that the Department revisit this subsection to include entities that have been reformed by recent legislation in the 89<sup>th</sup> legislature.

Commenters 16 and 39 agree with the Board's concerns regarding the level of benefit that is delivered from Tax-Exempt partnerships. Commenters 16 and 39 recommend that this section should be rewritten to make points available to all types of Tax-exempt partnerships, but only if they provide additional benefits in exchange for accessing both tax credits and tax exemption.

Commenters 16 and 39 have separately provided language to this extent. Commenters 16 and 39 believe their suggested language will assist in incentivizing applicants to pay property taxes while also providing more benefits to the residents.

Commenter 1 states that the new HUB language could disadvantage some third-party independent HUBs that are building capacity to become primary developers or applicants. Commenter 1 suggests excluding related parties and contracted consultants would be a good step forward to get what the agency aims for.

Commenter 5 appreciates the changes to the section that allow for HUBs to be either General Partner or Special Limited Partner, a change that better facilitates with Housing Finance Corporations.

Commenters 14, 15, 17, and 32 believe this newly added subsection should be deleted as they believe the tax credit development industry benefits from experienced sponsors. Commenters 14, 15, 17, and 32 believe that with the removal of previously required experience metrics, the agency should better establish programs to partner experienced individuals with newer individuals. Commenters 14, 15, 17, and 32 suggest that the HUB scoring option should not exclude those HUBs with significant experience in the tax credit program.

Commenter 19 believes that no change should be made to the HUB section in Sponsor Characteristics as it still meets the standards of the State of Texas.

Commenter 27 requests clarification on whether this includes developments where the Applicant's control has ended. Commenter 27 has provided language to this extent that clarifies that developments listed on the Previous Participation Form should not include those where the Control has ended.

#### STAFF RESPONSE:

In response to a recent announcement from the Texas Comptroller of Public Accounts that new HUB certificates are not being issued currently, staff has removed the scoring item for HUBs from the QAP, as the item is not currently practical for applicant participation or Department administration. Staff appreciates all stakeholder input that was received on this item.

Staff appreciates Commenter 2's recommendation to address language in this section so that the section reads as intended, and has made a responsive change to this section of the proposed Rule.

Staff appreciates Commenter 16's support of this addition to allow Sponsor Characteristic points to be scored based on a project paying ad valorem taxes to the local taxing jurisdiction.

Staff acknowledges Commenter 5, 14, 15, 17, and 32's request to expand item (E) to also include Housing Finance Corporations in addition to Housing Authorities. Additionally, Commenter's 34 and 39 support including entities that have been reformed in the 89<sup>th</sup> legislature. Staff has made a response change to this request to include Housing Finance Corporations in the section.

Staff appreciates Commenter 16 and 39's suggestion to allow developments to receive Tax Credits and additional public subsidy only if they provide additional benefit to residents. Staff believes that the discussion around these additional benefits is warranted and would suggest bringing these ideas up during the 2027 Roundtable discussions.

### **§11.9(b)(3) Quantity of Low-Income Units**

COMMENT SUMMARY:

Commenters 2 and 32 support the removal of this scoring item.

STAFF RESPONSE:

Staff appreciates Commenters 2 and 32 support for removing Quantity of Low-Income Units scoring item.

### **§11.9(c)(4) Residents with Special Housing Needs – 811 PRA Program**

COMMENT SUMMARY:

Commenter 33 has serious concerns regarding this section of the QAP as it has caused many difficulties for Rural Applicants. Commenter 33 requests USDA and At-Risk be exempt from these points since the developments compete statewide.

Commenter 30 speaks to issues related to timing, lack of support for residents completing required forms, and general confusion among applicants and residents. Commenter 30 explains that this causes difficulties for their management teams in complying with all rules and regulations around this item, and believes the program has intrinsic issues that need to be addressed before developments participate in this program.

STAFF RESPONSE:

Staff acknowledges the concerns from Commenters 30 and 33 regarding the difficulties of working with 811 PRA funding. Staff recognizes these issues and has made additions to the rule that allow for flexibility in the resolution of issues that come up when working with the 811 Program. Despite the complexities of the program, Staff believes the scoring item serves a key Department goal and has retained it in the draft proposed Rule.

### **§11.9©(4)(C) Residents with Special Housing Needs - Continuum of Care**

#### **COMMENT SUMMARY:**

Commenters 7, 11, 38, and 39 oppose the proposed reduction of the initial Continuum of Care (CoC) hold period in both urban and rural subregions as it would significantly hinder efforts to connect homeless Texans with stable affordable housing. Commenters 7, 11, 38, and 39 say that these hold periods are in place to provide the necessary timeframes so that eligible residents can be identified and assisted towards long-term housing stability.

Commenter 11 suggests that the agency should encourage developers to work more closely with their CoC to effectively market these units. Commenter 7 echoes all the recommendations provided by Commenter 11.

Commenter 38 suggests willingness to enter into formal partnerships with tax credit developers to coordinate this process.

Commenter 39 suggests that the shortcomings from this effort are more to do with shortcomings in coordination between property owners, the agency, and service providers. Commenter 39 believes the current hold periods should be maintained, and that the agency should take more of a connector role between developers and the Continuum of Care infrastructure. Commenter 39 suggests that the agency should more precisely update the Vacancy Clearinghouse so that it is clearer when and where these units are available so that service providers can connect the right people to the right type of unit.

Commenters 19 and 33 support reducing the hold period requirement but believe for USDA and At-Risk Developments should be exempt from the points. If not exempted in the final rule, Commenters 19 and 33 suggest requiring Continuum of Care providers to disclose all areas they cover in the Application materials. Commenter 33 also notes the difficulty of finding residents for these units, as potential residents may not live near the housing.

#### **STAFF RESPONSE:**

Staff appreciates the engagement around this issue regarding how this process can be improved to best serve tenants. Staff encourages a more open communication from all stakeholders regarding the proper coordination that should happen to connect individuals with these housing units. Staff recommends this item be brought up for further discussion during the 2027 QAP Roundtable discussions. Staff also intends to post additional resources on our website with the 2026 Application to assist in this process.

Staff is sympathetic to Commenter 7, 11, 38, and 39's opposition to reducing the initial Continuum of Care (CoC) hold period, but believes this change is necessary to better balance availability of CoC units with the feasibility of Developments as they place into service.

Staff appreciates Commenter 38 for their willingness to enter into partnerships with tax credit developers to help facilitate this process.

Staff appreciates Commenter 19 and 33's suggestion to make USDA and At-Risk Developments exempt from this item. Staff believes these hold periods are valuable, regardless of what part of the state a Development is located in. Staff has committed to providing additional resources to our website to assist in this process.

### **§11.9(c)(7) Competitive HTC Selection Criteria – Proximity to Jobs**

#### COMMENT SUMMARY:

Commenter 6 opposes the expansion of the radius for this item as this would negate the intent of the scoring item. Commenter 6 believes that restricting the radius is more beneficial to residents as it would represent a more realistic distance families would travel to access such amenities.

Commenter 32 suggests clean-up language regarding a deadline for the data used under this subsection.

#### STAFF RESPONSE:

Staff appreciates Commenter 32's suggestion to address an inconsistent deadline for data under Proximity to Jobs. Staff has made a responsive change.

Staff appreciates Commenter 6's comment regarding the appropriate radius for providing the best service to residents, and encourages further discussion and data development regarding this item up during the 2027 QAP Roundtable discussions. No change was made to this aspect of the proposed Rule.

### **§11.9(d)(4) Quantifiable Community Participation**

#### COMMENT SUMMARY:

Commenter 39 suggests that tenants living in existing HTC properties should be notified of any actions regarding the properties in which they reside. Commenter 39 suggests that new language should be added to specifically allow tenant organizations to be Neighborhood Organizations. This language would also include a provision that tenant organizations that consist primarily of residents of the property should be exempt from needing to be on record with the Secretary of State's office.

#### STAFF RESPONSE:

Staff appreciates Commenter 39's suggestion to include Tenant Organizations as Neighborhood Organizations. Since this comment is regarding a section that has not been adjusted yet this year, we suggest bringing this concept up at the 2027 QAP Roundtables.

### **§11.9(d)(7) Concerted Revitalization Plan or Opportunity Zone**

#### COMMENT SUMMARY:

Commenters 2, 19, 32, 33, and 36 all support the addition of Opportunity Zones as a new 7-point scoring item alongside the Concerted Revitalization Plan.

Commenters 11, 22, and 39 oppose the inclusion of Opportunity Zones within the 2026 QAP. Commenters 22 and 39 strongly opposes the way Opportunity Zones have been introduced within the 2026 QAP, specifically as a 7-point alternative to Concerted Revitalization Plans. Commenters 22 and 39 states that Opportunity Zones should not be equivalent to a Concerted Revitalization Plan, as Opportunity Zones lack local participation from municipalities.

#### STAFF RESPONSE:

Staff appreciates the support from Commenters 2, 19, 32, 33, and 36 for adding Opportunity Zones as a new 7- point scoring item as an alternative for Concerted Revitalization Plans.

Staff acknowledges the opposition of Commenters 11 and 22 to including Opportunity Zones as a new alternative scoring item for Concerted Revitalization Plans. Staff believes this is an

appropriate new point item, as Opportunity Zones were specifically selected by the Governor as areas of the state where additional investment is encouraged.

### **§11.9(e) Funding Request Amount**

#### COMMENT SUMMARY:

Commenter 32 supports and appreciates the deletion of this scoring item.

#### STAFF RESPONSE:

Staff appreciates the support from Commenter 32 for removing the Funding Request Amount scoring item.

### **§11.9(e)(8) Readiness to Proceed**

#### COMMENT SUMMARY:

Commenter 30 recommends that staff reevaluate the criteria for deciding whether a project is “ready to proceed”. Commenter 30 does not believe the purchase of the land should be the indicator used for making this determination, as it does not indicate whether the project will close sooner. Commenter 30 believes that this process creates tremendous risk for developers to take down land prior to closing, yet this risk is not shared evenly among all regions due to varying land costs. Commenter 30 also expresses timing issues with environmental clearance timelines. Commenter 30 suggests that the submission of building permits and financing applications should be sufficient to demonstrate readiness to proceed.

STAFF RESPONSE: While staff acknowledges Commenter 30’s concerns regarding risk and the uneven cost of land among subregions, financing applications do not appear to be an equivalent development milestone to a land purchase and thus would not be an appropriate substitute. Staff recommends no change.

### **§11.9(e)(4) Leveraging of Private, State, and Federal Resources**

COMMENT SUMMARY: Commenter 26 recommends allowing Federal Home Loan Bank's Affordable Housing Program (FHLB AHP) to qualify for leveraging points in scoring and financial feasibility analysis.

STAFF RESPONSE: Staff acknowledges the recommendation to include FHLB AHP funding as qualifying source for the point item; however Staff believes it would be too late to include additional ideas before the upcoming 9% Cycle. Regarding feasibility analysis, staff will consider such funding appropriately in the underwriting process.

### **§11.9(e)(6)(B) Historic Preservation**

COMMENT SUMMARY:

Commenter 2 requests clarification on the changes to this item related to syndications of historic transactions. Commenter 2 specifies that if this rule were to look at prior transactions, that 2003 awards would be the last year developments would be eligible for syndication. Commenter 2 says that rules for this topic were under a different section and eligible for a higher number of points at the time in the 2003 QAP.

STAFF RESPONSE:

Staff appreciates Commenter 2 for bringing up this issue regarding historic transactions. Staff has made a responsive change to this section for clarity.

### **§11.101 Site and Development Requirements and Restrictions**

COMMENT SUMMARY:

Commenter 9 urges TDHCA to update the metrics and values from the Department of Energy conservation standards for air conditioners and heat pumps. Commenter 9 provided a table with recommended revisions to reflect current market values.

Commenter 23 recommends that the agency includes IREM Certified Sustainable Property (CSP) certification to the section. Commenter 23 describes this certification as ensuring critical sustainability strategies and included in multifamily properties. Commenter 23 has provided

language to this extent and supplied resources and explanations on the various features of this certification.

**STAFF RESPONSE:**

Staff appreciates the recommendations and data provided by Commenter 9 regarding energy conservation standards and the recommendations from Commenter 23 to include IREM Certified Sustainable Property within the QAP. Staff has made changes to in response to the updates made by the Department of Energy to Seasonal Energy Efficiency Ratio (SEER) ratings. Regarding the other proposed changes, Staff recommends that both commenters participate in the 2027 QAP Roundtables and bring these items up for discussion. Staff also encourages Commenters 9 and 23 to present these suggestions, and any other potentially outdated requirements—earlier in the 2027 development process so proper consideration and collection of data can be given to potential changes.

### **§11.101(a)(3) Neighborhood Risk Factors**

**COMMENT SUMMARY:**

Commenter 24 suggests there should be a revision to the exemption language, so it better aligns with the Department’s stated policy goal of preserving both federally assisted and state-regulated affordable housing. Commenter 24 states that the current conjunction of “and” in the language excludes legitimate preservation projects, such as HUD-insured properties, that are not HUD-Assisted.

Commenter 24 does not support the use of NeighborhoodScout.com as a violent crime indicator. Commenter 24 states using data from NeighborhoodScout.com eliminates flexibility to use local law-enforcement or grid-level datasets. Commenter 24 also recommends mitigation credit should be available for developments incorporating CPTED design, dedicated security funding, and/or documented off-duty patrol agreements.

Commenter 35 requests changing the language for rehabilitation development’s exemption for high violent crime Neighborhood Risk Factors. Commenter 35 states the requested lineage change would allow deals with existing federal assistance and existing LURAs would be exempt from the violent crime NRF.

Commenter 39 acknowledges the removal of TEA School Ratings in the QAP due to SB 2137 and looks forward to seeing the results of the required study from TDHCA regarding the removal of

TEA School Ratings. Commenter 39 hopes that schools remain a priority within the QAP after SB 2137 is not in effect.

**STAFF RESPONSE:**

Staff does not recommend making changes in response to Commenter 24's concerns with the conjunction 'and.' Staff recommends that the commenter address this matter at future roundtable discussions so that the full impact of this change can be considered by stakeholders.

Staff acknowledges Commenter 24's opposition to using NeighborhoodScout.com as a violent crime indicator. If a Development Site triggers the violent crime NRF threshold, Applicants are allowed to provide local police beat data as mitigation, and this is stated in §11.101(a)(3)(E)(ii) of the QAP.

Staff appreciates Commenter 35's request to provide clarifying language regarding rehabilitation exemptions for high violent crime. Staff believes the current language is sufficient for allowing deals with existing federal assistance and LURAs to be exempt from violent crime NRFs.

Staff recognizes Commenter 39's request to have schools remain a priority within the QAP after SB 2137 is not in effect.

### **§10 TAC 11.101(a)(7)(C)(vii) - Eviction Protection Program**

**COMMENT SUMMARY:**

Commenter 11 raises the issue of residents who rely on social security and veteran's benefits typically not receiving their payments on the first of the month and therefore are often late on rent due to circumstances outside of their control. Commenter 11 requests this item contain reasonable accommodations for those receiving certain benefits to ensure that these residents are not being charged late fees.

Commenter 39 supported the inclusion of this item in the 2025 rule but has identified several areas of improvement and clarifications for this scoring item. Commenter 39 has provided language to this extent, including but not limited to forbidding rent increases for an amount of time, capping late fees, establishing case manager standards that assists tenants in handling their concerns.

**STAFF RESPONSE:**

Staff appreciates Commenter 11's recognition of residents who rely on social security and veteran's benefits. Staff also appreciates Commenter 39's suggestion to add language to this section to further the impact of this point item. Staff desires to see how this item works in practice before making any changes to it given that it is new enough and most likely has not been able to be placed-in-service yet. We recommend that the commenters continue this conversation into the coming years of QAP development.

### **§11.101(b)(1)(A)(viii) Site and Development Requirements – General Ineligibility Requirements – Minimum Age for Rehabilitation**

#### **COMMENT SUMMARY:**

Commenters 6 and 8 appreciate that this item will only apply to the 9% program but does not support making developments younger than 20 years ineligible as it will delay financing that is often critical for maintaining safe and quality housing. Commenter 6 warns this could cause properties to be sold outside of the program if they become too costly to maintain or increase the cost of delayed maintenance that would be needed to bring the property up to standard at year 20. Commenter 6 suggests the Department should only apply this standard for new developments entering for the first time but not require this for existing properties who followed the assumption of new tax credits partway through the extended affordability period. Commenter 8 requests that this provision should be eliminated entirely.

Commenter 18 shares concerns that post postponing syndication beyond Year 20 may create unintended consequences for residents, investors, and physical assets. Commenter 18 recommends that TDHCA revert back to a Year 15 eligibility for syndication, as well as adopt a condition-based criteria rather than a fixed time thresholds to determine readiness for new credits.

Commenter 39 strongly supports a proposal to make applications involving existing HTC properties that placed in service in 2006 or later ineligible.

#### **STAFF RESPONSE:**

Staff appreciates Commenter 39 for their support on this item. Additionally, staff appreciates Commenter 6 and 8 for their support on this item only applying for the 9% program.

Staff recognizes the concerns of Commenters 6, 8, and 18 regarding the impacts of delayed financing on projects less than 20 years old. Additionally, Staff appreciates Commenter 6's suggestion to apply this only to first-time properties and not to existing ones. Staff believes that

introducing this item is a necessary change to appropriately balance the use of limited Competitive Housing Tax Credits between preservation projects and new construction. Staff recommends no change.

Staff appreciates hearing Commenter 18's concerns and for providing the suggestion to adopt some sort of condition-based criteria for determining readiness for new credits. Staff encourages any suggestions regarding this topic and recommends bringing these concerns up during the 2027 Roundtable discussions.

### **§11.101(b)(1)(A)(x) Site and Development Requirements – General Ineligibility Requirements - Minimum Score**

#### COMMENT SUMMARY:

Commenters 1, 18, 19, 31, 33, 35, and 36 request that this minimum score threshold be lowered to 120-130 points instead of 150, as the proposed higher threshold would hurt otherwise viable projects. Commenters 14, 15, 17, 18, 31, 32, 33, and 36 recommend a 120 minimum score citing that this is 74% of the average over the past two tax credit cycles. Commenters 14, 17, 18, and 32 believe that a development that still meets more than 70% of the Department's benchmarks will still provide significant benefit to the region. Commenter 18 believes this would significantly hinder the production of Rural housing projects and does not allow for equity across subregions. Commenter 19 believes a lower minimum score would help make project viable in challenging subregions.

Commenters 2, 33, and 35 understand that it is important to establish other minimum and threshold items in the QAP but is concerned that establishing a minimum score would result in overprescribing a program that is already complex, especially for rural subregions. Commenters 2, 33, and 36 suggest that this could impede affordable housing in areas that may not receive tax credits otherwise.

Commenter 20 believes this minimum score item should be removed or should be closer to 100 points if it remains.

Commenter 29 believes the minimum score for At-Risk deals should be lowered by an equal number of points not available to those applications. Commenter 29 believes a minimum score of 160 is too high and would exclude projects that should otherwise be feasible. Commenters 31 and 35 believe a minimum score of 120 would help deals in the At-Risk Set-Aside remain feasible and competitive. Commenter 33 believes this will hurt some USDA Applications that are in areas of that state that generally do not score well and that a minimum score of 120 is appropriate.

Comment 39 recommends that staff reinstate the proposed language under §11.101(b)(1)(A)(x) in the prior version of the Draft published for the September 4, 2025, Governing Board meeting, in order to render ineligible for tax credit awards any applications that receive no points under §11.9(c)(1) and (2)."

**STAFF RESPONSE:**

Staff acknowledges Commenters 1, 3, 14, 15, 17, 18, 19, 29, 31, 32, 33, 35, and 36 request to lower the minimum score threshold from 160 to 120. Staff has made a responsive change in response to the comments received.

Staff acknowledges Commenters 2, 33, and 35 concerns regarding the new minimum score threshold item.

Staff acknowledges Commenter 20's request to remove the minimum scoring threshold or the make the minimum score 100 points. Staff will make a responsive change to make the minimum score 120 as opposed to 150 listed in the 2027 QAP Draft.

Staff acknowledges Commenter 39's recommendation to reinstate the proposed language in the staff draft for §11.101(b)(1)(A)(x). Staff believes that the new minimum score threshold is a comparable requirement to the language in the staff draft for §11.101(b)(1)(A)(x). Staff will monitor the impact of the new minimum score threshold in the upcoming 9% cycle, but for the moment recommends no change.

### **11.101 (b)(1)(A)(viii-xi) Ineligible Developments - Per-Unit Cost Cap**

**COMMENT SUMMARY:**

Commenter 36 supports keeping the \$500,000 per unit cap to prevent excessive costs but recommends allowing waivers for projects with clearly documented, extraordinary cost factors like historic rehab or infrastructure needs.

**STAFF RESPONSE:**

Staff appreciates Commenter 36's support of the cap. Staff acknowledges that some projects have unique cost factors, but does not believe a change to the item is necessary as Applicants may request a waiver of the rule as written if these circumstances arise.

### **§11.101(b)(3)(C) Site and Development Requirements – General Ineligibility Requirements - Rehabilitation Costs**

#### **COMMENT SUMMARY:**

Commenter 28 expresses concern regarding the proposed increase in the minimum rehabilitation cost from \$30,000 to \$35,000 per unit under Building Costs and Site Work. Commenter 28 believes this is a substantial increase that will unnecessarily inflate the tax credit request, particularly for those projects built on or after 2000. Commenter 28 recommends the \$30,000 minimum cap remain in place for developments built on or after 2000.

Commenter 39 supports the new minimum per unit spending of building work and site costs for rehabilitation projects. Commenter 39 believes these items should help address properties with poor conditions as a result of poor management seeking resyndication and sets a stronger baseline investment in rehabilitation.

#### **STAFF RESPONSE:**

Staff acknowledges the concerns from Commenter 28 regarding the increase in the minimum rehabilitation cost per unit. Staff notes that it has been several years since this threshold was last updated, and during that time, inflation has occurred. While staff understands that the change may increase the cost of conducting rehabilitation work, staff also recognizes the benefit of requiring additional capital to better address properties that may be in poor condition.

Staff appreciates Commenter 39 for their support on this item.

### **§11.101(b)(4) - Mandatory Development Amenities**

#### **COMMENT SUMMARY:**

Commenter 4 believes that if washers and dryers are installed in each unit, then there should be no reason to provide a central laundry area.

#### **STAFF RESPONSE:**

Staff acknowledges Commenter 4's request that if washers and dryers are installed in every unit, then no laundry area should be provided. Staff will need further information and data regarding this issue in order to respond appropriately and incorporate into the QAP. No change is recommended at this time.

## **§11.101(b)(5) & (6) Site and Development Requirements – Common Amenities & Unit Requirements**

### COMMENT SUMMARY:

Commenter 39 strongly supports both additions to this section related a new point item for transit stop seating and extended hours for use of swimming pools. Additionally, Commenter 39 supports the proposed changes to Unit Requirements that remove the automatic 5-point base score for rehabilitation developments with new construction. Commenter 39 believes that TDHCA should remove or amend unit requirements as to not incentivize bar seating units for elderly population units and should incentivize properties to provide generator-powered refrigerators to keep medicine cold during emergencies. Commenter 39 urges TDHCA to continue seeking out tenant feedback on rules and policies that impact their lives and look forward to future opportunities for community input and collaboration.

### STAFF RESPONSE:

Staff appreciates the support from Commenter 39 on adding the new point item for transit stop seating and extended hours for swimming pools. Staff also appreciates Commenter 39's support for the changes under Unit Requirements that remove the automatic 5-point base score for rehabilitation developments with new construction. Staff acknowledges Commenter 39's statement on tenant feedback on rules and policies related to the QAP.

## **§11.101(b)(5) Site and Development Requirements – Common Amenities – Health Fitness**

### COMMENT SUMMARY:

Commenters 10, 40, and 41 recommend the inclusion of a point item related to the implementation of the most up to date pool safety standards. Commenters 10, 40, and 42 have provided language and resources to this extent.

### STAFF RESPONSE:

Staff appreciates Commenters 10, 40, and 41 recommendations on developing a scoring item for swimming pool safety in developments. The water safety features listed from Commenters 10,

40, and 41 appear to already be required under various laws and statutes for swimming pools on multifamily developments. Staff believes there is no need to replicate the rule within the QAP, but requests that the Commenters in question continue to provide suggestions in future QAP development cycles that may result in enhanced pool safety.

### **§11.101(b)(5)(C)(iv)(XVI) Common Amenities - Design/Landscaping Amenities**

#### **COMMENT SUMMARY:**

Commenters 19 and 33 recommend that staff also include a School Bus Stop in the language for the new point item related to a covered waiting area for public transportation.

#### **STAFF RESPONSE:**

Staff appreciates Commenters 19 and 33 recommendations to include school bus stops under the new point item for public transportation waiting areas. Staff has made a responsive change.

### **§11.101(b)(7) Site and Development Requirements – Resident Supportive Services**

#### **COMMENT SUMMARY:**

Commenters 19 and 33 would like The Department to add a few items back to the list that were available under prior rules and very valuable to small rural areas where services are difficult to come by. Commenters 19 and 33 suggest options include Resident assisted business services, quarterly health and nutrition programs, and arts, crafts and other recreational and social events. Commenter 19 and 33 have provided language to this extent.

Commenter 39 states that they conducted research among low-income tenants and found out that a major issue was the provision and availability of amenities. Commenter 39 says that tenants have signed leases expected certain amenities to end up being told that those amenities were switched out for other items without the tenant's knowledge. Commenter 39 says that tenants should be notified when amenities change because tenants often move to housing for certain amenities.

Commented 11 states that some residents move into Developments to have access to certain amenities but subsequently find out they were swapped out for a different option. Commenter 11 has provided suggested language which maintains developer's ability to switch amenities

being offered at the property but requires notification of tenants prior to the changes of these services and that the services replaced are of the same point value.

**STAFF RESPONSE:**

Staff appreciates Commenters 19 and 33 suggestions to add back items to Resident Supportive Services. Staff believes it would be too late to include additional scoring options before the upcoming 9% Cycle.

Staff acknowledges Commenter 39's study on tenants and the issue of amenity availability and recommends that Commenter 39 bring up this topic during the comment period for 10 TAC §10, the Compliance Monitoring Rule. Staff also appreciates hearing the concerns of Commenter 11 regarding the amenities tenants expect and how this rule works in practice, and likewise recommends that this issue be brought forward for further discussion during the comment period for 10 TAC §10, the Compliance Monitoring Rule.

**§11.202(1)(O) Ineligible Applicants and Applications – Repeated Return and Reallocation of Credits**

**COMMENT SUMMARY:**

Comment 12 opposes this new rule as the use of the Force Majeure rule has been critical for developers in the 9% round in the past 3 years due to labor and material shortages, rising interest rates, and decreased equity pricing. Commenter 12 explains that developers need more time to complete projects in this environment and that the retroactive nature of this rule will hurt developers who went through these difficult situations. Commenter 12 recommends this rule be removed. If the item cannot be removed, Commenter 12 requests that this item be contingent upon receiving a certificate of substantial completion by the July date.

Commenter 25 believes this item should be revised to read as “started construction” rather than “placed in service”. Commenter 25 believes projects under construction meet the intent of this provision. Commenter 25 believes the consequence of sitting out until remaining projects are placed in service is unproductive for both the development community and the State of Texas as they pursue affordable housing goals..

**STAFF RESPONSE:**

Staff acknowledges the concerns of Commenters 12 and 25 regarding the proposed rule and the challenges developments have faced in recent years; however, Staff believes this is an important addition to ensure that all applicants have the capacity to take on additional new Developments. Staff acknowledges the recommendations from each Commenter regarding the potential triggering events in the rule and recommends bringing these suggestions up for discussion during the 2027 Roundtables.

### **§11.203 Public Notifications**

#### COMMENT SUMMARY:

Commenter 39 recommends that staff update this section to increase transparency with tenants and support tenant engagement. Language suggestions include defying tenant organizations, clarifying when and for what tenants should be notified of when it comes to property amenities, and providing clear instructions on how tenants can provide input for the HTC application process. Commenter 39 has provided language to this extent.

#### STAFF RESPONSE:

Staff acknowledges Commenter 39's recommendation on notifying tenants about how they can provide input during the HTC application process. Staff recommends bringing up this item up for discussion during the 2027 QAP Roundtables to solicit feedback and data from staff and stakeholders, but recommends no changes to the draft proposed QAP.

### **§11.204(1)(J) Required Documentation for Application Submission – Certification, Acknowledgement, and Consent of Development Owner**

#### COMMENT SUMMARY:

Commenter 8 requests revisions to this item be clarified to reflect that there are some exceptions in place and that will be followed for situations where the alterations needed to achieve current standards are infeasible or too expensive for the project to reasonably make such changes. Commenter 8 has provided suggested language for how this exception could be added to the proposed rule.

Commenter 11 is concerned that existing Tax Credit properties, most of which built prior to 2008, that have major disability-accessibility issues. Commenter 11 estimates that with over 1,000 units in the program built prior to 2008, there is a chance that a large portion of those may also be out of compliance with federal accessibility requirements, and therefore the QAP.

Commenters 11 and 39 recommend that the Department require that any applicant certify that all properties in their TX portfolio are accessible, according to federal law. Commenter 11 has provided evidence and suggested language to this extent.

Commenter 39 supports the addition of this item but recommends strengthening the language to achieve compliance with accessibility standards. Commenter 39 does not believe the proposed language prevents applicants from receiving new awards while their older properties are out of compliance with accessibility regulations. Commenter 39 has provided language to this extent.

Commenter 19 recognizes the importance of applicant certification but emphasizes that Department reviews must happen upfront to ensure compliance at the beginning.

#### STAFF RESPONSE:

Staff appreciates Commenter 39's support for the inclusion of this item.

Staff appreciates Commenter 8 for providing context around possible exceptions to the rule based on these requirements being too costly for some developments. Staff believes this rule is nonetheless important to include so that accessibility requirements are understood and followed.

Staff appreciates Commenter 11 for raising this issue and for suggesting language for how this rule can be adjusted. Staff desires to see data regarding the impact of this language before any additions are made, so it is recommended that this information be presented for discussion during the 2027 QAP Roundtables.

Staff acknowledges the concern by Commenter 11 and 39 that this language is not strong enough to get existing Tax Credit properties to remediate any deficiencies with accessibility rules. Staff believes this is a starting point for language around this subject and would recommend bringing any suggestions for further changes to the 2027 QAP Roundtable discussions.

Staff appreciates Commenter 19's recognition of the importance of this item and suggestion that Department reviews must happen upfront. Staff recognizes this, but also recognizes the importance of enforcing rules related to accessibility.

### **§11.302(d)(4)(D) - Acceptable Debt Coverage Ratio Range**

#### COMMENT SUMMARY:

Commenters 3 and 36 believe the Debt Coverage Ratio language should be changed to allow for a maximum of 1.50 for Housing Tax Credit Developments with seller notes required by §11.302(e)(1)(A)(iii), and for Housing Tax Credit Developments at cost certification. Commenters

3 and 36 believe this change is necessary due to implications of their additional request related to Cash-Out on Identity of Interest Transactions. Commenters 3 and 36 have provided language to this extent.

**STAFF RESPONSE:**

Staff acknowledges Commenter 3 and 36's concerns on the maximum DCR in regard to cash flow seller's notes. Staff does not believe a rule change is necessary. It is current practice for any application, that if the DCR is above the maximum 1.35, Real Estate Analysis assumes any payment amount up to the fully amortized payment to keep the DCR below the 1.35.

**§11.302(e)(1)(A)(iii) Underwriting and Loan Policy – Cash-Outs**

**COMMENT SUMMARY:**

Commenters 2, 5, and 8 oppose the suggested language for cash-outs in the 2026 QAP, and recommend the suggested language be removed. Commenter 2 requests a revision to cash-out, so it is defined as the less of the appraised value or purchase price.

Commenters 3, 15, 21 and 32 request a revision to provide an exemption for Cash-Outs on Competitive Tax Credit developments sponsored by affiliates of Housing Authorities that qualify for HUD Choice Neighborhood or Housing Authorities who score under §11.9(b)(2) Sponsor Characteristics. Commenters 3, 15, 21 and 32 provide recommended language regarding the exemptions.

Commenter 20 requests language to be added to provide an exemption for any Development owned by a Public Housing Authority.

Commenters 3, 14 and 17 believe that Developments that are required to use a seller note as a source of funds should be able to structure hard pay permanent debt with a maximum of 1.50-year one debt coverage ratio. Commenters 14 and 17 provided suggested language in §11.392(d)(4)(D) Acceptable Debt Coverage Ratio Range regarding the seller notes.

Commenter 18 provides recommendations regarding cash-outs by listing a valuation-based approach. Capping at the lesser of purchase price or restricted appraised value, determined by an independent appraisal approved by The Department. Maintaining requirements for restricted appraisals, related-party disclosure, and cost certification.

Commenter 24 recommends The Department should clarify that “cash-out” applies only when a related party receives net proceeds beyond repayment of unrelated third-party debt and bona fide seller notes that remain in place post-acquisition.

Commenter 29 provides suggested language on defining “cash-out” by adding a requirement for documentation such as an audit or confirmation from a 3<sup>rd</sup> party accountant regarding estimated balance at closing and accrued simple interest at market rate, which should not exceed 7%.

Commenter 36 provide recommendations on cash-outs by listing the following refinements: Define what is *not* cash-out; Seller-note expectations; Clarification on the Appraised Value; and Higher starting debt coverage ratio (1.5 DSCR in year one). Commenter 36 provides suggested language that defines “cash-out” as the as-is restricted appraised values to be determined by an independent 3rd party appraisal.

#### STAFF RESPONSE:

Staff appreciates Commenters 2, 5, and 8’s opposition to the rule. Staff believes the rule encourages a priority of the Department for the efficient use of limited 9% tax credits. Staff does not recommend to adjust the rule at this stage in the 2026 QAP Development process, as the decision warrants additional discussion with the relevant stakeholders. Staff encourages Commenters to bring this item up at the 2027 QAP Roundtable on Rules Committee for discussion.

Regarding Commenter 2, staff concurs that clarification is needed and has made a responsive change to clarify that cash-out should be defined as " the lesser of the amount reflected in the Site Control documents for the property or the as-is restricted appraised value as determined by an appraisal that meets the requirements of §11.304 of this chapter.”

Staff appreciates Commenters 3, 15, 20, 21 and 32’s request for a revision to provide an exemption for some Cash-Outs, but believes this is a significant change and warrants additional data and discussion with the relevant stakeholders. Staff encourages Commenters 3, 15, 20, 21 and 32 to bring this item up at the 2027 QAP Roundtable and Rules Committee for discussion.

Staff acknowledges Commenters 3, 14 and 17’s concerns on the maximum DCR in regard to cash flow seller’s notes. Staff does not believe a rule change is necessary. It is current practice for any application that if the DCR is above the maximum 1.35, REA assumes any payment amount up to the fully amortized payment to keep the DCR below the 1.35.

Staff acknowledges Commenter 18’s recommendations regarding cash-outs and believes the rule as amended with this clarification, “the lesser of the amount reflected in the Site Control documents for the property or the as-is restricted appraised value as determined by an appraisal that meets the requirements of §11.304 of this chapter,” meets Commenter 18’s recommendation.

Staff acknowledges Commenter 24's recommended wording for clarification but does not believe a clarification of rule is needed. The cash-out rule is written in context of the larger appraisal rules.

Staff appreciates Commenter 29's suggestion to add language on defining "cash-out" by adding documentation requirements. Staff does not believe the audits are necessary for calculating cash-outs and do not want to add undue burden or costs. In regard to allowing interest on seller's notes up to 7%, Staff believes the draft proposed rule as-is encourages a priority of the Department for the efficient use of limited 9% tax credits. Staff does not recommend making adjustments to the definition at this stage in the 2026 QAP Development process, as the decision warrants additional research and discussion with the relevant stakeholders. Staff encourages Commenter 29 to bring this item up at the 2027 QAP Roundtable and Rules Committee for discussion.

Staff appreciates Commenter 36's language recommendations and believes all points have been addressed with the inclusion of the clarification language, "the lesser of the amount reflected in the Site Control documents for the property or the as-is restricted appraised value as determined by an appraisal that meets the requirements of §11.304 of this chapter," and noting that it is current practice for any application that if the DCR is above the maximum 1.35, REA assumes any payment amount up to the fully amortized payment to keep the DCR below the 1.35.

### **§11.302(e)(6) Underwriting Rules and General Guidelines - General Contractor Fee**

COMMENT SUMMARY: Commenters 5, 13, 28, 34, 36, and 37 all oppose the proposed 2026 language for general contractor fees. Commenters 5, 13, 36, and 37 all recommend the proposed changes be tabled for the 2026 QAP, while having general contractor fees be brought up during discussion during the 2027 QAP Planning Process. Commenter 34 recommends striking the proposed language entirely. Commenter 28 suggests that sales tax exemption related fees be included within the Developer Fee, stating that the proposed language inaccurately assigns responsibility for sales tax exemption related fees to the General Contractor.

#### **STAFF RESPONSE:**

Staff appreciates Commenter 5, 13, 28, 34, 36, and 37's concern that including the sales tax exemption fee paid to the entity listed as the General Contractor within the General Contractor Fee may limit the profit realized by the actual General Contractor. Staff acknowledges this concern and believes this is ultimately a business decision for the Developer. Staff believes that

any fee paid to the General Contractor should appropriately be included in the General Contractor Fee.

Staff believes Commenter 28's suggestion to have the sales tax exemption fee included in Developer Fee is too significant of a change that has not been discussed with relevant stakeholders. Staff encourages Commenter 28 to bring this item up at the 2027 QAP Roundtable for discussion.

### **§11.302(e)(10) Underwriting Rules and General Guidelines – Soft Costs**

COMMENT SUMMARY: Commenters 13, 36 and 37 both recommend removing the proposed language for soft costs in the 2026 QAP. Commenters 36 and 37 suggest this item be brought up during a roundtable discussion for the 2027 QAP. Commenter 13 believes that the proposed 2026 provisions work against the objective by widening funding gaps and complicating the underwriting process. Commenter 36 notes that soft costs can result in increased funding gaps if the proposed language is accepted. Commenter 37 notes that the proposed language is a major change that has had little to no discussion, which can affect the partnerships and economic viability of future developments.

Commenter 39 recommends amending the proposed language to include a cap of how much of the payments to tax-exempt entities in exchanging for participation in the project can count towards the eligible basis.

#### **STAFF RESPONSE:**

Staff appreciates Commenter 36 and 37's comment that this should be discussed at the 2027 QAP roundtables. The rule in question was introduced at the 2026 QAP roundtables and was adjusted in response to those discussions. Originally, the proposed rule required that the property tax exemption fees be included in developer fee, but the industry felt strongly that this was limiting on their already tight developer fee, therefore, staff updated the rule to include these fees in the soft costs, where there is no cap.

Staff acknowledges Commenters 13 and 36's comments that soft costs can increase the funding gap but does not believe that showing fees paid for property tax exemption in soft costs increases the funding gap or affects the partnerships or economic viability of developments. These fees are already being paid as a cost to the development and should be reflected in the development cost schedule; this rule clarifies where they should be entered on the development cost schedule.

Staff acknowledges Commenter 39's comment to include a cap on these fees. Staff does not recommend making adjustments to the rule at this stage in the 2026 QAP Development process, as the decision warrants additional data, research and discussion with the relevant stakeholders.

### **§11.304(c)(10) Appraisal Rules and Guidelines**

#### **COMMENT SUMMARY:**

Commenter 13 opposes the favorable financing within the land and building split. Commenter 13 states the prescribed 25/75 allocation is inherently arbitrary and will negatively impact depreciation, taxable value, and LIHTC eligible basis. Commenter 13 also states that comp sheets will become less reliable as appraisals embedded with financing adjustments while others do not, complicates reconciliation and underwriting.

Commenter 33 appreciates staff codifying a process for how favorable financing will be approached going forward. Commenter 33 has provided recommended language regarding favorable financing. The recommended language requests that a "lesser of" approach be made related to favorable financing. Commenter 19 supports the comments of Commenter 33, while recommending the suggested language of Commenter 33.

#### **STAFF RESPONSE:**

Staff appreciates Commenter 13's response. Favorable financing is associated with below market rate loans provided by government entities, usually USDA or Department loans, and are transferable when properties are purchased. Favorable financing is a separate value in the appraisal and has historically been applied to land and building value in proportion to values ascribed in the appraisal. Favorable financing is usually involved with USDA developments and the Department feels they should benefit from the 25%/75% split on the favorable financing value only. Staff believes that clarification is needed and has made a responsive change to include "with favorable financing from a government entity".

Staff believes Commenter 19 and 33's comment is too significant of a change from what was discussed with relevant stakeholders and does not recommend changes at this stage in the 2026 QAP Development process. The as-is land value in the appraisal will be attributed to land, and the as-is building value will be attributed to the building value; in addition, 25% of the favorable financing will be attributed to land value and 75% of favorable financing will be attributed to building value.

## **§11.1003 & §11.1007 State Housing Tax Credit Allocation Process Associated with Competitive HTC Applications**

### **COMMENT SUMMARY:**

Commenter 39 supports the proposed language of a minimum \$3 million request amount; however, Commenter 39 opposes striking eligibility restrictions regarding high violent crime and poverty rate Neighborhood Risk Factors. Commenter 39 requests that neighborhood risk factors not be considered for the State Housing Tax Credit Application Process.

### **STAFF RESPONSE:**

Staff appreciates the support for the new \$3 million request amount for State Housing Tax Credit Requests. Staff acknowledges the suggestion to retain the restrictions on Applications containing neighborhood risk factors; however, this change serves to increase the pool of potential Applicants in response to limited demand for State Credits at this time.

**From:** [Darren Smith](#)  
**To:** [Dominic DeNiro](#)  
**Subject:** QAP Public Comment  
**Date:** Tuesday, October 7, 2025 4:18:58 PM

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You don't often get email from darren.smith@auxanodevelopment.com. [Learn why this is important](#)

To whom it may concern:

My comments to the QAP are as follows:

I support lowering the proposed 150-point minimum score threshold to 120–130 points, as raised in recent public comments, so that otherwise viable projects—especially in rural and at-risk set-asides—remain feasible and competitive.

A development site near multiple amenities built on the same lot aligns with the purpose of the tiebreaker policy. Having more than one unique amenity on the same parcel benefits residents and justifies qualification for the tiebreaker.

HUB language, as currently written, could disadvantage third-party independent HUBs that are building capacity to become a primary developer or applicant. I believe excluding familial or related parties, including contracted consultants, would be a good step toward achieving what the agency aims for.

Regards,

Darren W. Smith  
Managing Member  
Office: 214-501-5720  
Mobile: 214-735-1430  
[darren.smith@auxanodevelopment.com](mailto:darren.smith@auxanodevelopment.com)



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October 5, 2025

Mr. Dominic DeNiro  
Multifamily Program Specialist  
Texas Department of Housing and Community Affairs  
211 E 11th Street  
Austin, Texas 78701

Via Email: [dominic.deniro@tdhca.texas.gov](mailto:dominic.deniro@tdhca.texas.gov)

Re: Public Comment - TDHCA 2026 Draft Qualified Allocation Plan

Mr. DeNiro:

On behalf of the staff at BETCO Housing Lab, we appreciate the opportunity to submit recommendations and comments to the draft 2026 Qualified Allocation Plan (QAP) and Uniform Multifamily Rules. BETCO Housing Lab is an affordable housing consulting firm, which provides multifamily development services to a wide range of clients who develop affordable housing across the state of Texas. Please consider the following recommendations to specific provisions outlined below.

**Competitive HTC Allocation Process §11.6(3)(C)(iii)** BETCO supports removal of the limitation on Rehabilitation and Reconstruction developments.

“(iii) In Urban and Rural subregions, not including the calculation of At-Risk Applications awarded, no more than 50% of all credits in a subregion will be awarded to Applications proposing Rehabilitation or Reconstruction, unless all eligible New Construction Applications in that subregion have been awarded”

**§11.6(6) Credit Returns Due to Unforeseen Short-term Delays.** Please provide clarification or consistency between the distinction of “existing deadline” and “original deadline” in this paragraph. Does original deadline intend to mean the application year deadline?

**§11.7(3) Tie Breaker Factors.** The addition of this Tie Breaker is unfortunate. The development community has provided feedback over the years that a race to the bottom is not a win for Texas residents, developers, or stakeholders. This has been a provision in previous years and did not provide intended results, which included the use of substandard materials that created shoddy housing and why it was removed. Our preference would be to eliminate this Tie Breaker. If the Tie Breaker cannot be eliminated, our request would be to move it to the last and final Tie Breaker.

**§11.9(a)(3) Competitive HTC Selection Criteria.** BETCO appreciates staff’s clarification of this circumstance that has become more common.



**§11.9(b)(2) Sponsor Characteristics.** Please note there are now five options to achieve points under this scoring category. The draft QAP currently excludes option E from the first sentence of the section only indicating options A-D, rather than A-E.

**§11.9(b)(3) Quantity of Low-Income Units.** BETCO supports removal of this scoring item.

**§11.9(d)(7) Concerted Revitalization Plan or Opportunity Zone.** BETCO supports the addition of Opportunity Zones as an additional scoring option for Developments outside of High Opportunity Areas for parity. The purpose of Opportunity Zones, as with Community Revitalization Plans (CRPs), is to spur economic development and create jobs in areas of economic distress by incentivizing investment in those areas. We have already seen where areas that had CRPs in place and had additional investment in the area, including housing, the poverty rates in most of those census tracts have trended down. It took years for some of these areas to become distressed and it will take time to see positive trends in these areas and census tracts, and including Opportunity Zones to this point category will continue to help these areas.

**§11.9(e)(6)(B) Historic Preservation.** Please provide clarification on whether the addition of the new language will look at previous resyndications of historic transactions or whether it is only looking at transactions moving forward. If it is looking at prior transactions, 2003 awards would be the last year developments would be eligible for resyndication (because of the December 31, 2005 Place in Service Deadline). The rules and points under the 2003 QAP were under a different section and eligible for 6 points, so clarifying language would be appreciated here.

**§11.101(b)(1)(A)(x) Site and Development Requirements and Restrictions.** While we understand that it is important to establish standards for housing, oftentimes there are subregions overlooked for awards. The QAP already establishes minimum unit sizes, minimum development sizes, and building material options. Establishing a minimum score results in overprescribing a program that is already incredibly difficult to make work, particularly in Rural subregions. The addition of this rule could have unintended consequences of impeding affordable housing in areas that may not have received a tax credit award otherwise. Please consider addition of language taking into account whether or not there are higher scoring Applications in the subregion. This language would directly counteract a situation where in a subregion with no other Applications submitted, an award will still be made and the subregion will not go underserved.

*Example:* (x) Competitive Housing Tax Credit Applications that scores fewer than 150 total points, inclusive of any scoring reductions. In subregions where there are no other eligible Applications, there shall be no minimum Application score.



**§11.302(e)(1)(A)(iii) Underwriting and Loan Policy.** BETCO does not support the addition of this language. If it must stay in, we request revision to cash-out so it is defined as the lesser of appraised value or purchase price.

Thank you for the opportunity to provide public comment on the draft 2026 Qualified Allocation Plan and Uniform Multifamily Rules. If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at (512) 785-3710 or via email at [lora@betcohousinglab.com](mailto:lora@betcohousinglab.com).

Sincerely,

Lora Myrick, Principal  
BETCO Consulting, LLC



Mr. Dominic DeNiro  
Housing Specialist  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street,  
Austin, TX 78711

RE: 2026 Qualified Allocation Plan Comments

Dear Mr. DeNiro,

Thank you for the opportunity to comment on the draft 2026 Qualified Allocation Plan. On behalf of Brinshore Development, please find below comments on the 2026 draft and suggested, revised language.

§11.302(e)(1)(A)(iii) “Cash-Out” on Identity of Interest Transactions

Brinshore Development suggests a revision to provide an exemption for Competitive Tax Credit developments sponsored by affiliates of Housing Authorities that qualify for §11.6(3)(C)(iii) or §11.9(b)(2)(E).

Housing Authorities reinvest proceeds from the sale or transfer of their real estate assets into other affordable housing activities, whether into capital reserves, or into the future development of affordable housing units. This is particularly applicable in the case of HUD Choice Neighborhood Initiative transactions, which are typically multi-phase developments and which in all cases increase the number of affordable housing units in a given location. Because gap financing is limited, when a housing authority or its affiliate can generate funds based on the appreciation of an asset in its portfolio, doing so provides an important source of funds that can be used toward other affordable housing activities.

Suggested language revision:

“(iii) TDHCA prohibits cash-out to a related-party seller in an identity of interest transaction for Competitive Housing Tax Credit Applications (This section does not apply to Existing Developments funded by USDA, to developments that qualify for an allocation pursuant to §11.6(3)(C)(iii), or that qualify for points pursuant to §11.9(b)(2)(E).)”

Additionally, Brinshore Development believes that developments that are required to use a seller note as a source of funds should be able to structure hard pay permanent debt with a maximum 1.50 year one debt coverage ratio. Part of TDHCA staff’s concern with “cash-outs” is that applicants take out larger hard pay permanent loans to finance the sale of the property to the new partnership than they would if the “cash-out” did not occur. Under the new “cash out” language, the higher permanent loan amount is no longer needed because applicants are required to carry related party debt via a seller note. However, this related party seller note cannot be counted toward the maximum debt coverage ratio limitation. Since the new language requires a debt source that isn’t considered when evaluating the maximum debt coverage ratio, it seems appropriate to provide an offsetting

consideration via the ability to take on a lower hard pay permanent loan. Therefore, Brinshore Development suggests the following revision to the debt coverage ratio requirement in **§11.302(d)(4)(D)**:

“(D) Acceptable Debt Coverage Ratio Range. Except as set forth in clauses (i) or (ii) of this subparagraph, the acceptable first year stabilized pro forma DCR must be between a minimum of 1.15 and a maximum of 1.35 (maximum of 1.50 for Housing Tax Credit Developments with seller notes required by §11.302(e)(1)(A)(iii), and for Housing Tax Credit Developments at cost certification).”

Thank you for your consideration. Please reach out to Emily Abeln at [emily@brinshore.com](mailto:emily@brinshore.com) with any questions.

Sincerely,

Emily Abeln

A handwritten signature in black ink, appearing to read 'Emily Abeln', with a long horizontal flourish extending to the right.

Senior Vice President  
Brinshore Development

**From:** [Charles Holcomb](#)  
**To:** [Dominic DeNiro](#)  
**Subject:** QAP Comment  
**Date:** Monday, September 22, 2025 3:27:56 PM

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If washers and dryers are installed in each unit, there should be no reason to provide a central laundry area'.

Charles Holcomb+



October 10, 2025

Texas Department of Housing and Community Affairs  
Attn: Dominic DeNiro, QAP Public Comment  
P.O. Box 13941  
Austin, Texas 78711-3941  
*Submitted via email to: dominic.deniro@tdhca.texas.gov*

**Re: City of Austin Public Comments on Proposed 2026 Qualified Allocation Plan**

Dear Mr. DeNiro,

The City of Austin (City) would like to thank the staff at the Texas Department of Housing and Community Affairs (TDHCA), the executive director, and the Board for this opportunity to comment on the 2026 Qualified Allocation Plan (QAP). TDHCA and the City continue to be key partners in many of the new LIHTC developments constructed within the City. This partnership allows for the development of affordable housing that is deeply affordable with rents between 30% and 50% AMFI. These developments are accomplished because the LIHTC program provides much needed capital for affordable housing in our fast-growing city and the deployment of the City's Affordable Housing General Obligation Bonds, which voters overwhelmingly approved multiple times over the past 10 years. We submit these comments with the goal of ensuring that our collective efforts are as impactful as possible, and we look forward to continuing to work with TDHCA.

§11.9(b)(2) Sponsor Characteristics (pp. 62-64<sup>1</sup>)

The City appreciates the changes to §11.9(b)(2)(A) Sponsor Characteristics – HUB that allows for the HUB to be in either General Partner or the Special Limited Partner, a change that better facilitates partnerships with Housing Finance Corporations. However, subsections (D) Property Tax Status and (E) Housing Authority seem counter to this effort. The City requests that subsection (E) be expanded to include Housing Finance Corporations under Local Government Code Chapter 394 in addition to Housing Authorities, as initially contemplated in the Staff Draft.

§11.302(e)(1)(A)(iii) “Cash-Out” on Identity of Interest Transactions (p. 173)

The City, via the Austin Housing Finance Corporation, has sought to preserve affordable housing opportunities through acquiring operating properties and land for future affordable housing development. The proposed §11.302(e)(1)(A)(iii) may inhibit production of affordable housing by diminishing the AHFC's ability to leverage existing resources and reinvest in more affordable housing. In this, the City echoes concerns raised by the Texas Affiliation of Affordable Housing Providers (TAAHP) in its August 21, 2025, letter and respectfully requests that this new rule be struck.

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<sup>1</sup> Page numbers referenced are to the TDHCA “Public Comment on 10 TAC Chapter 11, the Qualified Allocation Plan (QAP)” document posted on the TDHCA website at <https://www.tdhca.texas.gov/sites/default/files/multifamily/docs/26-QAP-PubComm.pdf>

**Page:** 2 of 2  
**Date:** October 10, 2025  
**Subject:** City of Austin Public Comments on Proposed 2026 Qualified Allocation Plan

§11.302(e)(6) General Contractor Fee (p. 175)

Similarly, the City also agrees with TAAHP's concerns about the proposed addition to this section, as the General Contractor and Prime Subcontractor are unrelated parties. Any sales tax exemption fee should be considered a soft cost or financing fee rather than a General Contractor Fee.

Thank you again for your consideration and the opportunity to provide comments on the 2026 Qualified Allocation Plan. The City of Austin looks forward to the continued collaboration ahead of us as we work together to provide affordable housing in our community.

Should you have any questions, please do not hesitate to reach out to Mandy DeMayo, Deputy Director, Austin Housing, at [mandy.demayo@austintexas.gov](mailto:mandy.demayo@austintexas.gov) or (512) 974-1091.

Sincerely,

A handwritten signature in black ink, appearing to read "Deletta Dean". The signature is fluid and cursive, with a large initial "D" and "D".

Deletta Dean, Director  
Austin Housing

cc: T.C. Broadnax, City Manager  
Dr. Eric A. Johnson, Assistant City Manager  
Carrie Rogers, Government Relations Officer



## NEIGHBORHOOD & HOUSING SERVICES

September 30, 2025

Multifamily Finance Division  
Texas Department of Housing and Community Affairs  
Attn: Cody Campbell, Director of Multifamily Programs

### **Re: 2026 Draft Qualified Allocation Plan and Uniform Multifamily Rules Comments**

The City of San Antonio's Neighborhood & Housing Services Department appreciates the opportunity to provide feedback on the draft of the 2026 Qualified Allocation Plan. We are dedicated to enhancing the quality of life for the residents of San Antonio. We believe the Housing Tax Credit programs administered by TDHCA are integral to our efforts to provide quality, safe, and affordable housing throughout San Antonio.

#### **§11.7. Tie Breaker Factors**

(2)(A)(ii) We support expanding the proximity to schools beyond elementary schools.

#### **§11.9. Competitive HTC Selection Criteria**

(c)(7) Criteria to serve and support Texans most in need.

##### **(A) Proximity to Jobs**

Since 2022, we have opposed expanding the job radius in urban areas beyond 1 mile. We believe individuals living in HTC developments benefit when they have access to jobs, services, and amenities associated with job centers. Restricting the radius of jobs for higher points makes it easier for families to live, work, and play in their neighborhood. We request the radius be reduced. The current 5-mile radius negates the intent of the scoring item particularly in large cities where nearly anywhere in the city is within 5 miles of 10,000 jobs.

#### **§11.101 (b)(1)(A)(viii-xi) Ineligible Developments**

##### (viii) Minimum Age for Rehabilitation

While we appreciate that this item will only apply to the Competitive 9% Program, we do not support making developments younger than 20-years ineligible as it will delay refinancing often critical to maintaining safe and quality housing. This requirement is likely to result in one of two things: 1) the development could be sold outside of the program if it becomes too costly to maintain or 2) the cost of delayed maintenance beyond year 15 will increase the funding needed to bring the development up to standard at year 20. We ask the department to only apply this standard to new developments entering the program for the first time, and to allow for projects with existing credits to request new credits at year 15 since the original proformas may have included the assumption of new credits partway through their extended affordability period.

Thank you for your consideration. Please contact me if you have any questions.

Regards,

A handwritten signature in black ink that reads "Veronica Garcia".

Veronica Garcia  
Director, Neighborhood & Housing Services Department  
[Veronica.Garcia@sanantonio.gov](mailto:Veronica.Garcia@sanantonio.gov)  
210-207-8477



### **CTD Public Comments re: 2026 Qualified Allocation Plan (QAP) Staff Draft**

The Coalition of Texans with Disabilities (CTD) is a cross disability advocacy organization that advocates for Texans with Disabilities to live, learn, work, and thrive in the community of their choice. Central to achieving a high quality of life for Texans with Disabilities is ensuring access to safe, affordable, and accessible housing. We are appreciative of TDHCA's efforts in involving tax credit tenants in the discussions around the QAP, as tenants, and particularly tenants with disabilities, have unique and important perspectives to share. While we echo all of the recommendations provided by our partners at Disability Rights Texas (DRTx), CTD will focus specifically on the importance of accessibility compliance to ensure the safety disabled tenants, as well as the need to market units in partnership with Continuums of Care (CoC).

Tax credit housing is one of the very few ways that affordable, accessible housing is funded, so it is critical that the units truly meet the needs of tenants with disabilities. In that vein, it is essential that TDHCA holds developers accountable in granting awards when they have properties out of compliance with the ADA, FHA, and therefore the tax credit program, in order to ensure the safety of disabled tenants.

Additionally, people with disabilities are over-represented in the homeless population, and often face additional stigma due to their disability and housing status, which make units for individuals referred by Continuums of Care (CoC) an essential tool for housing stability. This is why it is so critical for applicants to effectively market these units and partner with CoCs to ensure homeless individuals with disabilities are aware of them.

Thanks so much for the opportunity to provide comments, and CTD looks forward to continuing this conversation. If you have any questions, please feel free to contact Cole Glosser at [cglosser@txdisabilities.org](mailto:cglosser@txdisabilities.org).

# COATS | ROSE

A PROFESSIONAL CORPORATION

BARRY J. PALMER

bpalmer@coatsrose.com  
Direct Dial  
(713) 653-7395  
Direct Fax  
(713) 890-3944

October 10, 2025

Texas Department of Housing and Community Affairs  
Attn: Dominic DeNiro  
P.O. Box 13941  
Austin, Texas 78711-3941  
Email: [dominic.deniro@tdhca.texas.gov](mailto:dominic.deniro@tdhca.texas.gov).

***Re: 2026 QAP – Comments on Draft Published in September 2025 Board Book.***

Dear Dominic:

The following are the consolidated comments of Coats Rose, P.C. to the Draft of the 2026 Qualified Allocation Plan which was released in the September 4, 2025 TDHCA Board Book. Comments are provided with the assumption that the QAP is as shown in the redline version published.

1. Page 46: Section 11.5(3)(F) states that to be in the At-Risk Set-Aside an application must be eligible to obtain a Qualified Contract under both the IRS Section 42 requirements and the Department's rules. We think this should be limited to the Section 42 requirements. The Department has made rules that essentially prohibit a project owner from seeking a Qualified Contract until the Extended Use Period has expired. When applying to be considered in the At-Risk Set-Aside, a project owner is clearly resyndicating through the 9% Program, and to do so will require a new Extended Use Period which will further extend the use period. The Department is not losing any affordability time (although two Extended Use Periods may be stacked, if the project ends up with two LURAs). Sometimes the only practical way to provide capital upgrades needed for older projects is to resyndicate, and limiting potential qualification as an At-Risk development does not serve this purpose. We recommend removing the insertion regarding the Department's rules.

9 Greenway Plaza, Suite 1000 Houston, Texas 77046  
Phone: 713-651-0111 Fax: 713-651-0220  
Web: [www.coatsrose.com](http://www.coatsrose.com)


HOUSTON | AUSTIN | DALLAS | CINCINNATI

2. Pages 53-54: Section 11.6(6) is a new provision permitting up to 6 months extension of the PIS deadline, but only if the project meets certain criteria. We support the refining of these criteria that has taken place since the Staff's Preliminary Draft was published, however a little more tweaking is needed. Subsection (C) requires that the Development and the Development Owner be "properly insured," but there would likely be no such insurance prior to the construction and equity closing. We recommend that subsection (C) be revised to read "...that the Development and Development Owner was properly insured if construction and equity closing has occurred, ...". Finally, the provision in (G) that means the extension may only be used once is problematic because in the affordable housing industry you never really know what circumstances are coming that may adversely impact timing (weather, fire, flood, political actions, governmental changes, financial fluctuations, pandemics, etc.). If (G) is eliminated, the TDHCA has a means of responding to such circumstances without having to devise a programmatic change that meets all the statutory restrictions under which the TDHCA works. We recommend that subsection (G) be eliminated.
3. Page 104: Section 11.101(b)(1)(A)(viii) is a new provision that makes ineligible any existing Competitive Housing Tax Credit Development with a building that was placed in service on or after January 1, 2006. We applaud Staff's decision to limit this new provision to 9% transactions, but feel it would be better to eliminate the provision entirely.
4. Page 139: Section 11.204(1)(J) is new and provides that a Development Owner acknowledges that all applications are subject to review for ADA compliance, including those proposing rehabilitation of existing developments. We suggest that this be clarified to reflect that there are some exceptions in place and that will be followed for situations where the alterations needed to achieve current standards are infeasible or too expensive for the project to reasonably make such changes. We recommend that the subsection (J) have the following second sentence added:  
  
Compliance review shall take into consideration any exemptions or exceptions available for the rehabilitation of existing developments that previously met the accessibility standards in place at the time of original construction, but for which current accessibility requirements would necessitate structural changes that are either technically or economically infeasible.
5. Page 172 – Section 11.302(e)(iii) is a new provision that prohibits cash-out to related parties in identity of interest transactions (other than USDA). This scenario can arise in situations where a developer-related entity has acquired the project site substantially in advance of applying for tax credits, and held the project site until the proposed redevelopment could be designed. It can also arise when a project has reached the end of its Compliance Period and is eligible for resyndication. In particular, for resyndications of 9% projects, the new project is generally structured to comply with the requirements of

10.407(a)(7) of the Asset Management Rules, which requires an identity of interest transaction to avoid triggering the Right of First Refusal (“ROFR”) that most 9% developments have in their LURAs. Re-syndications of 9% projects with sales between related parties will be discouraged by the inability of the project owner to take out its equity at the sale. Projects with 4% LIHTCs do not have TDHCA ROFRS and therefore their re-syndications are not necessarily structured in the same manner. However, a 4% project re-syndicated by its owner would also appear to be subject to this prohibition against the seller taking cash out of the sale if the sale is to a related party. At the TDHCA Board Meeting in September the Board Chair stated that the cash out limitation would be restricted to only apply to 9% deals, but the rule is drafted to include 4% deals. A number of potential speakers who were opposed to this rule chose not to speak based on the Board Chair's statement that the prohibition would be limited to 4% deals. Again, we do not support this limitation on the ability of the project owner to re-syndicate with a seller cash-out, and recommend that this new provision be eliminated.

Thank you for the opportunity of commenting informally upon the Draft of the 2026 QAP. We appreciate the chance to express the impediments we see to the Housing Tax Credit Program's smooth operation, and hope that due consideration will be given to the issues we have raised.

Sincerely,



---

Barry Palmer



**Daikin Comfort Technologies NA, Inc.**  
Daikin Texas Technology Park  
19001 Kermier Road  
Waller, TX 77484 USA

TEL: 713-861-2500  
FAX: 713-861-4701  
www.daikincomfort.com

September 30, 2025

Bobby Wilkinson  
Executive Director  
Texas Department of Housing and Community Affairs  
221 E 11<sup>th</sup> St # 400  
Austin, TX 78701

Re: Comments regarding draft amendments to the Texas Department of Housing and Community Affairs 2026 Qualified Allocation Plan 10 TAC Chapter 11 Subchapter B Rule §11.101.

Dear Mr. Wilkinson:

Daikin Comfort Technologies North America, Inc. (“DNA”) appreciates the opportunity to comment on the draft amendments to the Texas Department of Housing and Community Affairs (TDHCA) 2026 Qualified Allocation Plan 10 TAC Chapter 11 (QAP). The QAP is an essential set of standards that guides the selection of projects most likely to deliver lasting, well-designed affordable housing throughout the state. Daikin wants to ensure the QAP has the most up-to-date information for incenting energy-efficiency measures and the supporting infrastructure, as such Daikin has a few requests for revisions that it hopes the TDHCA will consider. More specifically in the draft 2026 Qualified Allocation Plan 10 TAC Chapter 11 Subchapter B Rule §11.101, Daikin believes (1) the energy-efficiency metrics and values for heating ventilation and air conditioning (HVAC) equipment need to be updated to reflect the current Federal regulatory scheme for awarding Housing Tax Credits, specifically the Competitive 9% and Non-Competitive 4% credits and (2) a baseline should be established for all electric developments that does not allow inefficient all electric resistance heating as a primary heat source. More details on each are explained below and Daikin would be happy to share additional information that the TDHCA would find helpful in its consideration of this request.

#### About Daikin

Daikin Industries, Ltd. (DIL) is a Fortune 1,000 company with more than 95,000 employees worldwide and is the world’s #1 indoor comfort solutions provider. Daikin Comfort Technologies North America (DNA) is a subsidiary of DIL, providing Daikin, Goodman, Amana® and Quietflex branded products. DNA and its affiliates manufacture heating and cooling systems for residential, commercial, and industrial use and are sold via company owned distribution or independent distributors and contractors. DNA’s headquarters is located at the Daikin Texas Technology Park (DTTP), a 4.2 million-square-foot, state-of-the-art facility on a 497-acre campus in Waller, Texas. Approximately 8,000 people work at DTTP and Daikin employs approximately 10,000 people in Texas. For decades Daikin has strategically focused on local manufacturing and supply chains to cater to specific regional needs and maintain the flexibility, resilience and speed required to deliver the highest possible standards. The United States is no exception. Through strategic investment, technological innovation, community engagement, and environmental stewardship, Daikin continues to demonstrate that world-class energy efficient solutions can be designed, engineered and assembled in America, for Americans.

#### Energy-Efficiency Credits for Heating, Ventilation, and Air-Conditioning Equipment

Currently, the TDHCA awards incentive points to encourage the use of higher efficiency heating and cooling equipment to support energy-efficiency measures in new or renovated multifamily housing. Daikin is concerned that Chapter 11 of

the current Qualified Action Plan uses outdated metrics specifically in section, 11.101(b)(6)(B)(iii) – “Energy and Water Efficiency Features include:” Daikin strongly encourages the TDHCA to update the outdated metrics and values that originate from DOE’s energy conservation standards for air conditioners and heat pumps. On January 1, 2023, DOE updated the metric from seasonal energy efficiency ratio (SEER) to seasonal energy efficiency ratio 2 (SEER2), and manufacturers currently only show SEER2 ratings for their air conditioning and heating equipment. With this metric change to SEER2, the Federal energy conservation standards were also updated, which impacts the efficiency values used to qualify equipment for points.

In addition, Daikin believes the TDHCA should also add a baseline metric for heating efficiency in all electric developments that would be applicable to split-system central heat pumps. This will ensure that wasteful electric resistance heating is not used and that points are awarded for higher efficiency cooling and heating, thereby supporting lower annual utility bills for renters in affordable housing. Without a heating efficiency minimum, inefficient electric resistance heaters can be installed in conjunction with efficient cooling equipment, which will cause significant increases in winter utility bills for tenants potentially offsetting any savings gained for efficient cooling.

The justification for utilizing a heating efficiency metric can be found in two recent studies that examine winter peak and resiliency in the state. Texas A&M University published “Demand Response and Energy Efficiency in ERCOT” in October of 2024 and filed it in the PUC Project No. 38578, Energy Efficiency Implementation Project under 16 TAC §25.181. This study identified the potential savings of retrofits with a minimum efficiency heat pump with existing electric heat as backup having “a huge impact on winter peak saving at 13.5GW peak demand savings.” The American Council for an Energy-Efficient Economy (ACEEE) released a similar study “Transforming Texas: How Heat Pumps Can Replace Electric Resistance Heat” in November of 2024 that quantified the potential savings of 12.0 GW at peak but went further to quantify the benefits to renters of multifamily dwellings. According to the ACEEE the potential benefits are as follows using an average of \$0.145 per kWh:

- New Construction (Multifamily, Renter-Occupied):
  - o Average incremental cost of installing a heat pump instead of a central air conditioner with primary electric resistance heat: \$87 per unit for a typical 2-ton system common in multifamily
  - o Average ROI: 121%
  - o Median ROI: 80%
  - o Average Payback: 2.06 years
  - o Median Payback: 1.24 years
- Equipment Replacement (Multifamily, Renter-Occupied):
  - o Average incremental cost \$305 per unit for a 2–3-ton system common in retrofits
  - o Average ROI: 96%
  - o Median ROI: 66%
  - o Average Payback: 2.46 years
  - o Median Payback: 1.52 years

The Heating Season Performance Factor (HSPF) in these economic calculations by ACEEE was the Heating Season Performance Factor 2 (HSPF2) minimum established in 2023 of 7.5.

Daikin understands the intent of TDHCA is to create an incentive system for multifamily developers to increase the efficiency of HVAC systems in the rental apartments thereby increasing affordability for tenants. Daikin’s suggested changes to cooling and heating efficiency are consistent with that goal. **In summary, Daikin urges the TDHCA to update the metrics and values as shown below in Table 1 to reflect equipment metrics and efficiency values currently available in today’s market reflective of the Federal regulatory scheme and establish a baseline minimum heating efficiency for all electric developments.**

Table 1: §11.101(b)(6)(B)(iii) of the draft QAP 10 TAC Chapter 11, Contents and Revisions Requested for all electric developments.

<b>Current Text</b>			
System Type	DOE SEER Minimum		TDHCA – QAP Minimum for Points
HVAC (assumed to be central air conditioners and heat pumps)	13 SEER		15 SEER for 1 point 16 SEER for 1.5 points
<b>Suggested Revisions to Text</b>			
System Type	DOE SEER2 Minimum	DOE HSPF2 Minimum	TDHCA – QAP Minimum for Points
Central Air Conditioning Heat Pumps (Split System)	14.3 SEER2	7.5 HSPF2*	15.2 SEER2 and 7.8 HSPF2 for 1 point** 16.0 SEER2 and 8.0 HSPF2 for 1.5 Points***

\* The suggested minimum heating efficiency value for all electric developments.

\*\* The suggested TDHCA QAP Minimum Efficiency Values for 1 point align with the ENERGY STAR program criteria for central system air conditioners and heat pumps, which have become a widely accepted standard for many utility and government program incentives.

\*\*\* The suggested TDHCA QAP Minimum Efficiency Values for 1.5 points align with the 2026 Consortium for Energy Efficiency (CEE) specification for split system HPs, which is a respected and often referenced specification used by utility incentive programs.

Daikin strongly supports affordable multi-family housing solutions throughout the state that provide renters with high-efficiency heating and cooling equipment to help ensure lower annual utility bills. Daikin believes that updating the Texas Department of Housing and Community Affairs 2026 Qualified Allocation Plan 10 TAC Chapter 11 to include the current seasonal cooling metrics (i.e., SEER2) and adding a heating efficiency metric (HSPF2) will encourage the use of modern energy efficient equipment. This will benefit the rate payer with better energy affordability as compared to the current, outdated standards. Daikin would be happy to provide any further information or answer any questions the TDHCA may have as it considers our requests.

Sincerely,

Kurt Heim  
Vice President, Daikin Comfort Technologies  
Email: kurt.heim@daikincomfort.com

TDHCA staff note: this letter is dated 9/8/2025, but was submitted for formal public comment on 9/30/2025.



TEXAS  
WATER SAFETY  
COALITION



September 8, 2025

Texas Department of Housing and Community Affairs,

Drowning is a major public health issue. In Texas, more children 1-4 years old die from drowning than from any other cause. One in four children who drown in central Texas drown in a multifamily or apartment swimming pool. There are many water safety features that are easy to implement in multifamily housing that could reduce the chance of someone drowning or reduce the severity of the drowning injury if it does occur. We recommend that applications to TDHCA multifamily housing development programs score points for meeting the criteria on the following water safety checklist:

Swimming pool includes the following water safety features:

- Pool features compliant with [International Swimming Pool and Spa code](#)
- Emergency telephone, call box, or alert system inside the pool fence, within 200 ft of pool
- Rescue equipment provided onsite (e.g. ring buoy, shepherd's hook, AED)
- Pool drains compliant with [Virginia Graeme Baker Pool and Spa Safety Act](#)
- Isolation fencing surrounding pool area that follows [Texas Health and Safety Code, Chapter 757. Pool Yard Enclosures](#) and [U.S. Consumer Product Safety Commission guidelines](#)
- Self-closing, self-latching, and locking pool fence gates that open outward from the pool
- Signs posted on gates instructing guests to not prop the gate open
- Signs posted on gates indicating that only children  $\geq 14$  yrs are allowed to access pool without adult supervision
- Sign posted with [drowning prevention tips](#), e.g. do not swim alone; no diving; drowning can happen in seconds, is quiet, and hard to notice; appoint a Water Watcher that will supervise children without distractions
- Sign posted with instructions for CPR with rescue breaths
- Sign posted instructing guests to call 911 in case of emergency that includes pool address
- Pool signage posted in both English and Spanish
- Water safety information and/or training provided to residents (e.g. [National Drowning Prevention Alliance](#), [Pool Safely](#), [Pool and Hot Tub Alliance](#))

We hope you will consider our recommendation in order to keep Texas children safer around multifamily swimming pools.

Sincerely,

Raven Hood, MPH  
Injury Prevention Coordinator  
Safe Kids Austin

Barbara Cosart, MLIS, MPH  
Steering Committee  
Texas Water Safety Coalition

Alissa Magrum  
Executive Director  
National Drowning Prevention Alliance

## Disability Rights Texas Comments re: 2026 Board-Approved Qualified Allocation Plan (QAP)

Disability Rights Texas (DRTx) is Texas' federally-designated Protection and Advocacy (P&A) agency for persons with disabilities. We provide a wide range of services for people with disabilities to ensure that their rights are upheld and that they are not discriminated against based on their disability. We also work to ensure that the needs of people with disabilities are met so that they can live as independently as possible. DRTx appreciates TDHCA's efforts to better-involve tenants in this year's QAP discussions through a virtual roundtable – tenants provided valuable input and better-informed the process. However, we do have multiple suggestions to improve the 2026 QAP for all tax credit tenants, including people with disabilities.

### Comments on Residents with Special Housing Needs re: referrals from Continuum of Care (CoC)

People with disabilities are over-represented in the homeless population, and often face even higher degrees of stigma simply because they are exiting homelessness. The units currently held for people referred by the CoC are invaluable in helping people achieve housing stability, and are sorely needed as is indicated by the increasing rates of homelessness. To earn the valuable 2 points available in this subcategory, applicants must market these units and partner with CoCs to ensure they know these units exist. Between the increasing rate of homelessness, and our own DRTx caseload that exists of at least 25% of people looking for affordable housing, the length of time these units are available is not the issue. **We oppose the proposed change to shorten the number of months a unit must be held in an urban area from 12 months to 6 months, and 6 months to 3 months in rural areas, and instead encourage developers to work more closely with their CoC to effectively market these units.**

### Comments on accessibility in Required Documentation for Application Submission

In April 2024, DRTx came across a tax credit property for sale at the end of its extended use period with major accessibility problems, including inaccessible environmental controls and uninsulated hot water pipes. We then looked at all tax credit properties listed for sale in 2024 and 2025 and found concerning disability-accessibility issues at most of those developments – the properties without these shortcomings either had incomplete accessibility reports or no reports at all. The majority of these properties were built before 2008 when TDHCA began to be involved in final construction inspections, including accessibility assessments. Before 2008 developers used third parties for their final construction accessibility assessments: TDHCA only began completing these in-house in 2012.

There are currently 1,365 tax credit developments in Texas that were built before 2008. This means that **hundreds, if not thousands, of accessible units could be out of compliance with federal law – for the entire life of the property - putting the safety of people with disabilities at risk.**

There are significant overlaps between developers who received tax credit awards for old developments and those receiving new awards in the last 2 cycles. There are developers who have tax credit properties that are potentially (or we have shown to be) out of compliance that are receiving new credits. DRTx staff cross-checked properties developed from 1999 to 2008 with tax credit awards granted in 2024 and 2025. Here is what we found based on our analysis of these properties.



**Main Office**  
512-454-4816



**Fax**  
512-323-0902



**Address**  
2222 W. Braker Ln  
Austin, Texas 78758



**Toll-Free**  
800-315-3876



**Website**  
[www.DRTx.org](http://www.DRTx.org)

Please note that, due to things like developer contact turnover, partnerships and dissolution of firms, the following numbers may be incomplete and, if anything, could be higher:

Award Cycle Year	# of Common Developers*	# of older Developments awarded	# of Developments awarded 2024-2025
1999	4	9	14
2000	3	11	8
2001	5	12	15
2002	3	7	12
2003	5	9	15
2004	6	9	9
2005	7	9	17
2006	7	18	24
2007	5	7	14
2008	7	12	14

Information available from the TDHCA 9% tax credit archive

\*common developers refers to developers that were awarded deals in both the cited year as well as the 2024 and/or 2025 cycle.

**Over the past two years TDHCA has granted over 140 awards to developers with tax credit properties in their portfolio that we either know are out of compliance, or have strong reason to believe they could be.** Any development that is out of compliance with the ADA or FHA is out of compliance with the tax credit program; therefore, changes can and should be made to the QAP to ensure the safety of all residents in tax credit properties. Comments have been consistently made by the Board that the appropriate avenue for resolving this issue is working with the Texas Department of Licensing and Registration (TDLR). However, the tax credit program is under the purview of TDHCA: TDHCA is responsible for ensuring that developments are accessible and all relevant rules are being followed. TDHCA must address this issue instead of attempting to kick it to other agencies.

While we appreciate staff’s attempt to add language regarding property accessibility in the 2026 QAP draft, the current language does not address the problem: it simply states that the agency might do accessibility checks on new developments, which is already a requirement. **The proposed language does not address developments in-service that could be, or are known to be, out of compliance with federal accessibility requirements.** In our experience, regardless of the strength of anti-retaliation policies, people with disabilities have so few affordable housing options that they choose not to complain if their rights are violated for fear of what their landlord might do. People with disabilities cannot just make do for lack of options: federal law guarantees equal housing, not an assumption of equal housing. This issue cannot simply be ignored: such a decision puts TDHCA at risk of violating federal disability protections. But more importantly, it does not afford people with disabilities the same quality of life and equal opportunity as their non-disabled neighbors. **We are proposing that any applicant applying for 2026 tax credits be required to check a box certifying that all of the properties in their TX portfolio are in fact accessible, in accordance with federal law.**

- §11.204(1)(J): The applicant certifies that all Department assisted rental Development units they own or are affiliated with have the required accessibility features per the LURA.

### **Comments re: Concerted Revitalization Plans (CRP)**

People with disabilities want to live in areas close to the services they need to remain stably housed, including healthcare providers and robust public transportation. Currently, the QAP includes Concerted Revitalization Plans (CRP) as a mechanism to ensure that new tax credit developments built in disinvested areas are part of a true plan for local community reinvestment. Community Revitalization Plans impact people with disabilities who want to stay in their community by ensuring that any new housing opportunities in lower-opportunity areas are part of a municipality's vision for meaningful improvement, which ideally includes the development more robust services.

At the September 4th Board meeting, the Board heard a request from a single stakeholder to include Opportunity Zones (OZs) in the Community Revitalization Plan (CRP) section of the QAP, and instructed staff to incorporate the change. This was done without any true stakeholder engagement, and negated months of work by TDHCA staff. This change essentially assigns equal value to Opportunity Zones and CRPs, something we disagree with. We echo our colleagues at the Texas Housers in voicing our opposition to this change, and rebuff the idea that OZs negate the need for an actual plan for revitalization. Opportunity Zones are areas that have been identified for reinvestment, but there is no guarantee that OZ investments will align with the needs of tax credit residents. TDHCA has gone to great lengths over the past two decades to ensure that the tax credit program increases access to opportunity and avoids trapping residents in disinvested areas. The proposed change, as drafted, is a major step in the wrong direction. Devaluing CRPs to make it easier to build in low-investment communities goes against the needs of tenants, including people with disabilities. **We suggest removing this change and reverting back to the original QAP language.**

### **Comments re: Resident Supportive Services**

During the QAP virtual roundtable held earlier this year, tenants made comments about missing supportive services, specifically missing outdoor space. In response a participant said that complexes only have to offer a certain percentage of supportive services, and that said services can change.

This is very problematic for all tenants, including people with disabilities. Oftentimes people with disabilities choose a particular property because of advertised services that they require to safely and comfortably live in their unit. Allowing owners to swap out services "from time to time," as currently permitted in the QAP, can result in developments dropping services without requirements for appropriate notification or input from tenants. As currently written, the QAP is essentially allowing developers to promise one thing but do another, which is not good policy. Discontinuing advertised services, including things like occupational/physical therapy and offsite transportation, could have a disproportionate impact on people with disabilities, and create an accessibility concern. **To ensure that tenants receive the services they are promised at move-in, we changing the following sentence:**

- §10 TAC 11.101(a)(7) "The Owner may change, from time to time, the services offered; however, tenants must be notified at least 30 days before any proposed changes to these

services, and any proposed change to services must be the overall points as selected at Application must remain the same.”

**Comments on Eviction Prevention Program re: rent and social security/veteran’s benefits**

During the 2<sup>nd</sup> week of August, 2025 DRTx received a request for assistance because a client was considered late on their rent since their social security check didn’t arrive by the first of the month. This is a common issue for clients of DRTx because social security checks are often received on a random day two or three weeks into the month; therefore, tenants with social security and/or veteran’s benefits – including people with disabilities – are often considered late on rent due to circumstances beyond their control. DRTx requests reasonable accommodations from landlords to change rent due dates for tenants who receive social security and/or veteran’s benefits. This ensures that a tenant isn’t charged late fees because their social security and/or veteran’s benefits check doesn’t arrive by the 1st of the month; more often than not, landlords grant these accommodations. **To ensure that people with social security and/or veteran’s benefits are not unfairly penalized, we suggest adding the following language to the eviction prevention program:**

- §10 TAC 11.101(b)(7)(C)(vii) “Additionally, during the eviction holdoff period, residents receiving social security and/or veteran’s benefits must be permitted to pay rent within three business days of receiving their payment without penalty.”

**Comments on Tie Breakers re: incentivizing lowest income units**

People with disabilities are often considered to be extremely low income (30% AMI or below) because they are either on a fixed income or are employed in low-wage jobs. Data consistently shows that the biggest need for housing in Texas is for this income group, a group that relies heavily on the tax credit program. In an effort to build more deeply affordable housing, we support the proposed weighted tiebreaker formula for deeper affordability developed by our colleagues at Texas Housers. Replacing the proposed tax credit per low-income unit tiebreaker with this formula, as well as considering it ahead of linear distance to amenities, prioritizes the development of more affordable units over the efficient use of tax credits, making the residents themselves the focus of the benefit, including people with disabilities.

We appreciate the agency’s work on this important document and look forward to continuing this conversation. Thank you for the opportunity to provide comments.

Questions? Please contact Tanya Lavelle [tlavelle@drtx.org](mailto:tlavelle@drtx.org)

**From:** [Janine Sisak](#)  
**To:** [Cody Campbell](#); [Joshua Goldberger](#)  
**Cc:** [Andrew Sinnott](#)  
**Subject:** Comments on Published Draft of the 2026 QAP  
**Date:** Friday, October 10, 2025 4:45:14 PM

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Cody/Josh:

Please accept the following formal comment from DMA:

**11.101(b)(1)(A)(xi):** DMA opposes the new rule as Force Majeure treatment has been absolutely critical for developers that have received 9% awards from 2020-2023, allowing them the time to navigate labor and material shortages, rising interest rates, and decreasing equity pricing that were the direct result of the pandemic. These market conditions combined with certain TDHCA rules the past few years resulted in deals that were not financially feasible. As a result, developers needed more time to find additional sources of funds to make these deals work.

Those deals that were awarded more time under the FM provision provided staff and the board sufficient evidence that the delay was caused by conditions outside of the developer's control, so to now retroactively penalize those developers for taking advantage of this provision seems inherently contradictory.

We respectfully request removal of prior force majeure requests from ineligible applicants. To the extent the Department wants to include the rule in 2026, we respectfully ask that the rule only make ineligible those applicants who cannot achieve "substantial completion" as evidenced by a certificate of substantial completion by the July date. Requiring certificates of occupancy by the July date further jeopardizes these developers because many cities are several understaffed resulting in very long lead times for certificates of occupancy. I strongly recommend tying the deadline to something within the developers' control.

Thanks-  
Janine



**Janine Sisak, Esq.**  
Senior Vice President & General Counsel  
DMA Companies  
4101 Parkstone Heights Drive, Suite 310  
Austin, TX 78746  
512.328.3232 x4505  
[janines@dmacompanies.com](mailto:janines@dmacompanies.com)  
[www.dmacompanies.com](http://www.dmacompanies.com)

**From:** [Duckett, Khayree](#)  
**To:** [Dominic DeNiro](#)  
**Cc:** [Route, Neal](#); [Lunderby, Ryan](#); [Spicer, Jeffrey](#); [D"Amelio, David](#); [Holmes, Austin](#)  
**Subject:** 2026 Draft QAP Comments  
**Date:** Friday, October 10, 2025 1:15:51 PM  
**Attachments:** [dominium\\_logo\\_signature\\_9571371a-a2d0-4495-8a0c-ec1d82599a26.png](#)

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Dominic,

On behalf of Dominion, I offer the following comments to the draft QAP.

1. We oppose the proposed requirement to value and allocate “favorable financing” within the land and building split because it conflates capital structure with real property and departs from long-standing appraisal practice that aims to isolate the value of the real estate itself. The prescribed 25/75 allocation is inherently arbitrary and will distort depreciation, taxable value, and LIHTC eligible basis across assets with very different market dynamics. It also assumes the financing benefit is fully transferable and durable, even though many loans include consent, step-ups, cross-defaults, or other provisions that can erase the benefit after closing. The methodology invites disputes over the “right” market rate, term, and prepayment assumptions, which will yield wide valuation swings without improving accuracy. Comp sheets will become less reliable as some appraisals embed financing adjustments while others do not, complicating reconciliation and underwriting. The rule adds cost and paperwork with little decision value, particularly on smaller transactions. A better approach is to require transparent disclosure of any claimed financing benefit in a separate schedule for underwriting, while keeping land and building allocations grounded in observable market evidence.
2. We support the department’s goal to categorize and appropriately size payments to partner entities. However, the proposed 2026 provisions on general contractor fees and soft costs work against that objective by widening funding gaps and complicating underwriting. The department already retains discretion to determine which items are basis eligible, yet the added language offers no direction or guidance that applicants can use to prepare for that determination, creating uncertainty rather than clarity. We respectfully recommend removing this language for 2026 and engaging stakeholders to develop clear, functional, and auditable standards for 2027. Until TDHCA can provide specific guidance on these items, it should reconsider including the language in the QAP.

Thank you for your time and consideration.

**Best regards,**

Khayree Duckett

*Government Relations Manager*

Development, Central Region

DOMINIUM

4835 Lyndon B Johnson Fwy Suite 1000 | Dallas, TX 75244

Phone [214-666-4530](tel:214-666-4530) Mobile 319-217-8136

**DOMINIUMAPARTMENTS.COM** | 





October 10, 2025

Multifamily Finance Division  
Texas Department of Housing and Community Affairs  
Attn: Cody Campbell, Director of Multifamily Programs  
221 East 11th Street  
Austin, Texas 78701

Re: Public Comment, 2026 Official Draft Qualified Allocation Plan

Dear Mr. Campbell:

Thank you to the Texas Department of Housing and Community Affairs ("TDHCA") for the opportunity to provide public comment on the 2026 Official Draft Qualified Allocation Plan ("QAP"). Please accept the following comments on behalf of [Commenter Entity]:

§11.7(2)(A) Tie Breaker Factors, Amenities and Public Announcement Regarding Closure

Express Group suggests a deletion of the newly added language that would disqualify a feature if a public announcement has been made regarding its future closure. While the intent is logical, the requirement is nebulous and likely would be difficult for staff to administer. For example, what constitutes a public announcement? What standard of due diligence must an applicant use in searching for so called "public announcements?" Is there a specific timeframe applicable to the future closure? Given the importance of tie breakers in award decisions, their evaluation must be clear and predictable. Therefore, the best and clearest requirement is that a given feature is in operation as of the beginning of the Application Acceptance Period (as opposed to at the Full Application Delivery Date).

If this concept is to stay, Express Group suggests it only be applicable to the nearest public school, as it is more likely that a public announcement is made in a way that can be readily found by applicants during their due diligence. The suggested language revision for this option is as follows:

§11.7(2)(A): "(A) Applications proposed to be located in closest proximity to the following features as of the ~~Full Application Delivery Date~~ beginning of the Application Acceptance Period. Each feature's location may be used only once for tie breaker purposes regardless of the number of categories it fits. ~~A feature will be disqualified if, as of the Full Application Delivery Date, a public announcement has been made regarding its anticipated closure.~~"

§11.7(2)(A)(ii): "(ii) The closest public school campus of any grade level that is part of an independent school district. ~~A school will be disqualified if, as of the beginning of the Application Acceptance Period, a public announcement has been made regarding its anticipated closure.~~"

§11.7(3) Tie Breaker Factors, Housing Tax Credit request per Low-Income Unit

[COMMENTER ENTITY] appreciates the placement of this new tie breaker in lower priority than valuable community amenities. We do see issues with the new tie breaker that TDHCA may consider. As a policy matter, there is value in having scoring and tie breaker factors that are objective, and which can be based on information about the subject application alone. The new tie breaker is a relative evaluation which can only be performed after all full applications have been submitted, and therefore any individual application's standing cannot be predicted before the time and cost of preparing a full application have been expended. Applicants are best able to make business decisions about whether to pursue a full application if scoring and tie breaker ranks can be known in advance of the full application date. This type of tie breaker reduces the value of the pre-application process, which in part is designed to provide applicants with information about their competitive standing. Ideally, this tie breaker would be deleted in the 2026 QAP to allow time for a well-thought out alternative second to last tie breaker which does not remove the predictive value of the tie breaker prior to full application submission.

Furthermore, this tie breaker incentivizes applicants to limit the tax credit subsidy a development would otherwise be eligible for, which strains the development's financial feasibility. During a time when sources of gap financing are limited, TDHCA can ensure developments are as strong as possible in the future by allowing applicants to be awarded the full tax credits the cost of the development qualify for, subject only to limitations that exist within statute, and statutorily-required scoring items.

#### §11.9(b)(2) Sponsor Characteristics

HUB – Express Group suggests a deletion of the newly added §11.9(b)(2)(A)(iii). The quality of housing produced by the tax credit program benefits when developments are completed by experienced sponsors. In recent years TDHCA eliminated the Experience Certificate requirement from the QAP, increasing the number of potential applicants. Because of this, it is important that less experienced participants in TDHCA's programs can partner with experienced individuals and entities, including experienced Historically Underutilized Businesses. As such, Express Group suggests that the HUB scoring option under Sponsor Characteristics should not exclude those HUBs with significant experience in the tax credit program.

Housing Authority – The staff draft QAP included a scoring option for Local Housing Finance Corporations, and prior to the official draft QAP a change was made to instead prioritize Housing Authority transactions. Sufficient similarities exist between developments involving Housing Authorities and Housing Finance Corporations to justify the inclusion of Housing Finance Corporations in this new scoring option.

#### §11.101(b)(A)(x) Minimum Score for Competitive Housing Tax Credit Applications

Express Group suggests the use of 120 as the minimum score for 9% applications. This is approximately 74% of the average application score over the past two cycles, after adjusting for the lower maximum score under the 2026 QAP. In cases where there is no other higher scoring application in a sub-region, a development that meets more than 70% of TDHCA's policy objectives still provides significant value to a region, particularly as compared to having the tax credits reallocated elsewhere in the state during the collapse.

#### §11.302(e)(1)(A)(iii) "Cash-Out" on Identity of Interest Transactions

[COMMENTER ENTITY] believes that developments that are required to use a seller note as a source of funds should be able to structure hard pay permanent debt with a maximum 1.50 year one debt coverage ratio. Part of TDHCA staff's concern with "cash-outs" is that applicants take out larger hard pay permanent loans to finance the sale of the property to the new partnership than they would if the "cash-out" did not occur. Under the new "cash out" language, the higher permanent loan amount is no longer needed

because applicants are required to carry related party debt via a seller note. However, this related party seller note cannot be counted toward the maximum debt coverage ratio limitation. Since the new language requires a debt source that isn't considered when evaluating the maximum debt coverage ratio, it seems appropriate to provide an offsetting consideration via the ability to take on a lower hard pay permanent loan. Therefore, Express Group suggests the following revision to the debt coverage ratio requirement in **§11.302(d)(4)(D)**:

“(D) Acceptable Debt Coverage Ratio Range. Except as set forth in clauses (i) or (ii) of this subparagraph, the acceptable first year stabilized pro forma DCR must be between a minimum of 1.15 and a maximum of 1.35 (maximum of 1.50 for Housing Tax Credit Developments with seller notes required by §11.302(e)(1)(A)(iii), and for Housing Tax Credit Developments at cost certification).”



October 10, 2025

Multifamily Finance Division  
Texas Department of Housing and Community Affairs  
Attn: Cody Campbell, Director of Multifamily Programs  
221 East 11th Street  
Austin, Texas 78701

Re: Public Comment, 2026 Official Draft Qualified Allocation Plan

Mr. Campbell:

I am writing to submit comments on behalf of Fort Worth Housing Solutions to the Texas Department of Housing and Community Affairs (“TDHCA”) related to the 2026 Official Draft Qualified Allocation Plan (“QAP”). Thank you for your consideration of the following items:

**§11.7(2)(A) Tie Breaker Factors, Amenities and Public Announcement Regarding Closure**

The suggested revision below to the newly added language regarding the disqualification of a feature if a public announcement has been made regarding its future closure would be welcomed by FWHS. While we understand the intent behind this language, the implementation and administration of this standard would be difficult for staff. For example, what constitutes a public announcement? What must an applicant use in searching for so called “public announcements?” Is there a specific timeframe applicable to the future closure? Given the importance of tie breakers in award decisions, their evaluation must be clear and predictable. Therefore, the best and clearest requirement is that a given feature is operating as of the beginning of the Application Acceptance Period.

If this concept will not be entirely removed from the QAP, Fort Worth Housing Solutions suggests it only be applicable to the nearest public school, as it is more likely that a public announcement is made in a way that can be readily found by applicants during their due diligence.

Our suggested language for this option is:

§11.7(2)(A): “(A) Applications proposed to be located in closest proximity to the following features as of the ~~Full Application Delivery Date~~ beginning of the Application Acceptance Period. Each feature’s location may be used only once for tie breaker purposes regardless of the number of categories it fits. ~~A feature will be disqualified if, as of the Full Application Delivery Date, a public announcement has been made regarding its anticipated closure.~~”

§11.7(2)(A)(ii): “(ii) The closest public school campus of any grade level that is part of an independent school district. A school will be disqualified if, as of the beginning of the Application Acceptance Period, a public announcement has been made regarding

its anticipated closure.”

### **§11.7(3) Tie Breaker Factors, Housing Tax Credit request per Low-Income Unit**

Fort Worth Housing Solutions appreciates this new tie breaker is placed in lower priority than valuable community amenities. We do see issues with the new tie breaker that TDHCA may consider. There is value in having scoring and tie breaker factors that are objective. The new tie breaker in the draft QAP is a relative evaluation which can only be performed after all full applications have been submitted. Applicants are best able to decide whether or not to pursue a full application if scoring and tie breaker ranks can be known in advance of the full application date.

As it is now written, the new tie breaker would inhibit individual applicant from predicting their standing before the time and cost of preparing a full application have been expended. Ideally, this tie breaker would be deleted in the 2026 QAP to allow time for a well-thought-out alternative second to last tie breaker which does not remove the predictive value of the tie breaker before a full application is submitted.

This tie breaker also encourages applicants to limit the tax credit subsidy a development would otherwise be eligible for, which strains the development’s financial feasibility. As we have seen in recent affordable housing development deals, sources of gap financing are limited. By revising the new tie breaker, TDHCA can help to strengthen future developments by allowing applicants to be awarded the full tax credits the cost of the development qualify for, limited only by statutorily-required scoring items and constraints that exist within the statute.

### **§11.9(b)(2) Sponsor Characteristics**

Fort Worth Housing Solutions suggests a deletion of the newly added §11.9(b)(2)(A)(iii). The quality of housing produced by the tax credit program is benefited by the involvement of experienced sponsors. In recent years TDHCA eliminated the Experience Certificate requirement from the QAP, increasing the number of potential applicants. It is important that less experienced participants in TDHCA’s programs can partner with experienced individuals and entities, including experienced Historically Underutilized Businesses. As such, Fort Worth Housing Solutions suggests that the HUB scoring option under Sponsor Characteristics should also include those HUBs with significant experience in the tax credit program.

Additionally, we suggest adding developments sponsored Housing Finance Corporations and their affiliates back to this new scoring option since these developments can also qualify for property tax abatements.

### **§11.101(b)(A)(x) Minimum Score for Competitive Housing Tax Credit Applications**

Fort Worth Housing Solutions suggests the use of 120 as the minimum score for 9% tax credit applications. This is approximately 74% of the average application score over the past two cycles, after adjusting for the lower maximum score under the 2026 QAP.

### **§11.302(e)(1)(A)(iii) “Cash-Out” on Identity of Interest Transactions**

Fort Worth Housing Solutions suggests providing an exemption for Competitive Tax Credit developments sponsored by affiliates of Housing Authorities. Specifically, we believe this exemption should apply to those transactions that qualify for §11.6(3)(C)(iii) or §11.9(b)(2)(E).

Housing Authorities reinvest proceeds from the sale or transfer of their real estate assets into other affordable housing activities, whether into capital reserves or into the future

development of affordable housing units. This is particularly applicable in the case of HUD Choice Neighborhood Initiative transactions, which are typically multi-phase developments and which in all cases increase the number of affordable housing units in the designated neighborhood. Sources of gap financing for these developments can be difficult to secure. Therefore, when a housing authority or its affiliate can generate funds based on the appreciation of an asset in its portfolio, doing so provides a source of funds that can be used toward other affordable housing activities.

Suggested language revision:

“(iii) TDHCA prohibits cash-out to a related-party seller in an identity of interest transaction for Competitive Housing Tax Credit Applications (This section does not apply to Existing Developments funded by USDA, to developments that qualify for an allocation pursuant to §11.6(3)(C)(iii), or that qualify for points pursuant to §11.9(b)(2)(E).”

Additionally, Fort Worth Housing Solutions believes that developments that are required to use a seller note as a source of funds should be able to structure hard pay permanent debt with a maximum 1.50 year one debt coverage ratio. It seems as though part of TDHCA staff’s concern with “cash-outs” is that applicants take out larger permanent loans to finance the sale of the property to the new partnership than they would if the “cash-out” did not occur. Under the new “cash out” language, the higher permanent loan amount is no longer needed because applicants are required to carry related party debt via a seller note. However, this related party seller note cannot be counted toward the maximum debt coverage ratio limitation.

Since the new language requires a debt source that isn’t considered when evaluating the maximum debt coverage ratio, it seems appropriate to provide an offsetting consideration via the ability to take on a lower hard pay permanent loan. Therefore, Fort Worth Housing Solutions suggests the following revision to the debt coverage ratio requirement in **§11.302(d)(4)(D)**:

“(D) Acceptable Debt Coverage Ratio Range. Except as set forth in clauses (i) or (ii) of this subparagraph, the acceptable first year stabilized pro forma DCR must be between a minimum of 1.15 and a maximum of 1.35 (maximum of 1.50 for Housing Tax Credit Developments with seller notes required by §11.302(e)(1)(A)(iii), and for Housing Tax Credit Developments at cost certification).”

Thank you for your time and consideration of FWHS’ suggestions to the 2026 Official Draft Qualified Allocation Plan. Please do not hesitate to reach out with questions or concerns.

Sincerely,

  
Mary-Margaret Lemons (Oct 9, 2025 14:54:36 CDT)

Mary-Margaret Lemons  
President, Fort Worth Housing Solutions  
mmlemons@fwhs.org



# TEXAS HOUSE *of* REPRESENTATIVES

## Gary Gates

State Representative, District 28

*September 4, 2025*

Texas Department of Housing and Community Affairs  
ATTN: Mr. Bobby Wilkinson, Executive Director  
P.O. Box 13941  
Austin, Texas 78711-3941

### **RE: Comments on the Proposed Sponsor Characteristics Points in the Draft of the 2026 Qualified Allocation Plan**

Dear Mr. Wilkinson,

Thank you for the opportunity to provide comments on the 2026 Qualified Allocation Plan (QAP) draft, and I thank the Department for engaging with the public on these important matters.

I support the addition of §11.9(b)(2)(D) in the *Sponsor Characteristics* scoring category (p. 64) —points that are intended to incentivize developments that do not use property tax exemptions, including through Housing Finance Corporations (HFCs), Public Facility Corporations (PFCs), and Public Housing Authorities (PHAs).

However, I believe there is a missed opportunity to meaningfully address the Board's stated concern: the increasing use of *tax-exempt private partnerships* (TEPPs) that may receive multiple layers of public subsidy without clear additional public benefit.

Rather than fully disincentivizing proposals that use property tax exemptions, I urge the Department to adopt a more balanced approach. Specifically, allow developments using tax exemptions (whether through HFCs, PHAs, or PFCs) to earn the points **only if** they provide additional benefits to residents and the public. These could include:

- Enhanced affordability levels beyond QAP minimums, wherein 60% of the tax savings needs to go back into giving lower rents below what would be structured in a LITHC deal before a tax exemption is provided.
- Strong tenant protections (e.g., transparency on fees),
- Meaningful local oversight and public participation in deal structuring.

This approach aligns scoring incentives with real-world outcomes, ensuring that when public resources are layered into a project, the return to the community is clear and measurable.

I urge the Department to revisit this decision and instead refine the scoring criteria so that responsible public-private partnerships can continue to be recognized—**but only when they demonstrably deliver deeper affordability, stronger tenant protections, and greater public benefit.**

Thank you again for the opportunity to provide comments on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Gates", written over a faint, illegible printed name.

Gary Gates  
State Representative, House District 28  
Chair, House Committee on Land and Resource Management



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# TEXAS HOUSE *of* REPRESENTATIVES

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**Gary Gates**

State Representative, District 28

*October 9, 2025*

Texas Department of Housing and Community Affairs  
ATTN: Mr. Bobby Wilkinson, Executive Director  
P.O. Box 13941  
Austin, Texas 78711-3941

**RE: Comments on the Treatment of Tax Exempt Properties in the Proposed Sponsor Characteristics Section of the 2026 Qualified Allocation Plan Draft**

Dear Mr. Wilkinson,

Thank you for the opportunity to provide comments on the draft of the 2026 Qualified Allocation Plan (QAP). I thank the Department for engaging with the public on these important matters.

I continue to support the addition of §11.9(b)(2)(D) in the Sponsor Characteristics scoring category (p. 64)—points intended to incentivize developments that do not use property tax exemptions, including through Housing Finance Corporations (HFCs), Public Facility Corporations (PFCs), and Public Housing Authorities (PHAs).

However, I strongly oppose the addition of §11.9(b)(2)(E), which was added to the draft after the September TDHCA board meeting. Subsection (E) gives a points advantage to housing authorities and their instrumentalities (i.e., PFCs) over other projects that also use property tax exemptions as a second layer of public subsidy in addition to low-income housing tax credits.

PHA tax-exempt properties are no more or less worthy of support from the agency than other tax-exempt properties. Instead, I urge the agency to support the use of property tax exemptions from any sponsor entity only if applicants can prove that they are providing meaningful additional affordability and benefits beyond what they could provide with just LIHTC support.

As drafted, the 2026 QAP incentivizes PHA tax-exempt properties—and PFC properties that are under the umbrella of a PHA—encouraging projects that receive multiple layers of public subsidy without adding any clear additional public benefit.

I urge you to adopt a more appropriate policy approach by treating all tax-exempt projects the same, rather than giving an advantage to certain tax-exempt deals without a clear policy rationale.

TDHCA should require all LIHTC proposals that are tax-exempt to provide additional benefits in exchange for using the second layer of subsidy. Specifically, allow developments using tax exemptions (whether through HFCs, PHAs, or PFCs) to earn points **only if** they provide additional benefits to residents and the public. These could include:

- Enhanced affordability levels beyond QAP minimums, wherein 50% of the tax savings go back toward providing lower rents, below what would be structured in a LIHTC deal before a tax exemption is provided;
- Strong tenant protections (e.g., transparency on fees); or
- Meaningful local oversight and public participation in deal structuring.

This approach aligns scoring incentives with real-world outcomes, ensuring that when additional public resources are layered into a project, the return to the community is clear and measurable.

I urge the Department to revisit its decision to give a points advantage to PHA tax-exempt properties and instead refine the scoring criteria so that responsible public-private partnerships can continue to be recognized, **but only when they demonstrably deliver deeper affordability, stronger tenant protections, and greater public benefit.**

If the agency cannot make the above changes this late in the QAP drafting process, I ask that the agency consider reverting the Sponsor Characteristics section to the 2025 QAP language until a more reasonable approach to tax-exempt projects can be considered and adopted.

Thank you again for the opportunity to provide comments on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gary Gates', written over a faint, illegible printed name.

Gary Gates  
State Representative, House District 28  
Chair, House Committee on Land and Resource Management



October 10, 2025

Multifamily Finance Division  
Texas Department of Housing and Community Affairs  
Attn: Cody Campbell, Director of Multifamily Programs  
221 East 11th Street  
Austin, Texas 78701

Re: Public Comment, 2026 Official Draft Qualified Allocation Plan

Dear Mr. Campbell:

Thank you to the Texas Department of Housing and Community Affairs (“TDHCA”) for the opportunity to provide public comment on the 2026 Official Draft Qualified Allocation Plan (“QAP”). Please accept the following comments on behalf of Generation Housing Development (“GHD”):

§11.7(2)(A) Tie Breaker Factors, Amenities and Public Announcement Regarding Closure

GHD suggests a deletion of the newly added language that would disqualify a feature if a public announcement has been made regarding its future closure. While the intent is logical, the requirement is nebulous and likely would be difficult for staff to administer. For example, what constitutes a public announcement? What standard of due diligence must an applicant use in searching for so called “public announcements?” Is there a specific timeframe applicable to the future closure? Given the importance of tie breakers in award decisions, their evaluation must be clear and predictable. Therefore, the best and clearest requirement is that a given feature is in operation as of the beginning of the Application Acceptance Period (as opposed to at the Full Application Delivery Date).

If this concept is to stay, GHD suggests it only be applicable to the nearest public school, as it is more likely that a public announcement is made in a way that can be readily found by applicants during their due diligence. The suggested language revision for this option is as follows:

§11.7(2)(A): “(A) Applications proposed to be located in closest proximity to the following features as of the ~~Full Application Delivery Date~~ beginning of the Application Acceptance Period. Each feature’s location may be used only once for tie breaker purposes regardless of the number of categories it fits. ~~A feature will be disqualified if, as of the Full Application Delivery Date, a public announcement has been made regarding its anticipated closure.~~”

§11.7(2)(A)(ii): “(ii) The closest public school campus of any grade level that is part of an independent school district. A school will be disqualified if, as of the beginning of the Application Acceptance Period, a public announcement has been made regarding its anticipated closure.”

§11.7(3) Tie Breaker Factors, Housing Tax Credit request per Low-Income Unit

GHD appreciates the placement of this new tie breaker in lower priority than valuable community amenities. We do see issues with the new tie breaker that TDHCA may consider. As a policy matter, there is value in having scoring and tie breaker factors that are objective, and which can be based on information



about the subject application alone. The new tie breaker is a relative evaluation which can only be performed after all full applications have been submitted, and therefore any individual application's standing cannot be predicted before the time and cost of preparing a full application have been expended. Applicants are best able to make business decisions about whether to pursue a full application if scoring and tie breaker ranks can be known in advance of the full application date. This type of tie breaker reduces the value of the pre-application process, which in part is designed to provide applicants with information about their competitive standing. Ideally, this tie breaker would be deleted in the 2026 QAP to allow time for a well-thought out alternative second to last tie breaker which does not remove the predictive value of the tie breaker prior to full application submission.

Furthermore, this tie breaker incentivizes applicants to limit the tax credit subsidy a development would otherwise be eligible for, which strains the development's financial feasibility. During a time when sources of gap financing are limited, TDHCA can ensure developments are as strong as possible in the future by allowing applicants to be awarded the full tax credits the cost of the development qualify for, subject only to limitations that exist within statute, and statutorily-required scoring items.

#### §11.9(b)(2) Sponsor Characteristics

HUB – GHD suggests a deletion of the newly added §11.9(b)(2)(A)(iii). The quality of housing produced by the tax credit program benefits when developments are completed by experienced sponsors. In recent years TDHCA eliminated the Experience Certificate requirement from the QAP, increasing the number of potential applicants. Because of this, it is important that less experienced participants in TDHCA's programs can partner with experienced individuals and entities, including experienced Historically Underutilized Businesses. As such, GHD suggests that the HUB scoring option under Sponsor Characteristics should not exclude those HUBs with significant experience in the tax credit program.

Housing Authority – The staff draft QAP included a scoring option for Local Housing Finance Corporations, and prior to the official draft QAP a change was made to instead prioritize Housing Authority transactions. Sufficient similarities exist between developments involving Housing Authorities and Housing Finance Corporations to justify the inclusion of Housing Finance Corporations in this new scoring option.

#### §11.101(b)(A)(x) Minimum Score for Competitive Housing Tax Credit Applications

GHD suggests the use of 120 as the minimum score for 9% applications. This is approximately 74% of the average application score over the past two cycles, after adjusting for the lower maximum score under the 2026 QAP. In cases where there is no other higher scoring application in a sub-region, a development that meets more than 70% of TDHCA's policy objectives still provides significant value to a region, particularly as compared to having the tax credits reallocated elsewhere in the state during the collapse.

#### §11.302(e)(1)(A)(iii) "Cash-Out" on Identity of Interest Transactions

GHD believes that developments that are required to use a seller note as a source of funds should be able to structure hard pay permanent debt with a maximum 1.50 year one debt coverage ratio. Part of TDHCA staff's concern with "cash-outs" is that applicants take out larger hard pay permanent loans to finance the sale of the property to the new partnership than they would if the "cash-out" did not occur. Under the new "cash out" language, the higher permanent loan amount is no longer needed because applicants are



required to carry related party debt via a seller note. However, this related party seller note cannot be counted toward the maximum debt coverage ratio limitation. Since the new language requires a debt source that isn't considered when evaluating the maximum debt coverage ratio, it seems appropriate to provide an offsetting consideration via the ability to take on a lower hard pay permanent loan. Therefore, GHD suggests the following revision to the debt coverage ratio requirement in **§11.302(d)(4)(D)**:

“(D) Acceptable Debt Coverage Ratio Range. Except as set forth in clauses (i) or (ii) of this subparagraph, the acceptable first year stabilized pro forma DCR must be between a minimum of 1.15 and a maximum of 1.35 (maximum of 1.50 for Housing Tax Credit Developments with seller notes required by §11.302(e)(1)(A)(iii), and for Housing Tax Credit Developments at cost certification).”

Please contact me at (512)971-9127 or email at [aglesias@ghdevelopment.com](mailto:aglesias@ghdevelopment.com) with any questions.

Sincerely,

A handwritten signature in blue ink that reads 'A. Iglesias'.

Adrian Iglesias, President

September 25, 2025



Texas Department of Housing and Community Affairs  
Attn: Dominic DeNiro, 2026 QAP Public Comment

**Re: 10 TAC Chapter 11 — Proposed Qualified Allocation Plan Minimum Score of 150**

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### **Introduction**

Gyani Capital values TDHCA's work shaping the QAP for 2026. We write to express concern with the proposed minimum score threshold of 150 points, and respectfully suggest adjustments to preserve viability for deals that are strong but may miss certain non-core scoring items.

### **High-Value Point Categories**

Under the draft QAP, Local Government Support is weighted at 17 points and State Representative Support carries 8 points. Together these total 25 points. A project that fails to secure one or both of these could fall well below the 150 threshold even if it is otherwise strong in site quality, affordability, readiness, and cost control. This creates a disproportionate penalty for factors often outside the developer's full control.

### **Rural Impact**

The challenge is especially acute in rural regions. These transactions already face **lower credit pricing**, which has a direct and material impact on budgets. In the current 2025 award cycle, many developers — including ourselves on two rural awards — are experiencing tax credit pricing in the **mid-70 cent range**. This is a widely acknowledged challenge: we have raised it directly with TDHCA staff, and other developers have shared the same feedback.

On top of pricing, rural deals often require **heavy infrastructure investment** because surrounding systems (water, sewer, utilities, road access) are not already in place the way they often are in urban areas. Both of our live awards in Birdwell and Robstown demonstrate this reality. These additional infrastructure requirements almost always increase total development costs, straining feasibility from the outset.

In prior rounds, the ability to drop certain point categories when competition was light provided exactly the flexibility needed to offset these higher costs — allowing developers to keep deals feasible without inflating budgets with unnecessary point-chasing. A hard 150-point minimum eliminates that option. Rural projects would not only face higher per-unit infrastructure costs and smaller economies of scale, but also lose the one structural lever—dropping points in a no-competition environment—that historically made their budgets workable. The result is fewer developers willing to step into rural subregions, where need is high but margins are already strained.

### **Pre-Application Dynamics**

Another important dynamic is the **loss of six points** when a developer does not submit a pre-application in January but chooses to file a full application in March. In some rural subregions, no pre-apps are filed at all. In those cases, certain developers have historically stepped in with a full application, accepting the automatic six-point penalty and taking on significant risk. They must commit \$50,000–\$100,000 in third-party reports (environmental, market studies, surveys,

architectural) and work within a compressed 30–60 day window to try to secure political support. Often the full set of support letters cannot be obtained in time — but when competition is absent, these applications have nonetheless advanced, met all threshold requirements, and ultimately delivered much-needed rural housing.

A rigid 150-point minimum effectively shuts down this path. The combination of an automatic six-point loss and the near-certainty of missing political points would leave these applications below the threshold from the outset, discouraging developers from even attempting them. The result is that rural communities that previously had a chance to receive housing through this route may instead see no applications at all.

### **Equity Across Subregions**

Urban regions benefit from standardized, well-practiced processes where experienced developers apply annually and municipalities are accustomed to issuing formal resolutions and support letters. By contrast, smaller rural towns often lack such processes, and many applications come from new entrants or one-time sponsors working to fill local need. A uniform 150-point minimum risks favoring large, repeat players in urban areas while unintentionally shutting out smaller rural communities that TDHCA’s mission specifically seeks to serve.

### **Historical Precedent**

In recent years, multiple awarded transactions scored well under 150, and in some cases under 100, yet advanced to construction and lease-up successfully. The program has already demonstrated that lower-scoring projects can deliver quality housing when competition is limited and feasibility is clear.

### **Proposed Adjustment**

We respectfully propose reducing the minimum score threshold to 120-130 points. This maintains a meaningful competitive standard while ensuring projects are not excluded simply for missing 17 points from a local resolution, 8 points from a state letter, or 6 points from the absence of a pre-application. It also improves feasibility, particularly in rural Texas, where lower credit pricing, higher infrastructure costs, and weaker political infrastructure make a rigid 150 uniquely difficult to meet.

### **Closing**

This recommendation is not about lowering standards, but about ensuring the program remains workable across all regions of Texas. A reduced threshold of 120–130 would preserve competition, incentivize rural development, and align with TDHCA’s mission to expand housing opportunities statewide.

Respectfully,



**Ronnie Gyani**

**Principal**

**Austin | Laredo | New York City | San Antonio**

**C: (917) 698-8742**

**[ronnie@gyanicap.com](mailto:ronnie@gyanicap.com)**

**[www.gyanicap.com](http://www.gyanicap.com)**

October 5, 2025



**Texas Department of Housing and Community Affairs**  
**Attn: Dominic DeNiro, 2026 QAP Public Comment**

**Re: 10 TAC Chapter 11 — Proposed QAP Subsection (iii): Related-Party “Cash-Out”**

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### **Introduction**

Gyani Capital appreciates **TDHCA’s** continued leadership in refining the Qualified Allocation Plan to balance program integrity with the practical realities of financing and delivering affordable housing across Texas. As a sponsor currently executing two 9% awards from the 2025 round and actively preparing for the upcoming 2026 application cycle, we see firsthand how acquisition-related policies directly influence feasibility, pricing assumptions, and preservation outcomes across the industry. This comment focuses on Subsection (iii), which governs limitations on related-party (identity-of-interest) acquisitions, and offers a streamlined recommendation consistent with **national best practice**.

### **Concern with Current Draft**

As written, the rule ties the allowable purchase price not only to the **as-is restricted appraisal** but also to the seller’s **outstanding debt balance**. This framework can unintentionally create inequitable results—for example, a property with minimal debt could receive no allowable proceeds, while a similar property with substantial debt could receive a full payoff. We understand and support the Department’s intent to prevent basis inflation. However, linking allowable value to historic debt, rather than to current restricted market value, may discourage legitimate preservation transactions and penalize prudent ownership.

For instance, an existing affordable property that has been responsibly operated with little or no debt would be treated less favorably than an otherwise identical property that maintained high leverage. This outcome discourages the very stewardship and financial prudence that **TDHCA** has consistently sought to encourage across its portfolio.

A more balanced approach would rely on **objective valuation**, not historical financing structure.

### **Comparative State Practices**

Several leading **HFAs**—including California (CTCAC), New York (HCR), and Florida (FHFC)—have successfully addressed this issue by capping acquisition basis at the lesser of purchase price or as-is restricted appraisal. This standard ensures fairness, transparency, and feasibility while preventing inflated valuations. These programs have operated effectively for years under this approach without evidence of abuse or excessive profit-taking, demonstrating that simplicity and oversight can coexist. By adopting a similar valuation-based standard, **TDHCA** would remain aligned with proven national practice while preserving flexibility for legitimate preservation and syndication efforts.

### Policy Recommendation for TDHCA

We respectfully recommend that TDHCA consider aligning **Subsection (iii)** with established best practice by adopting a simplified, valuation-based approach:

1. Acquisition Basis: Cap at the lesser of purchase price or restricted appraised value, determined by an independent appraisal meeting Department standards.
2. Seller Notes (Optional): Permit seller-financed carryback notes only if they are residual-receipts contingent, fully disclosed, and subordinate to all project debt.
3. Safeguards: Maintain existing requirements for restricted appraisals, related-party disclosure, and cost certification.

### Additional Rationale

- **Supports TDHCA's Mission.** Aligns with the Department's goal of ensuring fair, verifiable valuations while facilitating feasible transactions that preserve affordable housing.
- **Consistent with National Best Practice.** The "lesser-of" framework is widely used by peer **HFA**s to govern related-party transactions effectively.
- **Improves Feasibility Without Reducing Oversight.** Independent appraisals and full Department review remain, ensuring protection against basis inflation while supporting realistic underwriting.
- **Investor & Lender Alignment.** LP investors and lenders already underwrite to restricted appraised value, not seller debt, ensuring consistency across the capital stack.

### Closing

We greatly appreciate the Department's continued engagement with stakeholders as it refines the 2026 QAP. Adopting a straightforward "lesser-of" appraisal framework for related-party acquisitions would uphold program integrity, align Texas with proven national standards, and sustain the state's preservation pipeline for years to come. We look forward to continued collaboration with staff and peers as **TDHCA** finalizes the 2026 QAP.

Respectfully,



**Ronnie Gyani**

**Principal**

**Austin | Laredo | New York City | San Antonio**

**C: (917) 698-8742**

**ronnie@gyanicap.com**

**www.gyanicap.com**

October 8, 2025



**Texas Department of Housing and Community Affairs**  
**Attn: Dominic DeNiro, 2026 QAP Public Comment**

**Re: 10 TAC Chapter 11 — Resyndication Timing for Existing 9% Developments**

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### **Introduction**

Gyani Capital commends TDHCA’s ongoing efforts to refine the Qualified Allocation Plan to preserve **affordability** and program integrity across Texas. As a sponsor currently working on two active 9% developments awarded in 2025 and actively preparing for the 2026 round, we recognize how reinvestment timing and recapitalization policies directly shape underwriting, asset health, and the overall feasibility of future **preservation** deals. Developers and the Department share the same objective—protecting Texas’s affordable housing assets so they remain viable, high-quality, and well-capitalized for the next 30 years.

### **Concern with Current Draft Approach**

We understand and respect the Department’s intent to promote long-term **affordability** and prevent premature repeat allocations. Our feedback is intended to ensure those same goals are achieved without creating conditions that lead to deferred maintenance or long-term feasibility challenges.

While the objective is sound, postponing resyndication beyond Year 20 may create unintended consequences for residents, investors, and physical assets.

**Physical Needs Escalation.** By Years 15–17, most LIHTC properties face major capital needs—roofs, HVAC, plumbing, and interiors. Recent **PNAs** across multiple Texas LIHTC portfolios confirm that major component replacements typically occur during this period. Deferring recapitalization risks deferred maintenance, **higher rehabilitation costs**, and potential habitability issues.

**Financial Feasibility.** At this stage, many properties have limited reserves and rising operating costs. Without access to new equity, owners may struggle to maintain **compliance and viability**.

**Portfolio Impact.** Combined with the proposed “no-cash-out” rule, the **Year 20–25** policy could effectively close the window for responsible sponsors to reinvest when properties most need it—ultimately increasing long-term risk to TDHCA’s affordable-housing portfolio.

### **Evidence from Other States**

Other housing agencies that once explored delaying resyndication—such as California (CTCAC), New York (HCR), and Florida (FHFC)—ultimately reaffirmed **Year-15** eligibility after data showed:

- Major system replacements typically occur between Years 14–17;
- Waiting five to ten additional years increased **rehabilitation costs** by ~30 percent; and
- Deferred recapitalization led to greater compliance and physical-condition risk.

These agencies now rely on **Physical Needs Assessments (PNAs)** and **restricted appraisals**—rather than rigid calendar thresholds—to determine readiness for resyndication. This approach preserves flexibility while still allowing eligibility beginning around Year-15 when objective data supports legitimate rehabilitation need.

## Recommendation

We respectfully recommend that TDHCA:

1. Maintain **Year-15** eligibility for resyndication, conditioned on current **PNA** demonstrating legitimate rehabilitation needs.
2. Permit related-party transfers at restricted appraised value with full Department underwriting, consistent with our **Subsection (iii)** comment letter.
3. Adopt condition-based criteria rather than fixed time thresholds to determine readiness for new credits.

We recognize TDHCA's need for clear, consistent standards. A condition-based test anchored in PNAs and restricted appraisals would meet that need while ensuring flexibility tied to objective evidence.

## Program Alignment

Aligning resyndication eligibility with actual physical needs strengthens, rather than weakens, long-term affordability. Allowing well-documented Year-15 recapitalizations helps TDHCA:

- Extend affordability covenants for another 30-year period;
- Preserve property quality and resident livability; and
- Demonstrate proactive stewardship of the state's LIHTC portfolio.

The communities served by these properties also benefit when reinvestment happens on schedule—avoiding disruption to residents and preserving public confidence in the program's long-term commitments. We welcome continued dialogue with TDHCA as it finalizes the 2026 QAP.

## Closing

We appreciate the Department's thoughtful approach to QAP reform and the opportunity to contribute to this discussion. A condition-based framework for resyndication—grounded in PNAs, restricted appraisals, and transparent underwriting—offers a practical way to achieve TDHCA's preservation goals while keeping properties affordable, livable, and financially sustainable.

Respectfully,



**Ronnie Gyani**

**Principal**

**Austin | Laredo | New York City | San Antonio**

**C: (917) 698-8742**

**ronnie@gyanicap.com**

**www.gyanicap.com**



**HEARTHLY**

**HEARTHLY, LLC**  
**Chrystal Meyer**  
**3009 Cortez St**  
**College Station, TX 77845**  
**979.450.8888**

October 10, 2025  
Mr. Matthew Griego  
Multifamily Policy Research Specialist  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

RE: QAP Rule Public Comment

Dear Mr. Griego,

Thank you for the opportunity to make public comments to the Draft of the 2026 Qualified Allocation Plan (“QAP”). Hearthly LLC (“Hearthly”) is a member of the of the Rural Rental Housing Association of Texas (“RRHA”), and earnestly supports the comments made by RRHA.

***§11.9(b)(2) Sponsorship Characteristics. – Page 63*** Hearthly believes that HUB participation as reflected in the 2025 QAP continues to meet the requirements of the HUB participation in regard to the standards of the State of Texas, and strongly believes that no changes should be made to the HUB participation section.

***§11.9(b)(4)(C) Section 811. – Page 69*** Hearthly supports RRHA’s in thanking the department for reducing the holding period from 12 months to 6 months. We do continue to hold the stance that USDA and At-Risk developments should be exempted from these points. Additionally, we support RRHA’s request to include a list of coverage areas from Continuum of Care providers in the application materials.

***§11.9(d)(7) Concerted Revitalization Plan – Page 85*** At the October 9, 2025 board meeting, a public commenter proposed changes to the “opportunity zones” section of the QAP. These changes would significantly affect location scoring and are not allowed at this stage of rule-making. The commenter had earlier chances to raise concerns but did not. Hearthly supports keeping the opportunity zones as drafted and greatly appreciates their inclusion.

***§11.101(b)(1)(A)(x) General Ineligibility Criteria – Page 104*** Hearthly supports having a minimum application score, but joins RRHA in its recommendation of lowering it from 150 to 120 points due to current financial conditions. This would help make projects in challenging sub-regions, often with only one application, more economically viable.

**§11.101(b)(5)(C)(iv)(XVI) Design / Landscaping amenities – Page 113** Hearthly joins RRHA in its request to include the following item for consideration for school bus stops.

(XVI) A covered outdoor area with seating to be used as a waiting area for public transportation or school bus stops (1 point).

**§11.101 (b)(7) Resident Support Services. – Pages 117-120** Hearthly supports the comments from RRHA in requesting the return of the following options for Resident Services.

(C) Adult Supportive Services add

Resident assisted business services (i.e. manager assist residents with filling out job applications online, applications for aide, etc...) (1 point)

(D) Health Supportive Services add

Quarterly health and nutrition programs in addition to the annual health fair (1 point).

(E) Community Supportive Services increase point values for rural areas

(iii) monthly arts, crafts and other recreational activities (2 points for rural areas)

(iv) twice monthly on-site social events (2 points for rural areas)

**§11.204(J) Certification, Acknowledgment and Consent (Accessibility) – Page 140** RRHA recognizes the importance of applicant certifications, but emphasizes that Department reviews must occur upfront, and not after the fact, to ensure compliance from the beginning. This specifically applies to the new accessibility subsection

**§11.304(c)(10) Appraisal Content, Value Estimates – Page 199** Hearthly supports the comments from RRHA, and asks for staff to adopt their proposed language.

The lesser of the appraised value or 25% of the appraised favorable financing value will be allocated to land value and the remaining value or 75% will be allocated to building value. Additionally, RRHA requests that if there is other federal or state below market financing that was used for rehabilitation on the property, that favorable financing be attributed 100% to building.

Thank you again for the opportunity to make public comment to the Draft of the 2026 QAP. We are excited to work with the staff at TDHCA in providing a bright future for Texans.

Sincerely,



Chrystal Meyer  
Principal

**From:** [Tim Smith](#)  
**To:** [Dominic DeNiro](#); [Joshua Goldberger](#); [Cody Campbell](#)  
**Subject:** 2026 QAP Public Comments  
**Date:** Friday, October 10, 2025 4:50:00 PM

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Josh,

Here are my comments related to the 2026 Draft QAP:

**§11.101(b)(1)(A)(x) Ineligible development types:**

**Minimum score:** The minimum score is too high. This is a competitive field, if applications are not taking points, it is often related to the infeasibility of the development due to the impact of scoring items. It is more desirable for an applicant to submit a feasible application with a low score than a high scoring application teetering on infeasibility and requesting amendments from the board later. Additionally, this will have a disproportionate impact on rural applications vs urban. I recommend removing this item. If not, the score should be lowered close to 100.

**§11.302(e)(1)(A)(iii)**

**Cash-out transactions.** Exempt any developments that are owned by a Public Housing Authority or instrumentality thereof, these funds are often used to address other properties in Housing Authorities' portfolios or to mitigate reduction of public housing funds from the federal government.

Thank you for the opportunity to participate in this process.

Tim Smith  
Hoke Development Services, LLC  
832-443-0333 (Mobile)  
832-230-4302 (Office)  
tsmith@hokeservices.com

**From:** [Rackleff, Neal J.](#)  
**To:** [Cody Campbell](#); [Dominic DeNiro](#); [Joshua Goldberger](#)  
**Cc:** [Bryant, Jamie](#); [North, Joel](#); [Henson, Lynn](#)  
**Subject:** Public Comment to the 2026 Draft QAP  
**Date:** Friday, October 10, 2025 4:50:31 PM

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You don't often get email from nrackleff@housingforhouston.com. [Learn why this is important](#)

Good afternoon, Cody, Josh, and Dominic.

On behalf of the Houston Housing Authority (“HHA”), please accept the following public comment to the 2026 Draft Qualified Allocation Plan.

§11.302(e)(1)(A)(iii) “Cash-Out” on Identity of Interest Transactions

HHA suggests a revision to provide an exemption for Competitive Tax Credit developments sponsored by affiliates of Housing Authorities that qualify for §11.6(3)(C)(iii) or §11.9(b)(2)(E).

Housing Authorities reinvest proceeds from the sale or transfer of their real estate assets into other affordable housing activities, whether into capital reserves, or into the future development of affordable housing units. This is particularly applicable in the case of HUD Choice Neighborhood Initiative transactions, which are typically multi-phase developments and which in all cases increase the number of affordable housing units in a given location. Because gap financing is limited, when a housing authority or its affiliate can generate funds based on the appreciation of an asset in its portfolio, doing so provides an important source of funds that can be used toward other affordable housing activities.

Suggested language revision:

“(iii) TDHCA prohibits cash-out to a related-party seller in an identity of interest transaction for Competitive Housing Tax Credit Applications (This section does not apply to Existing Developments funded by USDA, to developments that qualify for an allocation pursuant to §11.6(3)(C)(iii), or that qualify for points pursuant to §11.9(b)(2)(E).”

Additionally, HHA believes that developments that are required to use a seller note as a source of funds should be able to structure hard pay permanent debt with a maximum 1.50 year one debt coverage ratio. Part of TDHCA staff’s concern with “cash-outs” is that applicants take out larger hard pay permanent loans to finance the sale of the property to the new partnership than they would if the “cash-out” did not occur. Under the new “cash out” language, the higher permanent loan amount is no longer needed because

applicants are required to carry related party debt via a seller note. However, this related party seller note cannot be counted toward the maximum debt coverage ratio limitation. Since the new language requires a debt source that isn't considered when evaluating the maximum debt coverage ratio, it seems appropriate to provide an offsetting consideration via the ability to take on a lower hard pay permanent loan. Therefore, HHA suggests the following revision to the debt coverage ratio requirement in **§11.302(d)(4)** **(D)**:

“(D) Acceptable Debt Coverage Ratio Range. Except as set forth in clauses (i) or (ii) of this subparagraph, the acceptable first year stabilized pro forma DCR must be between a minimum of 1.15 and a maximum of 1.35 (maximum of 1.50 for Housing Tax Credit Developments with seller notes required by §11.302(e)(1)(A)(iii), and for Housing Tax Credit Developments at cost certification).”

Thank you for your consideration of these comments and for your past support and partnership with the Houston Housing Authority. We greatly appreciate your efforts.

Please let me know if you have any questions.

Kind regards,  
Neal

**Neal J. Rackleff** | Executive VP & COO  
**Houston Housing Authority**  
2640 Fountain View Drive, Houston, Texas 77057  
Office: 713-260-0788  
[nrackleff@housingforhouston.com](mailto:nrackleff@housingforhouston.com)  
<http://www.housingforhouston.com/>  
***Our Mission: To improve lives by providing quality, affordable housing options and promoting education & economic self-sufficiency.***



**October 10, 2025**

Attn: Dominic DeNiro  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

**RE: Draft of the 2026 Qualified Allocation Plan**

To whom it may concern:

This joint comment is on behalf of Texas Housers and Inclusive Communities Project. Between our two organizations, we have more than half a century of experience and leadership in fair housing and reducing the harms of housing discrimination and segregation.

For 35 years, Texas Housers has worked with community and neighborhood leaders across Texas to realize the Fair Housing Act's promise that every American can live in a safe and affordable home in the neighborhood of their choice, free from public and private discrimination. Since 2005, Inclusive Communities Project (ICP) has helped low-income families achieve economic success by addressing the barriers to affordable housing in high opportunity areas that offer a clear path to good schools, safe neighborhoods, gainful employment, and healthy living environments.

Texas Housers and ICP offer the following comments on §11.9(d)(7), on Concerted Revitalization Plans, of the proposed Draft 2026 QAP.

Thank you,

Ben Martin  
Deputy Director  
Texas Housers  
[ben@texashousing.org](mailto:ben@texashousing.org)

Sidney Beaty  
Research Analyst  
Texas Housers  
[sidney@texashousing.org](mailto:sidney@texashousing.org)

Ann Lott  
Executive Director  
Inclusive Communities Project  
[alott@inclusivecommunities.net](mailto:alott@inclusivecommunities.net)

### **§11.9(d)(7): Concerted Revitalization Plan**

At the September 4th Board meeting, the Board heard a request from a stakeholder to include Opportunity Zones (OZs) in the Community Revitalization Plan section of the QAP and instructed staff to incorporate this request into the Draft. While we are neutral on the inclusion of OZs into the QAP, we strongly oppose the way in which OZs have been incorporated into the Draft QAP as an automatic seven-point alternative to a Concerted Revitalization Plan (CRP). This addition suggests that there may be a misunderstanding of what OZs are and how they relate to established CRP rules and goals. We believe that incorporating OZs into the QAP as an alternative to Qualified Census Tracts (QCTs) is a more appropriate alternative approach.

The Draft QAP allows applications to achieve the full seven points under the CRP point opportunity if the property is in an OZ, which is a low-income area identified by the Governor as needing investment. OZ investments allow private investors to get preferential tax treatment in return for their investment. In the context of HTCs, OZ designation is similar to the definition of a QCT, which is a low-income area identified by HUD where HTC applicants can get an eligible basis boost. Both OZs and QCTs are areas designated for reinvestment, but importantly are not themselves *plans* for what that reinvestment should look like. For that reason, OZs should be treated like QCTs in the QAP.

The current QAP achieves a delicate balance between two goals: incentivizing properties in high opportunity areas (through the Opportunity Index) and allowing properties in disinvested communities as long as they are a part of broader revitalization activities (through CRP points). This ensures a balance of increasing access to high opportunity areas for low-income people on the one hand and helping residents in disinvested communities stay rooted in place as long as meaningful revitalization occurs.

To place housing in disinvested areas like QCTs, TDHCA needs assurance that there are real, concrete revitalization efforts that will improve quality of life and opportunity in these neighborhoods, in the form of a local plan. By allowing OZs to serve as an alternative to achieve full CRP points, TDHCA would be creating a loophole that would allow for development in disinvested communities with no plan for how the investment will help low-income people and avoid concentrating poverty. This loophole would be especially harmful because there is significant overlap between OZs and QCTs in Texas, for example in places like Houston.

The critical aspect of the QCT preference is that there must be a plan for revitalization that consists of more than the HTC property by itself. Per [IRS Notice 2016-77](#), “Placing LIHTC projects in qualified census tracts risks exacerbating concentrations of poverty.” Because of this, the QAP can only incentivize awards in QCTs “when there is an added benefit to the neighborhood in the form of the project’s contribution to a concerted community revitalization plan.” The guidance further clarifies that the plan must contain “more components than the LIHTC project itself.”

The proposed OZ language in the Draft QAP furthers the same goal as the CRP item - providing a preference to LIHTC developments located in areas that are in need of investment - but removes all of the guardrails that currently exist to ensure that actual revitalization is occurring. OZs are not revitalization plans. They lack the local buy-in that TIFs, TIRZs, and areas with approved revitalization plans all have. They do not inherently address or mitigate the potential negative impacts that high poverty, low-access neighborhoods can have on tenants. Living in a neighborhood that has experienced disinvestment can result in poorer health outcomes and worse educational outcomes for children. A plan for revitalization helps address these concerns while preserving affordability should revitalization threaten displacement of low-income residents.

The proposed language in the QAP Draft not only allows but *incentivizes* the exact type of shallow revitalization that Notice 2016-77 warns against. The proposed seven-point OZ item risks the same negative outcomes of trapping residents in poverty and disinvestment and should instead utilize the same guardrails as QCTs. By allowing full points for simply being in an OZ, TDHCA would be signaling that actual revitalization planning in disinvested communities is not necessary.

Given that OZs are by definition low-income areas, the proposed changes also risk working completely counter to stated staff goals in spring roundtables to limit the number of CRP applicants in 4th income quartile tracts. Of 468 tracts we were able to compare between [HUD's public OZ data](#) and the most recent Site Demographics Characteristics Report, 236 (50.4%) were 4th quartile tracts.

It is acceptable to make OZs eligible areas for CRP projects, but we reject the idea that OZs negate the need for an actual plan for revitalization. OZs are areas that have been identified for reinvestment, but there is no guarantee that OZ investments will align with the needs of HTC residents. TDHCA has gone to great effort over the past two decades to ensure that the HTC program increases access to opportunity and avoids trapping residents in disinvested areas. The proposed change, as drafted, is a massive, consequential step in the wrong direction.

We also continue to advocate improvements to CRP rules to ensure that revitalization efforts are current, include community leadership, and are leading to tangible results. The QAP should only award points to applications with strong connections to targeted, meaningful revitalization and investment. We support adding requirements to strengthen the connection between local government revitalization plans and the investment in proposed HTC properties.

**Recommendation:** Strike OZs as a parallel option to CRPs worth an automatic seven points. If OZs are to be included in the QAP, make them an alternative equivalent to a QCT. A CRP should still be required for an OZ investment.

In order to mitigate concerns around concentration of poverty, we recommend including OZs alongside QCTs in §11.9(d)(7)(A)(v)(I) and (II) and removing the proposed OZ incentive at §11.9(d)(7)(C). The QAP **must** also clarify that if a tract is both an OZ and a QCT, the applicant must still satisfy CRP requirements.

The proposed language provides a loophole around IRC §42(m)(1)(B)(ii)(III) - which requires that the QAP give preference to projects in QCTs **that contribute to a CRP** - in cases where the tract is both a QCT and an OZ.

**Additionally, we continue to advocate that TDHCA improve CRP requirements beyond what is in the current QAP**, to ensure that CRPs are current, responsive to community voices, and lead to tangible results. TDHCA should at a minimum require applicants seeking CRP points to 1) document committed ongoing or future investments within the revitalization area that includes the proposed development; or 2) document that the immediate neighborhood has improved over time.

For the most meaningful possible connection to local revitalization, we recommend implementing a policy similar to the State of Georgia's incentives for Community Quarterback Boards (CQBs), local community partnerships that:

- Drive the revitalization initiative to ensure components are successful and sustainable;
- Ensure the people in the neighborhood are engaged, included, and served; and
- Serve as a single point of accountability for partners and funders.<sup>1</sup>

The CQB is at least one third local, low-income residents and builds on existing community structures and local partnerships. The CQB begins with the local government's revitalization plan and builds on pre-existing priorities and strategies. The applicant and CQB conduct community engagement and outreach activities and create a plan with clearly identified goals, solutions, metrics of success, resources committed, and entities responsible for revitalization. The applicant agrees to a monitoring period during which they survey residents annually and report on progress towards completing the identified goals. TDHCA staff could set clear metrics to objectively determine that the CQB is meeting necessary milestones.

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<sup>1</sup> State of Georgia 2024-2025 Qualified Allocation Plan. (2025). Georgia Department of Community Affairs. <https://dca.georgia.gov/affordable-housing/housing-development/housing-tax-credit-program/qualified-allocation-plans-and> p. 106

## Introduction

Thank you for the opportunity to comment on the Qualified Allocation Plan (QAP) for Texas Department of Housing and Community Affairs' Low Income Housing Tax Credit program. My name is Todd Feist, and I am the Director of Sustainability with [IREM<sup>®</sup> \(Institute of Real Estate Management\)](#), a professional association of almost 20,000 asset and property managers.

## IREM Certified Sustainable Property (CSP) green building certification

IREM offers the IREM Certified Sustainable Property (CSP) certification. Since 2015, IREM has certified 2,300+ existing properties as CSPs, including 750+ multifamily properties. The CSP focuses on these critical sustainability strategies:

- Climate risk and opportunity assessment
- Benchmarking, policies, and inspections
- Energy and water efficiency project planning
- Performance targets based on industry standard metrics
- Best practices that support continuous improvement

IREM is currently preparing a modification to the CSP for affordable housing developments that includes the following strategies:

- Development project best practices
- Sustainable and resilient site considerations
- High-performance systems and equipment

## Recommendation

IREM recommends that Texas Department of Housing and Community Affairs includes the IREM Certified Sustainable Property (CSP) certification in §11.101. Site and Development Requirements and Restrictions of the 2026 QAP.

<p>(VI) Green Building Features. Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Four (4) points may be selected from only one of the categories Page 116 of 221 described in items (-a-) - (-e-) of this subclause. If the Development involves scattered sites, there must be green building features incorporated into each site in order to qualify for these points.</p> <p>(-a-) Enterprise Green Communities. The Development must incorporate, at a minimum, all items necessary to obtain Enterprise Green Communities certification applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at <a href="http://www.greencommunitiesonline.org">http://www.greencommunitiesonline.org</a>.</p> <p>(-b-) Leadership in Energy and Environmental Design (LEED). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e., Certified, Silver, Gold or Platinum).</p> <p>(-c-) ICC/ASHRAE - 700 National Green Building Standard (NGBS). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NGBS Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).</p> <p>(-d-) 2018 International Green Construction Code.</p> <p>(-e-) IREM Certified Sustainable Property (CSP) certification.</p>	<p>4 Points</p>
--	-----------------

Including the CSP certification among the green building certification options in the QAP would give projects applying for tax credits an affordable, approachable, and meaningful certification that supports sustainability into occupancy, ensuring that its positive benefits extend to residents.

## Benefits of the CSP certification to tax credit properties

### **Bridges development and management**

The CSP requirements (see Appendix) include sustainability strategies implemented both in the design and construction and occupancy phases of the property. Some requirements focus on equipment and amenities that support sustainable performance, along with the establishment of policies and services that prepare the property for sustainable operations – strategies most effectively implemented at the development stage. Other requirements focus on ongoing management and operations – operational best practices and performance targets related to energy, water, waste, and purchasing.

These requirements ensure that a sustainably designed property maintains a high level of performance during occupancy. Properties can "drift" from the efficiency and health and wellness benefits gained through new construction standards and initial equipment commissioning. For example, according to research from Texas A&M University and the Lawrence Berkeley National Laboratory, properties can see energy efficiency deteriorate by 10% to 30% over a one to two-year period. To maintain sustainable performance, property management teams must operate according to sustainability standards specifically designed for existing properties. The CSP provides a framework for maintaining efficiency and positive health and wellness benefits throughout the occupancy phase of the project.

Furthermore, the program has a significant resident engagement component, where management teams conduct outreach and education on energy and water efficiency, health and wellness, and recycling. Including residents in the sustainability initiative and giving them the knowledge necessary to operate their units efficiently are critical to the ongoing performance of the property.

### **Sustainability training for teams**

The certification materials and process are approachable and easy to comprehend, avoiding lingo and advanced calculations. One program participant's company calls the CSP "Sustainability 101" for property management teams. Property teams acquire sustainability skills and knowledge through the program. This helps embed a culture of sustainability in property companies and site teams, ensuring that they are operating the property efficiently, passing along the positive benefits of sustainability to residents, and directly contributing to stakeholder climate goals.

### **Continuous improvement**

The certification requirements and recertification process every three years, with planning documents, policy templates, resident outreach materials, and achievable performance targets, facilitate continuous improvement in sustainability and health and wellness.

**Comprehensive sustainability**

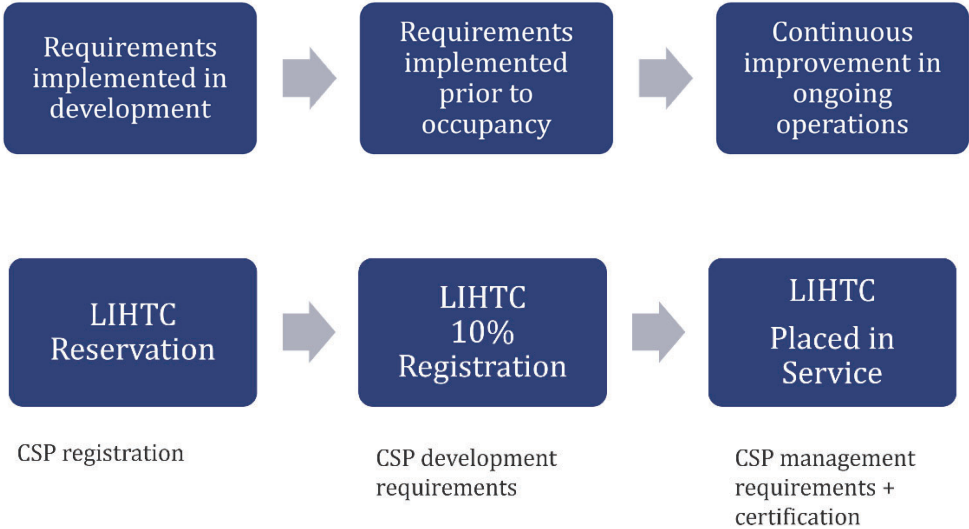
Performance categories include energy, water, health, recycling, and purchasing. This allows property teams to focus on all areas of sustainable operations to the benefit of the property, residents, surrounding community, and other stakeholders.

**Affordable and attainable**

The CSP provides an approachable framework of policies, strategies, and performance targets at a price point that properties can afford as operating costs continue to rise.

**CSP implementation**

For tax credit properties, CSP requirements are split between the development and management phases, with minimum requirements in each phase. See the appendix for the distribution of requirements across the phases.



**CSP fees**

2025 CSP application fees are \$1,095 for IREM members and [IREM AMO](#) firms and \$1,530 for non-members. The application fee is payable upon submission of the application for IREM’s review.

**CSP program governance**

All CSP program updates and application reviews are conducted under the supervision of the IREM ESG Advisory Council, which advises on IREM CSP requirements and the application process and makes technical rulings on those elements of applications that fall outside of stated policies and requirements.

The ESG Advisory Council is composed of IREM members and other qualified subject matter experts who have experience implementing ESG strategies and sustainability programs at the property and/or portfolio level. The ESG Advisory Council is part of the IREM governance structure and reports to the IREM Board of Directors.

### Closing comment

Thank you for the opportunity to comment. IREM's mission is to advance the profession of property management because we believe that quality management can make a difference by providing people with good homes. We make these recommendations in that spirit. Please feel free to reach out with any questions or comments.

[irem.org/csp](http://irem.org/csp)

[tfeist@irem.org](mailto:tfeist@irem.org)

## Appendix – CSP requirements for tax credit properties in development

	Development	Management
<b>Baseline requirements</b>	<ul style="list-style-type: none"> <li>• Project and site considerations</li> <li>• Equipment and amenities</li> </ul> <p><b>Baseline project</b> Employ integrative design Perform a sustainability and climate-related risk and opportunity assessment of the project</p> <p><b>Baseline site</b> Conserve existing land functions and ecosystems Install stormwater management systems</p> <p><b>Baseline energy</b> Design and build to comply with 2021 International Energy Conservation Code (IECC) Install ENERGY STAR® appliances</p> <p><b>Baseline water</b> Install high-efficiency water fixtures Install native/drought-tolerant plantings or efficient irrigation</p> <p><b>Baseline health</b> Use healthy, low-emitting products and materials Include a fitness facility in community design</p>	<ul style="list-style-type: none"> <li>• Benchmarking</li> <li>• Regular walk-throughs and assessments</li> <li>• Performance targets</li> </ul> <p><b>Baseline management</b> Perform an annual sustainability and climate-related risk and opportunity assessment of the property Align sustainability and investment goals for the property and include sustainability metrics in owner reporting Implement at least five policies to advance sustainability at the property Develop and implement an emergency management plan</p> <p><b>Baseline energy</b> Benchmark energy usage and greenhouse gas emissions Submit an energy assessment that includes a 3-year improvement plan</p> <p><b>Baseline water</b> Benchmark water usage Submit a water assessment that includes a 3-year improvement plan</p> <p><b>Baseline health</b> Establish a healthy property operations program</p>

	<p><b>Baseline recycling</b> Implement and follow a construction waste management plan</p> <p>Consider placement of waste and recycling canisters and signage in community design</p> <p><b>Baseline purchasing</b> Use green-certified products and materials</p> <p>Include sustainability clauses in vendor and supplier contracts</p>	<p><b>Baseline recycling</b> Assess recycling practices, options, and compliance requirements</p> <p><b>Baseline purchasing</b> Assess procurement practices and options</p>
<p><b>Energy points</b></p>	<p>Install smart thermostats in common areas and units</p> <p>Install LEDs and controls</p> <p>Install EV charging stations available for resident use</p> <p>Use renewable energy</p>	<p>Demonstrate ongoing training on energy management for property management team</p> <p>Hold periodic site manager-maintenance supervisor meetings to discuss energy management and property financials</p> <p>Conduct a walk-through to detect malfunctioning equipment and opportunities for improvement</p> <p>Provide information to residents on energy management</p> <p>Commit to installing ENERGY STAR equipment during rehabs and unit turnovers</p> <p>Set one of the following targets: (1) ENERGY STAR score of 70+ or (2) 5%+ reduction in energy use</p> <p>Set one of the following targets: (1) ENERGY STAR score of 75+ or (2) 10%+ reduction in energy use</p> <p>Set one of the following targets: (1) ENERGY STAR score of 80+ or (2) 15%+ reduction in energy use</p>

		<p>Demonstrate innovation in energy efficiency through new methods, technologies, and pilot programs</p>
<p><b>Water points</b></p>	<p>Install rainwater harvesting containers  Install a water leak detection system  Install a water reuse system</p>	<p>Demonstrate ongoing training on water management for maintenance team  Check for water leaks  Provide information on water management to residents  Set one of the following targets: (1) Water Score of 60+ or (2) 5%+ reduction in water use  Set one of the following targets: (1) Water Score of 70+ or (2) 10%+ reduction in water use  Set one of the following targets: (1) Water Score of 80+ or (2) 15%+ reduction in water use  Demonstrate innovation in water efficiency through new methods, technologies, and pilot programs</p>
<p><b>Health points</b></p>	<p>Follow best practices for construction pollution control  Install the infrastructure for a community garden  Design and commission HVAC systems to ANSI/ASHRAE Standard 62.2-2022 Ventilation and Acceptable Indoor Air Quality in Residential Buildings  Locate the community in proximity to existing services  Install at least two additional wellness amenities</p>	<p>Engage residents in health and wellness  Follow air filtration best practices for common areas and units  Use healthy, low-emitting materials in common areas  Employ green cleaning services for common areas  Conduct or obtain annual indoor air quality testing in areas under management control</p>

<p><b>Recycling points</b></p>	<p>Install recycling signage throughout the property  Achieve a minimum construction waste diversion rate of 60%  Achieve a minimum construction waste diversion rate of 70%  Achieve a minimum construction waste diversion rate of 80%</p>	<p>Provide information on recycling program to residents  Establish a construction waste management plan for rehabs and unit turnovers  Establish a policy for recycling e-waste, batteries, light bulbs, and bulk items  Set diversion rate goals for the property  Achieve a minimum diversion rate of 20% for the property  Establish recycling services  Hold regular recycling and/or donation drives for residents  Achieve a minimum diversion rate of 25% for the property  Achieve a minimum diversion rate of 30% for the property  Establish additional recycling services</p>
<p><b>Purchasing points</b></p>	<p>Engage an IREM AMO® or CPM® to manage the community  Conduct a purchasing needs assessment  Follow a local sourcing strategy  Purchase renewable energy credits</p>	<p>Use green-certified products in common areas  Use reusable or compostable kitchen products (cups, forks, etc.) for management operations and in on-site kitchens and clubhouses  Use sustainable paper for marketing materials or establish a paperless marketing and leasing program  Assess vendor and supplier compliance with sustainability requirements  Use green power or purchase renewable energy credits</p>

October 10, 2025

Sent via email: Dominic.Deniro@tdhca.texas.gov

Texas Department of Housing and Community Affairs  
Attn: Dominic Deniro  
P.O. Box 13941  
Austin, Texas 78711-3941

Re: Comments on 2026 Qualified Allocation Plan (QAP) — Recommended Rule Amendments

To Whom It May Concern:

On behalf of ITEX Group, LLC, a vertically integrated affordable housing developer, general contractor, and long-term owner-operator across Texas, I appreciate the opportunity to comment on the proposed 2026 Qualified Allocation Plan (QAP).

The Department's continued focus on fairness, transparency, and long-term housing quality is commendable. However, several provisions as drafted could unintentionally restrict redevelopment and preservation activity—particularly for existing properties constructed before 2010—while limiting the QAP's reach in amenity-rich, well-served neighborhoods.

### **1. Public Amenities on Shared Parcels**

Current tie-breaker scoring does not allow for amenities located on the same parcel as a school to be included. While intended to prevent misuse of closed or restricted playgrounds, this language also excludes public libraries and parks that share a tract with schools and remain fully accessible under posted hours. This change removes eligibility from entire civic campuses that were intentionally designed for walkable, co-located public access.

The QAP should allow amenities co-located with schools to qualify when the amenity is publicly owned or operated, provides posted hours extending beyond school operations, and does not require enrollment or staff escort for entry. Measurement should be taken to the amenity's entrance, not the parcel boundary.

Texas communities often combine schools, parks, and libraries within shared parcels to maximize accessibility and civic efficiency. Disqualifying these parcels penalizes thoughtful local planning and excludes neighborhoods that already meet the intent of the QAP's amenity scoring.

### **2. Neighborhood Risk Factor — Clarification for Rehabilitation Developments**

Proposed §11.9(d)(5)(B)(ii) exempts rehabilitation developments “with ongoing and existing federal assistance from HUD, USDA, or Veteran Assistance (VA), and Developments encumbered

by a TDHCA LURA.” The conjunction “and” appears inadvertent and conflicts with the Department’s stated policy goal of preserving both federally assisted and state-regulated affordable housing.

The sentence should be revised to read: “Rehabilitation developments with ongoing existing federal assistance from HUD, USDA, Veteran Assistance (VA) or those encumbered by a TDHCA LURA are exempt from the Neighborhood Risk Factor.” The current syntax excludes legitimate preservation projects such as HUD-insured but not HUD-assisted properties that clearly meet the purpose of the policy.

This revision aligns the text with the Department’s intent, prevents unnecessary disqualification of preservation transactions, and supports long-term affordability in regulated housing stock.

### **3. Crime Data Source and Mitigation Credit**

The proposed QAP ties violent crime scoring exclusively to data “as reported on NeighborhoodScout.com,” eliminating prior flexibility to use local law-enforcement or grid-level datasets. This rigidity misrepresents site-specific conditions and penalizes redevelopment along transitional corridors or at tract boundaries.

Developers should be permitted to use local police-beat or grid-level data when the development frontage is distinct from the higher-crime parcel and a three-year trend shows declining or below-threshold rates. Additionally, mitigation credit should be available for developments incorporating CPTED design, dedicated security funding, and documented off-duty patrol agreements.

Allowing local data restores accuracy and equity in site evaluation while preserving the Department’s public safety objectives. Transitional and reinvestment neighborhoods should be evaluated on real conditions, not on coarse tract averages that discourage development where it is most needed.

### **4. Identity-of-Interest Transactions and Seller Cash-Out Clarification**

Section 11.302(iii) prohibits cash-out to related-party sellers, except for USDA-funded projects. While the policy intent is sound, the language inadvertently captures legitimate internal transfers used to recapitalize older assets or facilitate HUD refinancing where no equity proceeds leave the affordable housing enterprise.

The Department should clarify that “cash-out” applies only when a related party receives net proceeds beyond repayment of unrelated third-party debt and bona fide seller notes that remain in place post-acquisition. Verified carrying costs such as property taxes, broker fees, deferred maintenance, or deferred management fees should be eligible for reimbursement if supported by third-party records and underwritten.

This clarification preserves regulatory integrity while enabling controlled recapitalizations that extend property life and compliance. Preventing responsible re-syndication under the guise of anti-abuse enforcement would have the opposite effect of the QAP's preservation goals.

## **5. Resyndication and Preservation of Existing Housing Stock**

The proposed QAP introduces several structural changes that disproportionately affect older properties. These include heavier emphasis on new-unit production over preservation in competitive scoring, tightening of "substantial rehabilitation" definitions, expansion of fee-cap interpretations to include tax-exemption fees within the general contractor limit, and tiebreaker changes favoring capital efficiency metrics that disadvantage high-cost rehabilitation work.

To sustain long-term affordability, the Department should establish a clear preservation and re-syndication carve-out. Properties placed in service before 2010 should be allowed to re-syndicate without age penalty. Preservation and rehabilitation should receive equal scoring weight to new construction when those projects extend affordability, improve energy performance, and prevent displacement. Fee caps should allow flexibility when justified by third-party cost audits, and alternative tiebreakers should recognize rehabilitation outcomes such as per-unit energy savings or verified improvement in physical condition.

Preservation is not a loophole in the QAP—it is one of the most cost-effective, low-displacement strategies available to meet Texas's affordable housing demand. A balanced policy framework should reflect that reality.

## **Conclusion**

The QAP remains Texas's most powerful mechanism for directing private capital into long-term affordable housing. Its precision determines whether those investments reach the communities most capable of sustaining affordability. The revisions described above would enhance fairness, preserve critical housing stock, and maintain flexibility for responsible re-syndication and preservation of aging assets without undermining program integrity.

Sincerely,

*Miranda Sprague*

Miranda Sprague  
ITEX | Senior Vice President,  
Real Estate Investment & Development (REID)  
D: 409-853-3681  
11 Greenway Plaza, Suite 3150, Houston, TX 77046

**From:** [Ryan Garcia](#)  
**To:** [Dominic DeNiro](#)  
**Cc:** [Jim Marke](#)  
**Subject:** Comments on 2026 Draft QAP  
**Date:** Thursday, October 9, 2025 9:58:25 AM  
**Attachments:** [image001.png](#)

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Hi Dominic,

We wanted to provide some feedback on one section of the 2026 Draft of the QAP. Overall, we are happy with most of the changes, but would like to suggest a change to section 10 TAC 11.101(b)(1)(A)(xi) relating to Ineligible Developments.

The language in the staff draft currently reads that any application containing a party that requested Force Majeure treatment two or more times on another development will be ineligible to participate in the round until the development is placed in service. While we understand the concerns this language is trying to address, we respectfully request it be revised to read as "started construction" rather than "placed in service."

We believe projects under construction meet the intent of this provision, as getting housing built has been our collective goal over the past two years. During this challenging period, we deliberately did not pursue additional pipeline/new development applications because we felt it would be counter to achieving our shared goal of completing the stalled developments. Our focus has been entirely on working collaboratively with TDHCA to bring these projects to fruition.

Having these developments under construction demonstrates they will be completed and validates all of our collective efforts. The start of construction should give the Board confidence that the development will be completed and that we'll be capable of taking on new 2026 projects, as these previous developments will be wrapping up just as any new awards would be getting started.

Being required to sit out yet another round when we can finally return to our normal business cycle would seriously impact our ability to contribute to Texas's housing goals in 2026. While no one wants to be in the position we've faced these past two years, the intensive focus required to move these stalled deals forward necessarily took us away from building our normal development pipeline. We believe we've demonstrated our commitment to completing these developments, and this rule as currently proposed would be unnecessarily punitive given our good-faith efforts and progress.

For the first time in two years, we're positioned to return to a normal business cycle while ensuring our existing projects reach completion. We respectfully ask that you consider this modification to allow developers who have developments under construction to participate in the 2026 round.

Thank you for your consideration,



**Ryan Garcia**

*Development Manager*

**JES Holdings, LLC** | [www.jesholdings.com](http://www.jesholdings.com)

206 Peach Way, Columbia, MO 65203

Office 573-443-2021 | Mobile 573-397-2105

[rgarcia@jesholdings.com](mailto:rgarcia@jesholdings.com)

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October 10, 2025

Texas Department of Housing and Community Affairs  
Attn: Dominic DeNiro, QAP Public Comment  
P.O. Box 13941, Austin, Texas 78711-3941  
[dominic.deniro@tdhca.texas.gov](mailto:dominic.deniro@tdhca.texas.gov).

**Re: Texas Department of Housing and Community Affairs' (TDHCA) QAP Review:  
Public Housing Authority Considerations for 4% and 9% LIHTC Applications**

Dear Commissioners:

Thank you for the opportunity to comment on the 2026 Draft QAP. We write from the perspective of a Public Housing Authority (PHA)/mission-driven sponsor delivering deeply affordable housing through both federal-only (4% bond) and 9% competitive transactions, frequently pairing Project-Based Vouchers (PBV) with public gap sources (HOME, HTF, CDBG, FHLB AHP, local trust funds). We support the Draft QAP's direction and offer the following recommendations to enhance feasibility, transparency, and equitable outcomes.

The QAP serves as the primary policy instrument for allocating both 4% and 9% housing tax credits in Texas. While 9% credits are awarded competitively through the annual allocation process, 4% credits are paired with tax-exempt bond financing. For PHAs, both programs provide viable tools for RAD and Section 18 repositioning, mixed-finance redevelopment, and preservation projects. The following recommendations are designed to strengthen the QAP to promote greater participation by PHAs and enhance access to financing mechanisms critical to affordable housing preservation and redevelopment.

**1) PHA Relevance to Both Credit Types**

The QAP explicitly recognizes housing authorities as Governmental Entities eligible to act as Developers, General Partners, or Co-Developers. This provides a legal and structural foundation for PHAs to participate directly in both 4% and 9% credit transactions. Under both programs, PHAs can use PBVs to stabilize income and can apply under Nonprofit or At-Risk Set-Asides, depending on the nature of the transaction and property type.

Comment: TDHCA should reaffirm PHA eligibility as direct applicants or development partners in both credit categories.

## 2) **9% Competitive Credit Opportunities**

9% credits are highly competitive and subject to scoring under the QAP. PHAs can achieve strong positioning through strategic alignment with At-Risk, Nonprofit, and Preservation categories. Competitive scoring factors that align with PHA strengths include:

- Preservation of deeply affordable units under RAD or Section 18.
- Commitments of PBVs to ensure long-term income stability.
- Layering HOME, HTF, and CDBG funds for gap financing.
- Local government support, including land donations or fee waivers.
- Provision of resident supportive services or eviction protection programs.

Comment: TDHCA should explicitly list RAD and Section 18 conversions under the At-Risk Set-Aside for 9% deals.

Comment: Award additional scoring points for PBV commitments and for PHA ownership or long-term control of the development entity.

Comment: Recognize CDBG, HOME, HTF, and FHLB contributions as leverage points in scoring to reward comprehensive financing structures.

## 3) **4% Tax-Exempt Bond Credit Opportunities**

The 4% LIHTC program, combined with tax-exempt bond financing, provides a non-competitive pathway for PHAs and their partners to undertake large-scale preservation, recapitalization, and mixed-finance development efforts. Because 4% projects are not subject to competitive scoring, financial feasibility, readiness, and compliance with QAP underwriting rules are the key factors.

To optimize 4% utilization, PHAs often rely on gap-financing tools such as HOME, HTF, or FHLB funds to bridge basis shortfalls or meet construction contingencies.

Comment: TDHCA should clarify that Direct Loan (HOME/HTF) layering is permitted and encouraged for 4% bond developments.

Comment: Allow PBVs and RAD contract rents to be fully underwritable sources of income in 4% underwriting models.

Comment: Simplify application documentation for 4% transactions that pair with RAD or Section 18 conversions to expedite closings.

4) **Policy Recommendations (Applicable to Both 4% and 9%)**

- Expand the At-Risk definition to include RAD and Section 18 repositioning activities explicitly.
- Confirm PBVs as underwritable and eligible income for feasibility and scoring purposes.
- Prioritize HOME, HTF, and CDBG allocations for PHA-sponsored developments.
- Allow FHLB AHP funding to qualify as leverage points in scoring and financial feasibility analysis.
- Provide guidance on addressing overlapping LURAs and RAD use agreements to streamline compliance.


5) **Appendix: Suggested QAP Comment Language for TDHCA**

The following are recommended comments that PHAs or stakeholders may submit during the QAP public comment process:

1. TDHCA should explicitly recognize Public Housing Authorities and their instrumentalities as eligible controlling entities for both 4% and 9% transactions.
2. RAD and Section 18 conversions should be formally included in the At-Risk Set-Aside definition.
3. PBV-supported rents should be underwritable at contract value to improve feasibility and access to permanent debt.
4. HOME, HTF, and CDBG funds should be prioritized as eligible sources of gap financing for both credit types.
5. FHLB Affordable Housing Program grants should be included as recognized leveraged financing sources.
6. TDHCA should simplify documentation requirements for 4% RAD transactions to accelerate redevelopment timelines.

The Draft QAP provides a strong foundation for affordable housing production and preservation. By refining the QAP to ensure consistent treatment of PHA-sponsored developments under both the 4% and 9% programs, TDHCA can expand access to housing credit equity while supporting HUD's repositioning and preservation goals across Texas.

Sincerely,



Holly Knight  
President/CEO  
Knight Development Co.  
[hknight@knightdevco.com](mailto:hknight@knightdevco.com)

**From:** [dan@lakewoodmanagement.com](mailto:dan@lakewoodmanagement.com)  
**To:** [Dominic DeNiro](#)  
**Subject:** 2026 QAP draft - comment/question  
**Date:** Tuesday, October 7, 2025 9:15:42 AM

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We would like to comment on an item in the 2026 QAP Draft. This language in Section 11.9 Competitive HTC Selection Criteria (b)(2)(A)(iii) on page 63 states:

“No member of the HUB may have previous participation with Department programs that would necessitate more than 10 Developments being listed on the Application’s Previous Participation Form that have received IRS Form(s) 8609.”

Are developments that the applicant’s control has ended included in this list? An experienced member of a HUB could have a history of involvement in properties that have been sold and have no control over the properties anymore.

We suggest this addition to the language in this section:

“No member of the HUB may have previous participation with Department programs that would necessitate more than 10 Developments being listed on the Application’s Previous Participation Form that have received IRS Form(s) 8609 **and the Control has not ended.**”

Additionally, we request clarification if Developments underway that have not received IRS Form 8609 are to be included in the Previous Participation Form.

Dan Allgeier  
**Lakewood Property Management, LLC**  
6333 E. Mockingbird Lane  
Suite 147-509  
Dallas, TX 75214  
(214) 277-4839  
[dan@lakewoodmanagement.com](mailto:dan@lakewoodmanagement.com)

October 10, 2025

Cody Campbell, Director of Multifamily Programs  
Texas Department of Housing and Community Affairs  
221 East 11th Street,  
Austin, Texas 78701

Dear Mr. Campbell:

On behalf of Lonestar Development Partners, I am submitting the following comments regarding the 2026 Draft Qualified Allocation Plan (QAP) (10 TAC Chapter 11).

#### Comment on 10 TAC §11.101(b)(3)(C) – Rehabilitation Cost Increase

We respectfully express concern regarding the proposed increase in the minimum rehabilitation cost from \$30,000 to \$35,000 per unit under Building Costs and Site Work.

This increase is substantial especially for multifamily developments with 100 units or more and unnecessarily inflate the tax credit request, particularly for multifamily developments constructed on or after 2000. These properties generally do not require extensive structural rehabilitation. Instead, the scope of work typically includes updates to individual units to mechanical systems, roof replacements, resealing of parking lots, and other moderate improvements.

For this reason, we recommend that the \$30,000 minimum cap remain in place for developments built on or after 2000. This approach better reflects the actual rehabilitation needs of newer properties and helps maintain the efficiency and integrity of the tax credit allocation process.

#### Comment on 10 TAC §11.101(e)(6) – General Contractor Fee and Sales Tax Exemption

We also respectfully disagree with the proposed language stating that:

“Any fees paid to an organization to achieve a sales tax exemption will be included in the General Contractor Fee.”

This provision inaccurately assigns responsibility for sales tax exemption related fees to the General Contractor. In practice, these requests are initiated and managed



by the developer, often as part of broader efforts to address funding gaps and improve project financial feasibility. The General Contractor is not typically involved in these financial strategies, and in many cases, the developer and contractor are unrelated entities.

Including these fees in the General Contractor Fee misrepresents their origin and unfairly burdens the contractor. Given that the General Contractor Fee is already subject to strict limitations, this change could further constrain contractors and potentially discourage their participation in LIHTC developments.

If the Department wishes to address this issue, we suggest that sales tax exemption related fees be included in the Developer Fee, where they more appropriately belong.

Maintaining a clear and fair distinction between developer driven financial strategies and general contractor responsibilities is essential to supporting a healthy and competitive development environment within the LIHTC program.

We appreciate the Department's continued efforts to improve the QAP and thank you for your time and consideration of these comments.

Sincerely,

*Ryan Larson*

Ryan Larson  
Lonestar Development Partners



October 9, 2025

Re: 2026 QAP – Public Comment

Cody and Josh,

We appreciate you considering National Church Residences' comments to the 2026 QAP.

### 1. Identity of Interest Cash-Out

National Church Residences frequently loans parent dollars to properties under a Parent Note or Cash Advance for a variety of reasons, all with the goal of preserving existing affordable housing. Examples of these advances include immediate repairs that must be funded as required by HUD to approve an acquisition, repairs needed in excess of the reserve balance, or to help fund the acquisition from a 3<sup>rd</sup> party in excess of available 3<sup>rd</sup> party debt. In all instances, we advance these funds with the anticipation that they will be repaid at closing of a future LIHTC transaction. Once they are refunded back to the parent at LIHTC closing, we use the funding to be deployed again to acquire and preserve the next affordable housing property.

Per the list below, we have been able to preserve 473 senior subsidized units in 7 developments in TX over the last 5 years by being able to leverage related party funds to purchase a property prior to a LIHTC transaction to tee it up for a renovation. Once these funds are reimbursed at closing, they are deployed to the next project. This is a fundamental tool for our mission and business line in Texas to preserve senior affordable housing.

NCR TX Projects that received a repayment of Sponsor Advances Notes that reduced Seller Notes:

- 25093 North Crest Apartments (2 properties) – will preserve 196 subsidized units, acquired 4 years ago from 3<sup>rd</sup> Party seller from recycled funds
- 23181 Eden Heights – preserved 95 subsidized units, acquired 1 year prior to LIHTC transaction with recycled funds
- 23428 Eden Court (2 properties) – preserved 110 units, 64 subsidized, acquired 3 years prior to LIHTC transaction with recycled funds)
- 20046 Brandywine Apartments – preserved 50 subsidized units with recycled funds due to a short-term hold
- 19086 Trinity Place Apartments- preserved 68 subsidized units with recycled funds due to a short-term hold

As such, all notes and cash advances, regardless of whether it's 3<sup>rd</sup> party or related party, need to be repaid at the closing table and thus reduced from the Seller Note calculation.

To confirm that a related party did provide a cash advance or note, you may consider adding a requirement for documentation such as an audit or confirmation from a 3<sup>rd</sup> party accountant regarding estimated balance at closing and accrued simple interest at market rate, not to exceed 7%.

An example from an audit of an identity of interest note / reimbursable to developer that needs to be paid at closing and thus reduce the size of the seller note is below:



## Residual receipts note

On January 1, 2022, the Corporation entered into a promissory note with National Church Residences, an affiliate of the Sponsor, in the original amount of \$1,064,000 (Residual receipts note). The note bears interest at a rate of 6.00% per annum, which shall not be compounded. For the years ended March 31, 2025 and 2024, interest expense totaled \$63,840 and \$63,840, respectively. As of March 31, 2025 and 2024, accrued interest totaled \$205,483 and \$141,643, respectively. Payments of principal and interest shall be made annually from available cash flow, as defined in the operating agreement. The note matures on February 1, 2057.

We propose the following language to be added to the QAP in blue:

*(iii) TDHCA prohibits cash-out to a related-party seller in an identity of interest transaction for Competitive Housing Tax Credit Applications (This section does not apply to Existing Developments funded by USDA). For purposes of this paragraph, cash-out is defined as the as-is restricted appraised value minus the payoff of any third-party debt unrelated to the seller, documented notes or cash advances from a related party including accrued simple interest at market rate to the related seller, as confirmed by an audit or 3<sup>rd</sup> party accountant, and minus the principal balance of any seller note to remain in place post-acquisition. Holding costs and operating expenses, such as broker fees, property taxes, deferred maintenance, or deferred management fees, shall not be considered in calculating or justifying seller cash-out.*

## 2. Minimum Application Score

A minimum score of 160 is too high and could kill deals that really should be funded. I know other industry members are putting more color around this comment. I want to add that for At-Risk, since many points are not available to take such as Jobs, Ready to Proceed, Quantity of Units, the minimum score for At-Risk should be lowered by an equal number of points not available for those applications.

We appreciate you considering our recommendations.

Kind Regards,



Tracey Fine  
Senior Director  
tfine@nationalchurchresidences





October 7<sup>th</sup>, 2025

Mr. Cody Campbell, Director of Multifamily Programs  
Texas Department of Housing and Community Affairs  
221 E 11<sup>th</sup> Street  
Austin, Texas 78701  
[cody.campbell@tdhca.state.tx.us](mailto:cody.campbell@tdhca.state.tx.us)

Re: Palladium USA –Recommendations on Staff Draft of 2026 Qualified Allocation Plan

Dear Mr. Campbell:

Palladium USA has reviewed the 2026 Draft Qualified Allocation Plan (“QAP”), and respectfully offers the following recommendations for staff consideration and implementation in the 2026 QAP:

§11.9(c)(4) Section 811 Project Rental Assistance Program (811 PRA) and Residents with Special Housing Needs

Palladium USA has serious concerns with the continuation of the Section 811 PRA program in the QAP. Palladium Management Company has multiple properties with Section 811 contracts on them and have experienced many difficulties related to this requirement.

Firstly, it becomes an issue of timing. There are times when units will be held over 60 days to find an applicant, once an applicant has been selected it can take a month, if not longer, to receive applicants in the door to complete the necessary paperwork. It is a struggle for the applicants to complete the paperwork, most do not have anyone to assist them with completing everything and leads to the applicants not understanding exactly what is being requested of them.

While the timeline of finding and situating an applicant in a unit is difficult, there are ongoing issues that continue to put significant stress on management teams. There is a serious problem with past due rent payments and in the current financial state of developments all rental income is crucial to the success of the property. This is where there is an issue at the core level of this program. Some residents participating in the program who are not compliant with the management team’s lease violation notices, required recertifications and past due rent payments do not make any efforts to cooperate with management to resolve the issues.

We believe the Section 811 program has intrinsic issues within the program that need to be addressed before Developments are further requested to participate in the program.

§11.9(e)(8) Readiness to Proceed

Palladium USA is requesting TDHCA Staff to reevaluate the criteria necessary to indicate a Development is “Ready to Proceed.” We agree the submission of building permits is an acceptable criterion, but we believe purchasing the land is not a good indicator of readiness.

Firstly, the land being purchased does not indicate whether the development will close sooner rather than later. Just because land is purchased, that does not mean the development will close on the financing any sooner. Secondly, this puts developments in rural areas with a lower land cost at an advantage over developments that are in urban regions with a higher land cost. It is a tremendous risk for developers to take down the land prior to financial closing, but that risk is not equivalent across all regions due to varying land costs. Thirdly, a few developers were put in a situation in the past round where environmental clearance timelines were preventing a land purchase by the March 31<sup>st</sup> deadline.

We believe all of the above factors show a revaluation of criteria would be appropriate. Palladium USA's suggestion of criteria would be submission of building permits to the local jurisdiction and submission of a financing application. We believe an application to HUD, Frannie Mae, Freddie Mac, etc. would be a much better indicator of readiness and create more equality across all regions in Texas.

If you have any questions or would like to discuss any of these items further, please do not hesitate to contact Taylor Thomas at (512) 788-3851 or via email at [tthomas@palladiumusa.com](mailto:tthomas@palladiumusa.com) any time.

Sincerely,



Thomas E. Huth  
President and CEO, Palladium USA

**From:** [Justin Gregory](#)  
**To:** [Dominic DeNiro](#)  
**Subject:** QAP Public Comment  
**Date:** Wednesday, October 8, 2025 3:37:57 PM  
**Attachments:** [image001.png](#)

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On behalf of Pivotal, we have the following comments:

- I support lowering the proposed 150-point minimum score threshold to 120 points, as raised in recent public comments, so that otherwise viable projects—especially in rural and at-risk set-asides—remain feasible and competitive.
- A development site near multiple amenities built on the same lot meets the intent of the tiebreaker policy. More than one unique amenity on the same parcel is beneficial to the residents and warrants qualification for tie breaker purposes.

Thanks,

**Justin Gregory**  
Financial Analyst



**P** / 724.561.3196

**E** / [justin.gregory@pivotal-hp.com](mailto:justin.gregory@pivotal-hp.com)

9100 Centre Pointe Drive, Suite 210  
West Chester, OH 45069

[PIVOTAL-HP.COM](http://PIVOTAL-HP.COM)

PURPLE  MARTIN  
REAL ESTATE

October 10, 2025

Multifamily Finance Division  
Texas Department of Housing and Community Affairs  
Attn: Cody Campbell, Director of Multifamily Programs  
221 East 11th Street  
Austin, Texas 78701

Re: Public Comment, 2026 Official Draft Qualified Allocation Plan

Dear Mr. Campbell:

Thank you to the Texas Department of Housing and Community Affairs (“TDHCA”) for the opportunity to provide public comment on the 2026 Official Draft Qualified Allocation Plan (“QAP”). Please accept the following comments on behalf of Purple Martin Real Estate (“PMRE”):

§11.7(2)(A) Tie Breaker Factors, Amenities and Public Announcement Regarding Closure

PMRE suggests a deletion of the newly added language that would disqualify a feature if a public announcement has been made regarding its future closure. While the intent is logical, the requirement is nebulous and likely would be difficult for staff to administer. For example, what constitutes a public announcement? What standard of due diligence must an applicant use in searching for so called “public announcements?” Is there a specific timeframe applicable to the future closure? Given the importance of tie breakers in award decisions, their evaluation must be clear and predictable. Therefore, the best and clearest requirement is that a given feature is in operation as of the beginning of the Application Acceptance Period (as opposed to at the Full Application Delivery Date).

If this concept is to stay, PMRE suggests it only be applicable to the nearest public school, as it is more likely that a public announcement is made in a way that can be readily found by applicants during their due diligence. The suggested language revision for this option is as follows:

§11.7(2)(A): “(A) Applications proposed to be located in closest proximity to the following features as of the ~~Full Application Delivery Date~~ beginning of the Application Acceptance Period. Each feature’s location may be used only once for tie breaker purposes regardless of the number of categories it fits. ~~A feature will be disqualified if, as of the Full Application Delivery Date, a public announcement has been made regarding its anticipated closure.~~”

§11.7(2)(A)(ii): “(ii) The closest public school campus of any grade level that is part of an independent school district. A school will be disqualified if, as of the beginning of the Application Acceptance Period, a public announcement has been made regarding its anticipated closure.”

§11.7(2)(A)(i) Tie Breaker Factors, Amenities, Parks

PMRE supports the retention of the prohibition against using a school campus facility.

§11.7(3) Tie Breaker Factors, Housing Tax Credit request per Low-Income Unit

PMRE appreciates the placement of this new tie breaker in lower priority than valuable community amenities. We do see issues with the new tie breaker that TDHCA may consider. As a policy matter, there is value in having scoring and tie breaker factors that are objective, and which can be based on information

about the subject application alone. The new tie breaker is a relative evaluation which can only be performed after all full applications have been submitted, and therefore any individual application's standing cannot be predicted before the time and cost of preparing a full application have been expended. Applicants are best able to make business decisions about whether to pursue a full application if scoring and tie breaker ranks can be known in advance of the full application date. This type of tie breaker reduces the value of the pre-application process, which in part is designed to provide applicants with information about their competitive standing. Ideally, this tie breaker would be deleted in the 2026 QAP to allow time for a well-thought out alternative second to last tie breaker which does not remove the predictive value of the tie breaker prior to full application submission.

Furthermore, this tie breaker incentivizes applicants to limit the tax credit subsidy a development would otherwise be eligible for, which strains the development's financial feasibility. During a time when sources of gap financing are limited, TDHCA can ensure developments are as strong as possible in the future by allowing applicants to be awarded the full tax credits the cost of the development qualify for, subject only to limitations that exist within statute, and statutorily-required scoring items.

#### §11.9(b)(2) Sponsor Characteristics

Clean-Up Item – Reference to subparagraph (E) needs to be added.

HUB – PMRE suggests a deletion of the newly added §11.9(b)(2)(A)(iii). The quality of housing produced by the tax credit program benefits when developments are completed by experienced sponsors. In recent years TDHCA eliminated the Experience Certificate requirement from the QAP, increasing the number of potential applicants. Because of this, it is important that less experienced participants in TDHCA's programs can partner with experienced individuals and entities, including experienced Historically Underutilized Businesses. As such, PMRE suggests that the HUB scoring option under Sponsor Characteristics should not exclude those HUBs with significant experience in the tax credit program.

Housing Authority Scoring Option – PMRE suggests adding developments sponsored by affiliates of Housing Finance Corporations back to this new scoring option since these developments provide similar benefits to operating expenses, specifically that they can qualify for property tax abatements, like those sponsored by Housing Authorities and their affiliates.

#### §11.9(b)(3) Quantity of Low-Income Units

PMRE supports and appreciates the deletion of this scoring item.

#### §11.9(c)(7) Proximity to Jobs

Clean-Up Item – Effective date for data needs to be updated to August 1, 2025.

#### §11.9(d)(7)(C) CRP, Opportunity Zones

PMRE supports the addition of this scoring option at the proposed 7-point level.

#### §11.9(e) Funding Request

PMRE supports and appreciates the deletion of this scoring item.

#### §11.101(b)(A)(x) Minimum Score for Competitive Housing Tax Credit Applications

PMRE suggests the use of 120 as the minimum score. This is approximately 74% of the average application score over the past two cycles, after adjusting for the lower maximum score under the 2026 QAP. In cases where there is no other higher scoring application in a sub-region, a development that meets more than

70% of TDHCA's policy objectives still provides significant value to a region, particularly as compared to having the tax credits reallocated elsewhere in the state during the collapse.

§11.302(e)(1)(A)(iii) "Cash-Out" on Identity of Interest Transactions

PMRE suggests a revision to provide an exemption for Competitive Tax Credit developments sponsored by affiliates of Housing Authorities that qualify for §11.6(3)(C)(iii) or §11.9(b)(2)(E).

Housing Authorities reinvest proceeds from the sale or transfer of their real estate assets into other affordable housing activities, whether into capital reserves, or into the future development of affordable housing units. This is particularly applicable in the case of HUD Choice Neighborhood Initiative transactions, which are typically multi-phase developments and which in all cases increase the number of affordable housing units in a given location. Because gap financing is limited, when a housing authority or its affiliate can generate funds based on the appreciation of an asset in its portfolio, doing so provides an important source of funds that can be used toward other affordable housing activities.

Suggested language revision:

“(iii) TDHCA prohibits cash-out to a related-party seller in an identity of interest transaction for Competitive Housing Tax Credit Applications (This section does not apply to Existing Developments funded by USDA, to developments that qualify for an allocation pursuant to §11.6(3)(C)(iii), or that qualify for points pursuant to §11.9(b)(2)(E).”

Additionally, PMRE believes that developments that are required to use a seller note as a source of funds should be able to structure hard pay permanent debt with a maximum 1.50 year one debt coverage ratio. Part of TDHCA staff's concern with "cash-outs" is that applicants take out larger hard pay permanent loans to finance the sale of the property to the new partnership than they would if the "cash-out" did not occur. Under the new "cash out" language, the higher permanent loan amount is no longer needed because applicants are required to carry related party debt via a seller note. However, this related party seller note cannot be counted toward the maximum debt coverage ratio limitation. Since the new language requires a debt source that isn't considered when evaluating the maximum debt coverage ratio, it seems appropriate to provide an offsetting consideration via the ability to take on a lower hard pay permanent loan. Therefore, PMRE suggests the following revision to the debt coverage ratio requirement in **§11.302(d)(4)(D)**:

“(D) Acceptable Debt Coverage Ratio Range. Except as set forth in clauses (i) or (ii) of this subparagraph, the acceptable first year stabilized pro forma DCR must be between a minimum of 1.15 and a maximum of 1.35 (maximum of 1.50 for Housing Tax Credit Developments with seller notes required by §11.302(e)(1)(A)(iii), and for Housing Tax Credit Developments at cost certification).”

Please contact me at (512) 658-6386 or [Audrey@purplemartinre.com](mailto:Audrey@purplemartinre.com) with any questions.

Sincerely,



Audrey Martin  
Principal, Purple Martin Real Estate, LLC



RURAL RENTAL HOUSING ASSOCIATION OF TEXAS, INC.

October 10, 2025

**Via Electronic Mail**

Mr. Dominic DeNiro  
Texas Department of Housing and Community Affairs  
Multifamily Programs  
221 E. 11th Street  
Austin, Texas 78701-2410  
Email: dominic.deniro@tdhca.texas.gov

**RE: 2026 DRAFT QAP COMMENTS**

Dear Dominic:

Please find the Rural Rental Housing Association's comments to the Draft 2026 Qualified Application Plan attached to this letter. We always appreciate Multi-Family Staff requesting our input and we look forward to working with Staff annually.

The Rural Rental Housing Association of Texas, Inc. ("RRHA") currently represents approximately 650 rural properties consisting of approximately 23,000 units that house more than 33,000 residents. A significant focus of Chapter 2306, Texas Government Code, is the preservation of existing affordable multifamily housing and our portfolio represents existing properties, many of which are in much need of rehabilitation. In consideration of the residents we serve, we are very grateful for your consideration of the attached comments.

If you need any additional information or clarification, please feel free to contact Robbye Meyer, RRHA of Texas President, at 512-963-2555 or via email at [robbye@arxadvantage.net](mailto:robbye@arxadvantage.net). Thank you for consideration of our concerns.

Very respectfully,

A handwritten signature in blue ink that reads "Robbye G Meyer".

Robbye Meyer  
President

**§11.7(3) Tie Breaker Factors.** RRHA urges TDHCA to reconsider the inclusion of the “lowest Housing Tax Credit request per Low-Income Unit” tie breaker factor, even in third position, as it risks incentivizing cost-cutting measures that may compromise long-term durability and livability. While well-intentioned, this metric could gradually shift upward in priority, ultimately encouraging development strategies that prioritize minimal investment over lasting community impact. – Page 56

**§11.9(b)(4)(C) Section 811.** RRHA wants to reiterate its stance that this subsection has not worked in rural areas for the last years. It does make sense in urban areas where services are readily available to potential residents, however in the extremely rural areas of Texas which make up the substantial majority of USDA development areas, the services are unavailable or are 30 miles or more away from the development. RRHA requests that USDA and At-Risk be exempt from these points since the developments compete statewide. If the exemption of these points is not an option, we would ask that the Continuum of Care providers be required to disclose to TDHCA a full list of the areas that they cover, and that this list should appear in the application materials provided by TDHCA. – Page 69

**§11.9(d)(7) Concerted Revitalization Plan.** There were spoken comments at the end of the October 9, 2025, board meeting during public comment to suggest changes to the addition of the “opportunity zones” to this section of the QAP. In accordance with rule making activities, there should not be substantial changes from “draft” rules to “final” rules. The changes that were suggested would be substantial changes at this point in the process since the change will impact location scoring of an application. The commenter had the opportunity to make her comments at the board rules committee meeting and the September board meeting when the Draft QAP was being present for approval to the board. No opposition comments were made. RRHA does not support any changes to this section of the QAP from draft to final rule. RRHA greatly appreciates the board adding the opportunity zones to this section. – Page 85

**§11.101(b)(1)(A)(x) General Ineligibility Criteria.** RRHA appreciates TDHCA’s position that there should be a minimum application score, however we feel that rather than 150 points as a minimum score, 120 points might be more appropriate based on the financial climate at the current time. This will give developments in sub-regions where there is only one application to have the ability to structure the development to be better financially/economically feasible. There is usually a reason for there to only be one application in a sub-region and that is because it is too difficult to develop in that area. Some USDA applications are just in areas that will not score. – Page 104

**§11.101(b)(5)(C)(iv)(XVI) Design / Landscaping amenities.** RRHA would like the following item to include this consideration for school bus stops. – Page 113

(XVI) A covered outdoor area with seating to be used as a waiting area for public transportation or school bus stops (1 point).

**§11.101(b)(7) Resident Support Services.** RRHA again requests to add a few services back to the list that were taken out. These services are very valuable in small rural areas where services are difficult to come by. Pages 116-119

(C) Adult Supportive Services add

Resident assisted business services (i.e. manager assist residents with filling out job applications online, applications for aide, etc...) (1 point)

(D) Health Supportive Services add

Quarterly health and nutrition programs in addition to the annual health fair (1 point).

(E) Community Supportive Services increase point values for rural areas

(iii) monthly arts, crafts and other recreational activities (2 points for rural areas)

(iv) twice monthly on-site social events (2 points for rural areas)

**§11.202(1)(O) Ineligible Applicants and Applications.** RRHA would like to express that on the Force Majeure Events of two or more times and that have not placed in service, that there be consideration for USDA, HUD, VA or TDHCA sourced funding for developments as the owners do not control the closing process. It is all but a certainty that these types of developments will face delays due to the nature of the federal processes in play, and being marked as an Ineligible Applicant for participating in federal programs is an undue punishment on a developer which is not at fault. - Page 135

**§11.204(J) Certification, Acknowledgement and Consent (Accessibility).** RRHA understands the significance of the certifications an applicant/owner must sign and adhere to; however, there needs to be an understanding that for adherence to be maintained, the “review” by the Department must be performed in advance and not after-the-fact so that the applicant/owner has the opportunity to be in compliance from the beginning and not trying to fix issues later. These statements are directed specifically to the newly added subsection in regard to accessibility. – Page 140

**§11.304(c)(10)(E) Appraisal Content, Value Estimates.** RRHA appreciates staff codifying a process for how the favorable financing will be approached going forward. We again request that a “lesser of” approach be made related to favorable financing. – Page 199

The lesser of the appraised value or 25% of the appraised favorable financing value will be allocated to land value and the remaining value lesser of value or 75% will be allocated to building value, unless the below market financing was used for rehabilitation only, in which case the favorable financing will be attributed 100% to the building. Applicant’s allocation of favorable financing should be clearly explained.

**[End]**



**October 10, 2025**

**From:**

David Dinoff, Deputy Director  
Strategic Housing Finance Corporation of Travis County  
1033 La Posada Dr., Austin, TX 78762

**To:**

Chair, Board Members, and TDHCA Staff

RE: Public Comment on the **2026 Qualified Allocation Plan (10 TAC Chapter 11)**

On behalf of the Strategic Housing Finance Corporation of Travis County, thank you for the opportunity to comment on the 2026 Qualified Allocation Plan. Our comments focus on two specific improvements: (1) adjusting §11.9(b)(2) Sponsor Characteristics to restore scoring parity for HFC/PFC partnerships seeking ad valorem exemptions, consistent with recent legislative accountability reforms; and (2) striking the proposed change to §11.302(e)(6) General Contractor (GC) Fee that would require sales-tax-exemption fees to be paid from the capped GC fee.

**§11.9(b)(2) Sponsor Characteristics (pg. 62-64)**

The 2026 QAP, as proposed, would disincentivize accountability through awarding points to some, but not all, applicants partnering with a public entity seeking an ad valorem tax exemption. Applicants partnering with a Public Housing Authority or their instrumentalities (PHAs) who seek an exemption are eligible for consideration for two points based on this sponsor's characteristics. Applicants partnering with Housing Finance Corporations (HFCs) or Public Facility Corporations (PFCs) seeking exemptions under their authority are not eligible.

We are confused by the changes to this subsection over the course of the 2026 QAP drafting process. In the preliminary staff draft, this subsection awarded 2 points to Applicants that were not utilizing a 100% property tax exemption but could be awarded 2 points if Applicants were utilizing a 100% property tax exemption through a partnership with an HFC. Yet within the Draft QAP, HFC partnerships no longer qualified for points, but PHA partnerships had been added to the subsection. We do not understand the policy rationale for this change.

Based on the language used in the preliminary staff draft, we inferred that the Department had a desire to curb the use and potential cross-subsidization of tax exemptions, and that the inclusion of HFC developments for points might have been in recognition of recent reforms to HFCs and Local Government Code Chapter 394 in the 89<sup>th</sup> legislative session. These reforms were meant to increase the public benefits of HFC partnerships. We are thus unclear of the reasons for the change in the Draft QAP to omit HFCs and include PHAs. Of the entities that can offer these types of tax-exempt partnerships, PHAs are the only ones that have not been reformed by the Texas legislature.

In other words, this change effectively disincentivizes partnerships with entities that have been reformed by the legislature and incentivizes partnerships with entities that have not been reformed. **We recommend that the Department revisit this subsection and include entities that have been reformed by recent legislation, namely HFCs and PFCs, which were reformed in the 89<sup>th</sup> legislature.** HFCs and PFCs are more transparent and accountable to the public and their local jurisdictions. Partnerships with highly regulated and accountable entities should be rewarded, not punished.

**General Contractor Fee 11.302(e)(6) (pg. 174-175)**

The proposed addition to this subsection would require that fees paid to an organization in exchange for a sales tax exemption on construction expenses be paid from the General Contractor Fee. **We recommend that the Department strike this addition to the 2026 QAP.**

A sales tax exemption does not benefit a general contractor, also known in some contexts as the prime subcontractor (“GC”). All construction costs are passed on to the development. The General Contractor Fee, which includes a GC’s profit, is capped and regulated by the QAP, and is

applied to the sum of Eligible Hard Costs. Already, a GC's potential profit is reduced when a development utilizes a sales tax exemption, as any sales tax payments would no longer be within Eligible Hard Costs. This addition to the QAP further limits the profit a GC can make from taking on a project regulated by the QAP. Since the GC does not receive any economic benefit from the use of a sales tax exemption, it would be inappropriate to use General Contractor Fees to pay an organization for providing one.

Sales tax exemptions are primarily useful for reducing overall development costs and increasing the financial feasibility of a project. By paying an organization conveying the sales tax exemption out of the General Contractor Fee, we are concerned that this may substantially reduce the ability for developments to utilize a sales tax exemption, driving up costs and rendering some projects infeasible, as GCs may decide not to take on contracts with developments that are utilizing a sales tax exemption given the impact to their profit. For these reasons we recommend that the Department strike this change from the 2026 QAP.

Thank you for your consideration of these comments. We appreciate TDHCA's continued work to strengthen transparency and public benefit in the QAP, and we're available to answer any questions or meet with Staff to discuss these suggestions in more detail.

Sincerely,

David Dinoff,

Deputy Director  
Strategic Housing Finance Corporation of Travis County



October 10, 2025

Dominic Deniro  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78701  
Via: Email

*Re: 2026 Qualified Allocation Plan (QAP) Comments*

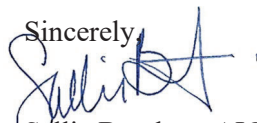
Dear Mr. Deniro:

Thank you for considering the following three recommendations to modify the QAP.

1. **MINIMUM SCORE:** Requiring a minimum number of points is contrary to the competitive nature of the program. I request that TDHCA lower the proposed 150-point minimum score threshold to 120–130 points so that otherwise viable projects—especially in rural and at-risk set-asides—remain feasible and competitive.
2. **SAME PARCEL MULTIPLE AMENITIES:** A development site near multiple amenities built on the same lot meets the intent of the tiebreaker policy. More than one amenity on the same parcel is beneficial to the residents and warrants qualification for tie breaker purposes. Two or more unique uses that independently meet the QAP’s amenity definition such as a library and school should each qualify as amenities, regardless of common parcel boundaries.
3. **CRIME FOR REHABS:** I request language changes relating to rehabilitation development's exemption from Crime Neighborhood Risk Factors. The following change clarifies that deals with existing federal assistance and deals with an existing LURA are exempt.

The Development Site is New Construction or Reconstruction and is located in a census tract (or for any adjacent census tract with a boundary less than 500 feet from the proposed Development Site that is not separated from the Development Site by a natural barrier such as a river or lake, or an intervening restricted area, such as a military installation) in an Urban Area and the rate of Part I violent crime is greater than 18 per 1,000 persons (annually) as reported on [neighborhoodscout.com](https://neighborhoodscout.com). The following development classifications are exempt from this Neighborhood Risk Factor: 1) Rehabilitation developments with ongoing and existing federal assistance from HUD, USDA, or Veterans Affairs (VA), and 2) Rehabilitation Developments encumbered by a TDHCA LURA ~~are exempt from this Neighborhood Risk Factor.~~

I believe these modifications will better serve the Department’s policy objectives and decrease staff review time. I appreciate your consideration of the above three recommendations.

Sincerely,  
  
Sallie Burchett, AICP



## TEXAS AFFILIATION OF AFFORDABLE HOUSING PROVIDERS

2401 E 6th St, Ste 3037, PMB 153, Austin, TX 78702

(512) 476-9901 | info@taahp.org | taahp.org



### Board of Directors

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October 10, 2025

Multifamily Finance Division  
Texas Department of Housing and Community Affairs  
Attn: Cody Campbell, Director of Multifamily Programs  
221 East 11th Street  
Austin, Texas 78701

Re: 2026 Draft Qualified Allocation Plan

Dear Mr. Campbell:

Thank you for the opportunity to provide public comment on the 2026 Draft Qualified Allocation Plan ("QAP"). The Department's collaboration with the development community in crafting impactful, functional policy ensures that Texans receive the greatest benefit these programs offer. Below are a few modifications that we believe best represent the mutual aims of the TDHCA and development community.

#### [§11.101 \(b\)\(1\)\(A\)\(viii-xi\) Ineligible Developments](#)

##### **(ix) Per-Unit Cost Cap**

TAAHP supports maintaining the \$500,000 per unit cap as a safeguard against excessive costs and recommends clarifying that projects with extraordinary and well-documented cost drivers, such as historic rehabilitation, infrastructure improvements, or urban infill, may be considered through the existing waiver process. This approach maintains accountability while allowing reasonable flexibility for developments with legitimate cost factors.

##### **(x) Minimum Score**

TAAHP recommends lowering the minimum eligibility score from 150 to 120 points. This figure represents roughly 75% of the average point threshold for awarded deals over the last 2 years and helps developments in hard-to-build areas achieve financial feasibility.

#### [§11.9 \(d\)\(7\)\(C\) Opportunity Zone Points](#)

The addition of Opportunity Zones under this subsection aligns with both federal and state community reinvestment initiatives. TAAHP recommends no further changes.

## §11.302(e)(1)(A)(iii) & §11.302(d)(4)(D): “Cash-Out” on Identity of Interest Transactions

TAAHP recommends the following refinements.

- Define what is *not* cash-out
- Seller-note expectations
- Clarification on the Appraised Value
- Higher starting debt coverage ratio (1.5 DSCR in year one)

### TAAHP Recommendation

#### §11.302(e)(1)(A)(iii)

(iii) TDHCA prohibits cash-out to a related-party seller in an identity of interest transaction for Competitive Housing Tax Credit Applications (This section does not apply to Existing Developments funded by USDA). For purposes of this paragraph, cash-out is defined as the as-is restricted appraised value (**determined by an independent 3<sup>rd</sup> party appraisal**) minus the payoff of any third-party debt unrelated, **documented notes or capital advances from a related party including accrued interest at market rate to the seller and minus the principal balance of any seller note to remain in place post-acquisition**. Holding costs and operating expenses, such as broker fees, property taxes, deferred maintenance, or deferred management fees, shall not be considered in calculating or justifying seller cash-out.

At application, amortization schedules and projected loan balances at closing for all existing unrelated third-party debt are required to substantiate the calculation of cash-out and to support Department underwriting. All seller notes in identity of interest transactions must comply with the following requirements:

- (I) The term sheet and note must be cash-flow contingent, with no required payments unless surplus cash is available;
- (II) The term sheet and note must have no debt coverage ratio (DCR) requirements for payment eligibility;
- (III) The term sheet and LPA must state that the seller note is paid after deferred developer fee.

#### §11.302(d)(4)(D)

(D) Acceptable Debt Coverage Ratio Range. Except as set forth in clauses (i) or (ii) of this subparagraph, the acceptable first year stabilized pro forma DCR must be between a minimum of 1.15 and a maximum of 1.35 (**maximum of 1.50 for Housing Tax Credit Developments with seller notes required by §11.302(e)(1)(A)(iii), and for Housing Tax Credit Developments at cost certification**).

#### §11.302 (e)(6) & §11.302 (e)(10) General Contractor Fee & Soft Cost

TAAHP understands and supports the initiative to categorize and appropriately size fees paid to partner entities. However, the proposed 2026 language re general contractor fees and soft costs runs counter to this objective, resulting in increased funding gaps. We welcome the opportunity to work with the department in crafting meaningful and functional language to this subsection for 2027. We strongly recommend removal of this language for 2026 as it does not serve its intended purpose.

We hope the above recommendations meet with your approval. Thank you for your partnership in serving Texans and your responsiveness to the realities of a changing development world. Please contact Karsten Lowe or Emily Abeln of the TAAHP QAP Committee for any follow-up discussion.

Sincerely,



Karsten Lowe  
TAAHP QAP Chair  
(210) 493-8633  
[karsten.lowe@jpi.com](mailto:karsten.lowe@jpi.com)



Emily Abeln  
TAAHP QAP Co-Chair  
(713) 569-4833  
[emily@brinshore.com](mailto:emily@brinshore.com)

CC: Meghan Cano, President  
Kathryn Saar, President-Elect  
Bobby Wilkinson, Executive Director, TDHCA  
Joshua Goldberger, Administrator 9% Competitive HTC, TDHCA

**From:** [TALHFA](#)  
**To:** [Dominic DeNiro](#)  
**Cc:** [Cody Campbell](#); [Joshua Goldberger](#)  
**Subject:** 2026 Draft QAP Comments  
**Date:** Friday, October 10, 2025 4:15:27 PM

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Dear Dominic,

The Texas Association of Local Housing Finance Agencies (TALHFA) would like to submit the following comments regarding the proposed 2026 draft QAP.

***§11.302(e)(6) General Contractor Fee – Page 17*** TALHFA recommends that this change be postponed until the 2027 QAP when there can be more discussion with both the development side and the Housing Finance Corporations. This is a major change that has had little to no discussion on the effect to the partnerships and economic viability of development.

***§11.302(e)(10) Soft Costs. – Page 176.*** TALHFA recommends that this change be postponed until the 2027 QAP when there can be more discussion with both the development side and the Housing Finance Corporations. This is a major change that has had little to no discussion on the effect to the partnerships and economic viability of development.

Thank you,

Todd

Todd Kercheval, Executive Director  
Texas Association of Local Housing Finance Agencies  
3305 Northland Drive  
Suite 312  
Austin, TX 78731  
512-241-1657



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**October 10, 2025**

Attn: Dominic DeNiro  
Texas Department of Housing and Community Affairs  
221 E 11th Street  
Austin, Texas 78701  
[dominic.deniro@tdhca.texas.gov](mailto:dominic.deniro@tdhca.texas.gov)

Re: Texas Homeless Network's (THN) comments on the draft 2026  
Qualified Allocation Plan

Mr. DeNiro,

Texas Homeless Network is submitting the comments listed below on the Draft 2026 QAP. Specifically on the proposed changes to CoC hold periods for Tax Credit Developments Thank you for the opportunity to comment.

#### §11.9. Competitive HTC Selection Criteria

The Texas Homeless Network (THN) respectfully opposes the proposed reduction of the initial Continuum of Care (CoC) hold period from twelve to six months for urban subregions and the six-month hold period for rural subregions to three months.

These proposed changes would significantly hinder efforts to connect Texans experiencing homelessness with the stable, affordable housing they urgently need. In 2024 alone, more than 30,000 individuals and families across Texas fell into homelessness for the first time. Yet, due to a severe shortage of available and affordable housing, our statewide homeless response systems were only able to assist approximately 10,000 of them into permanent housing. That gap is not due to a lack of effort or eligible applicants—it is a direct result of the critical housing shortage that continues to deepen across Texas.

Units developed through the Low-Income Housing Tax Credit (LIHTC) program are among the few deeply affordable options available. Reducing or removing the required hold periods for CoC-referred households further limits access for the very individuals these programs are meant to serve. These hold periods are not inefficiencies—they are necessary timeframes that allow qualified providers to identify eligible applicants, assist with documentation, and ensure individuals exiting homelessness are supported for long-term housing stability.

However, in the spirit of collaboration, we are enthusiastic to work more closely with tax credit developers who are struggling with these timelines to help them place residents in these units as quickly and efficiently as possible, and to increase the speed of this process. Providers across the state are already doing this work every day and stand ready to extend our collaborative partnerships further. With homelessness continuing to rise, this is precisely the wrong moment to narrow one of the few available pathways out of it.

And, if TDHCA and tax credit developers are amenable to entering into a formal partnership with THN that charges my agency with coordinating communication between tax credit developers and homeless response systems we are open to discussing that. And, if after a year of THN helping to coordinate this communication, the tax credit developers are still having trouble filling units in a timely manner the proposed hold periods may prove necessary but until that time, please retain the hold periods.

We urge TDHCA to maintain the existing CoC hold periods, both in urban and rural areas, and to prioritize policies that increase—not restrict—housing access for our most vulnerable neighbors.

Please feel free to contact me at any time at 512-687-5105 or e-mail me at [eric@thn.org](mailto:eric@thn.org).

Sincerely,



Eric Samuels  
President/CEO  
Texas Homeless Network



📍 20 N. Sampson St.  
Houston, TX 77003

🌐 [TexasHousers.org](https://TexasHousers.org)

October 10, 2025

Attn: Dominic DeNiro  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

RE: Draft of the 2026 Qualified Allocation Plan

To whom it may concern:

Thank you for the opportunity to comment on the Draft 2026 QAP.

Texas Housers strives to help low-income Texans achieve affordable, stable, dignified and fair housing in a quality neighborhood. The Housing Tax Credit program is the most substantial tool in the state for producing affordable housing for low-income Texans. As TDHCA considers changes to the program—in this QAP draft and beyond—we encourage the agency to commit to the task of balancing the provision of more units, deeper affordability, access to high opportunity locations, decent quality units, and appropriate amenities. We recognize that it is not simple to balance these goals. That is why we advocate that TDHCA continues to improve the engagement process by 1) prioritizing working together from different perspectives on common sense, consensus reforms, 2) centering the needs of project beneficiaries, and 3) including meaningful input and participation from a wider set of stakeholders than those that typically participate in TDHCA board meetings and round tables, including residents and low-income people.

Texas Housers offers comments on the Draft 2026 QAP on the following pages.

Thank you,

Ben Martin  
Deputy Director  
Texas Housers  
[ben@texashousing.org](mailto:ben@texashousing.org)

Sidney Beaty  
Research Analyst  
Texas Housers  
[sidney@texashouing.org](mailto:sidney@texashouing.org)

*Texas Housers is a 501(c)(3) nonprofit organization founded in 1988 to work for housing justice and fair and equal treatment by government of communities. Our mission is to support low-income Texans' efforts to achieve the American dream of a decent, affordable home in a quality neighborhood of their choosing. We work toward these goals through research, policy, and collaboration with community organizations.*

## Comments on Proposed Changes

We present these comments in the order that they are presented in the Draft QAP. We greatly appreciate TDHCA staff's attention to all of our comments. We ask for your particular attention to our comments on §11.9(b)(2), Sponsor Characteristics (regarding tax-exempt private partnerships. We also note that we have submitted a separate joint comment with Inclusive Communities Project regarding §11.9(d)(7), Concerted Revitalization Plans (regarding Opportunity Zones).

### General: TEA School Ratings

We recognize that threshold and point incentive items related to educational quality were removed from the QAP as a result of SB 2137 in the 89th legislative session. We look forward to the required study of the effects that removal of these items will have on the allocation of low-income housing tax credits.

While we understand the increasingly complex educational landscape in Texas, access to high quality schools remains a priority for low-income families with young children. TEA data releases have improved, and other changes to the education policy landscape will not make public education data moot anytime soon. Given the temporary nature of SB 2137, we look forward to future QAPs that support the goal of ensuring access to high quality education for low-income families.

### §11.6(6): Credit Returns Due to Unforeseen Short-term Delays

**Recommendation:** The proposed language should be updated to explicitly state that evidence of circumstances and updated financial statements and underwriting reports be made publicly available for improved transparency.

### §11.7: Tie Breaker

At the September 3rd Rules Committee Meeting, TDHCA staff and the Rules Committee discussed adding a Tie Breaker that would favor properties with more units to make up for the removal of Quantity of Low-Income Units scoring item, which incentivized more affordable units and deeper affordability.<sup>1</sup> Staff suggested that this could be implemented by looking at units per tax credit dollar requested, which was added to the Draft QAP released for public comment. While we strongly support both the Committee and staff's intention to include an item in the QAP to further the goal of more affordable units, the current proposal incentivizes efficiency in the use of credits over provision of more and deeper affordability.

**Recommendation:** TDHCA should utilize a tie breaker formula that prioritizes deeper affordability to better address housing needs for extremely low-income households. This formula should replace the

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<sup>1</sup> TDHCA Governing Board Rules Committee Meeting Transcript. (3 September, 2025). <https://tdhca.legistar.com/View.ashx?M=E1&ID=1335114&GUID=89B1BC12-F70B-4356-8221-34B681D5FDA5> p. 35-7

proposed HTC per low-income unit item and should be inserted at §11.7(2), before the linear distance to amenities tie breaker which can remain at §11.7(3). Texas Housers has previously proposed the following weighted formula:

$$(30\% \text{ Units} * 3) + (50\% \text{ Units} * 2) + (60\% \text{ Units} * 1) + (80\% \text{ Units} * 0.5)$$

**Table 1: Proposed Tie Breaker Formula (Hypothetical Properties)**

Total Units	LI Units	Market Rate Units	30% Units <i>Weight: 3</i>	50% Units <i>Weight: 2</i>	60% Units <i>Weight: 1</i>	80% Units <i>Weight: 0.5</i>	Tie Breaker Score
80	70	10	10	40	20	0	130
150	120	30	10	55	40	15	187.5
120	80	40	40	30	10	0	190
135	135	0	15	65	55	0	230

Replacing the proposed HTC request per low-income unit tie breaker with this weighted tie breaker formula would prioritize the provision of more units and more affordable units over the efficient use of tax credits, making the residents themselves the focus of the benefit. Switching the order of the tie breakers so that this formula is applied before the linear distance tie breaker would preserve a strong incentive for more total affordable units in line with TDHCA Board priorities while further incentivizing the most badly needed units, those that are affordable to the lowest income households.

### **§11.9(b)(2): Sponsor Characteristics**

The new subsections §11.9(b)(2)(D) and (E) appear to address instruction from the Board to put guardrails on HTC applications that are cross-subsidizing through the additional use of a property tax break, specifically in response to growing concerns about abuses of Texas’ 100% HFC, PHA, and PFC property tax exemptions. We refer to these tools collectively as “tax exempt private partnerships” (TEPPs). Many parties, including Texas Housers, have argued these TEPPs deals may not have strong local oversight, and furthermore, that there is no guarantee that the layering of the tax exemption on an HTC deal actually adds any real benefit to low-income residents and the public. In other words, we agree with the Board’s concerns.

However, the approach taken in the Draft QAP does not resolve these issues and creates several distortions and unintended consequences. The draft awards two points to an application if the application does not have special tax treatment of any kind, or, alternatively, two points if it is tax exempt because the ownership structure includes a PHA or instrumentality of a PHA. This incentivizes a) deals that do not use any tax break and b) PHA or PHA instrumentality tax exempt deals. It disincentivizes any other properties that use other tax exemptions (e.g., the other TEPPs: HFC, PFC that is not an instrumentality of a PHA), abatements (e.g., Tax Code, Chpt. 312), or any other property tax break.

**All TEPPs should be treated uniformly in the QAP.** There is no policy reason that PHA affiliated tax-exempt properties should be treated differently than HFC or PFC properties. State statutes regulating HFCs and PFCs generally exempt properties that also receive an HTC award. This means that HFC, PFC, and PHA properties that access tax credits are all under the same regulatory scheme; they are only subject to HTC regulations. PHA properties that access tax credits are not under stronger regulatory controls than HFC or PFC properties that access tax credits, yet the Draft QAP treats PHA tax exempt deals as if they are preferable.

Confusingly, HFCs were originally the entity singled out as qualifying for the full two points in the preliminary staff draft, before being removed in the Draft as it was presented to the Board on September 4th. After hearing from a PHA, the Board directed staff to add the full two-point opportunity back in, but for PHAs and their instrumentalities instead of for HFCs [see Table 2]. But the point remains that there is no rational policy reason to favor one type of tax exemption entity over another. By doing so, the QAP will end up picking winners and losers for reasons that are not tied to a rational policy outcome. If anything, PHAs are the *least* regulated of these entities.

**Table 2: Sponsor Characteristic Eligible Entities for Points: Changes in '26 QAP Cycle**

	'25 QAP	'26 Staff Draft	'26 Draft	'26 Draft after Board-requested changes
HUBs				
Qualified nonprofits				
Nonprofits				
For-profit entities that pay taxes				
HFCs				
PHAs				
Instrumentalities of PHAs (i.e., PFCs)				
PFCs that are not instrumentalities of PHAs				

Since the Draft QAP opens this point opportunity to so many new types of properties, it is clear that essentially every application will qualify except for HFCs and PFCs. Therefore, the sponsor characteristics no longer acts as an incentive for certain types of developers (e.g., nonprofits, HUBs) but instead acts as

a targeted *disincentive* for HFCs and PFCs specifically. This clearly was not the intention of staff, who in the prior proposal *incentivized* HFCs.

All of these changes lead to the overwhelming impression of picking winners and losers with no rational policy goal. Instead, the board should allow all of these tax-exempt deals to achieve full points but *only if* they provide additional benefits to residents. The QAP should not give away something for nothing, but it also should not arbitrarily restrict certain tax-exempt deals and not others.

**Recommendation:** Instead of arbitrarily penalizing some deals with tax breaks, TDHCA should take a different approach by allowing any deal with tax breaks to receive the full two points *only if* they provide additional benefits in exchange for accessing both tax credits and a tax break. We recommend rewriting §11.9(b)(2)(E) in the following way:

*Require additional benefits* from applications with a tax break. Allow an application that has special tax treatment to achieve two points *only if* it meets all of the following criteria:

- *Report on additional affordability provided:* Require the applicant to provide thorough documentation that explains the level of additional affordability (number of income restricted units, level of affordability, other measures as appropriate) that will be provided that is only possible due to the tax exemption. Applicant documentation should be sufficient to allow TDHCA underwriting to assess the number of low-income units and level of affordability that the property would be able to support with just HTCs alone compared to what the property would be able to support with HTCs layered with the tax exemption.
- *Require enhanced tenant protections:*
  - Require the adoption of an Eviction Prevention Plan, as outlined in Resident Supportive Services §11.101(b)(7)(C)(vii) on pages 118 to 119 of the draft. Eviction Prevention Plans are a points option for all properties. For deals with a tax break, make this a requirement for scoring these two points.
  - Require that tenants have the right to organize at the property.
  - Require that partial payment from tenants must be accepted.
  - Require that a tenant may not be evicted for less than one month's full rent in arrears, which encourages tenants to continue paying and avoids large arrears.
  - Require that late rent payments be applied to rent first and late fees only when rent is fully paid. Tenants may not be evicted and lose their homes for not paying a late fee.
  - Require that payments from third parties (e.g., religious organizations, payments from other government or charitable sources) must be accepted.
  - Require that properties accept rent payments without penalty from residents on fixed incomes within three business days of the resident receiving their payment.
  - Require a 30-day eviction right to cure.
  - Require 48 hour notice to enter a tenant's property, except for in the case of an emergency.
  - Require the disclosure of all mandatory and optional fees prior to collecting any application fees.

With this rewrite of §11.9(b)(2)(E), subsection (D) can remain the same to provide equal points to applications that do not use a tax break.

These recommendations accomplish what we believe is the Board's ultimate policy goal, which is to prevent properties that layer a 100% property tax exemption and tax credits from getting something for nothing. Instead, TDHCA can demand additional critical benefits for residents and ensure that Texas is getting something in return for layering in a tax break.

If this recommendation is too significant of a change to implement this late in the current QAP development cycle, then we recommend that TDHCA remove the proposed changes to this section and maintain the Sponsor Characteristics language as it is in the 2025 QAP. This would maintain incentives for HUBs, Qualified Nonprofit Organizations, and Nonprofit Organizations and allow TDHCA to revisit this issue during the next QAP development cycle. The proposed changes in the Draft QAP do not accurately address the Board's original concerns, and if more time is needed to appropriately require more of applicants who benefit from property tax exemptions and abatements, so be it.

#### **§11.9(c)(4): Residents with Special Housing Needs**

We oppose the proposed changes to §11.9(c)(4)(C) that would shorten holding periods for units reserved for tenants referred by homelessness organizations. Texas has a severe shortage of affordable housing for people in precarious housing situations and the proposed changes will further limit the availability of deeply affordable units for people attempting to exit homelessness. At a time when rates of homelessness are rising, we need to expand avenues to end homelessness, not constrain them.

The issues that have been raised about holding periods appear to have more to do with shortcomings in coordination between property owners, the agency, and service providers. Since this issue has come to light, it has become clear that some property owners and service providers were not even aware that each other existed. Shortening holding periods will not address this root issue. We encourage HTC properties to work closely with the agency, CoCs, and other organizations to place tenants who need these units quickly and efficiently.

**Recommendation:** TDHCA should maintain the 6-month rural and 12-month urban CoC hold periods. This will maintain the availability of units for CoC referrals.

Then, to address the core issue that units are not being filled due to lack of coordination between property owners, the agency, and CoCs, we recommend that TDHCA take a more active "connector" role between stakeholders to fill available units.

For example, the Illinois Housing Development Authority (IHDA), Illinois' LIHTC administrator, is part of a Statewide Referral Network managed by the Illinois Department of Human Services (IDHS). This network coordinates a broad range of service providers, including CoCs, in order to place people eligible for supportive housing in available units. IHDA emphasizes the importance of better coordination with a

broad network of service providers and the need for state level management and clear guidelines. IHDA lists supportive housing units as available, including those set aside for CoC referrals, which triggers IDHS to start the referral process.

A strong top-down approach to referrals is ideal, but in the absence of a strong, multi-agency referral network, TDHCA could still enact policies to help fill CoC referral units:

- Update the Vacancy Clearinghouse to indicate what types of units serving special populations are available at a given property.
- Create a system to flag new units for special populations as properties are added to the Vacancy Clearinghouse and placed in service. Ensure that the trigger for this flag is timed to allow service providers to take advantage of hold periods. Use this system to alert members of relevant service provider groups such as the TICH and DAW when units come online.

TDHCA should not just list units online, they should take an active role in ensuring the right people are informed about available units for people with special housing needs.

### **§§11.101(b)(1)(A) and (b)(3): General Ineligibility Criteria and Rehabilitation Costs**

We strongly supported the proposed language in the preliminary staff draft and the Draft QAP as it was originally presented to the Board that would have made applications with no points under 10 TAC §11.9(c)(1) and (2) ineligible for tax credit awards. This item would ensure a baseline affordability beyond federal requirements. We are not aware that any external stakeholder advocated to the Board for the removal of this scoring item at the September 4th meeting.

We support TDHCA's proposal to make applicants with existing HTC properties built in 2006 or later ineligible and to increase the required minimum per unit spending on building costs and site work for rehabilitation applicants. These items should help address properties with poor conditions as a result of poor management seeking resyndication and sets a stronger baseline investment in rehabilitation. We also note that there is still work to be done to prevent and correct substandard conditions at HTC properties. The UT Law Housing Policy Clinic's 2024 report, *Best Practices to Prevent Substandard Conditions in Low-Income Housing Tax Credit Properties*, identifies many opportunities for further reform.<sup>2</sup>

**Recommendation:** TDHCA should reinstate the proposed language at §11.101(b)(1)(A)(x) in the previous version of the Draft published for the September 4th, 2025 Governing Board meeting to make applications with no points under 10 TAC §11.9(c)(1) and (2) ineligible for tax credit awards.

In addition, TDHCA should take further steps to address substandard conditions at HTC properties, including the following:

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<sup>2</sup> Cozzolino, C., Way, H. K., Ali, S., Kennington, T., & Marotta. (2024). *Best Practices to Prevent Substandard Conditions in Low-Income Housing Tax Credit Properties*. UT Austin School of Law Housing Policy Clinic. <https://law.utexas.edu/wp-content/uploads/sites/11/2024/08/2024-Univ-of-Texas-Housing-Policy-Clinic-LIHTC-and-Reserves.pdf>

- Increase the required minimum reserve per unit used in underwriting analysis at §11.302(d)(2)(I) and allow annual adjustments for inflation.
- Require that replacement reserves remain with the property in the case of ownership transfer.
- Consider adopting Scope and Cost Review (SCR) standards for all properties, not just rehabilitation and adaptive reuse properties. The SCR should focus on health and safety issues and core building system components.

To fully implement these recommendations, TDHCA would need to approve changes to other sections of TAC outside of the QAP. We recognize that these changes are beyond the scope of this comment opportunity and will take careful consideration. We encourage TDHCA to review the recommendations in the UT Law Housing Policy Clinic report, *Best Practices to Prevent Substandard Conditions in Low-Income Housing Tax Credit Properties*.<sup>3</sup>

### **§§11.101(b)(5) and (6): Common Amenities and Unit Requirements**

We strongly support both additions to Common Amenities:

- A new 1-point item for a covered area with seating for tenants to wait for public transit.
- New language requiring that swimming pools allow extended hours access.

We appreciate TDHCA providing the opportunity for direct tenant input and including these proposals from the virtual roundtable. We urge TDHCA to continue seeking out tenant feedback on rules and policies that impact their lives and look forward to future opportunities for community input and collaboration.

We also support the proposed changes to Unit Requirements that remove the automatic 5-point base score for rehabilitation developments with new construction.

**Recommendation:** TDHCA should address other comments received during the virtual workgroup relating to inaccessible breakfast bars in units for older residents and the need for safe medication storage during emergencies. We recommend either removing or amending Unit Requirements at §11.101(b)(6)(B)(i)(IX) so as not to incentivize bar seating at elderly properties where residents commonly have mobility issues. We further recommend adding an incentive to Common Amenities for properties that provide a generator-powered refrigerator to keep medicines cool during power outages.

Texas Housers further recommends that TDHCA conduct a tenant survey to better align QAP incentives with tenant priorities and continue to develop platforms for tenant input such as the tenant-focused virtual workgroup TDHCA hosted this spring. Tenant input on QAP items such as Common Amenities,

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<sup>3</sup> Cozzolino, C., Way, H. K., Ali, S., Kennington, T., & Marotta. (2024). *Best Practices to Prevent Substandard Conditions in Low-Income Housing Tax Credit Properties*. UT Austin School of Law Housing Policy Clinic. <https://law.utexas.edu/wp-content/uploads/sites/11/2024/08/2024-Univ-of-Texas-Housing-Policy-Clinic-LIHTC-and-Reserves.pdf>

Unit Requirements, Resident Supportive Services, and the Opportunity Index would be useful to ensure funded properties support the needs and wants of low-income tenants.

### **§11.204(1): Certification, Acknowledgement, and Consent of Development Owner**

We support the addition of item (J) and its intention to ensure that properties meet all accessibility requirements, but we recommend strengthening this language to better achieve compliance with accessibility standards. Acknowledgement that the owner is subject to review does not get to the core issue, which is that applicants may be receiving new funds while their older properties are out of compliance with accessibility regulations that ensure people with disabilities have the same quality of life and opportunities as their neighbors without disabilities.

**Recommendation:** The language should be updated to require owners to clearly communicate to TDHCA that all of their properties are in compliance. Applicants applying for new tax credits should be required to certify that all of the properties in their portfolio are accessible in accordance with federal law.

### **§11.302(e)(10): Soft Costs**

Proposed language at §11.302(e)(10) states that one-time payments to an entity that is part of the ownership structure in order to qualify for a property tax exemption are soft costs that can be included in the eligible basis. A fee to an entity for processing and administration is appropriate, but should be capped. Payments to an entity in lieu of paying property taxes that do not go toward processing and administration costs should not count toward the eligible basis, as there is no assurance that the benefit from these hard-to-define financial gifts are being applied to the project at all.

**Recommendation:** Amend the proposed language at §11.302(e)(10) to cap how much of the payments to tax-exempt entities in exchange for participation in the project can count towards the eligible basis. This allows reasonable fees for processing and administration to be counted toward the eligible basis while excluding up-front participation sweeteners.

### **§§11.1003 and 1007: State Housing Tax Credits**

We support the proposed minimum \$3 million request amount. However, we oppose the eligibility of properties in areas with neighborhood risk factors. Following the removal of TEA school ratings, there are only two risk factors, high poverty and high violent crime rates. High poverty neighborhoods and neighborhoods with high violent crime rates are associated with negative impacts on tenants, particularly those with children.<sup>4</sup>

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<sup>4</sup> Yang, T.-C., & South, S. J. (2020). Neighborhood Poverty and Physical Health at Midlife: The Role of Life-Course Exposure. *Journal of Urban Health : Bulletin of the New York Academy of Medicine*, 97(4), 486–501.  
<https://doi.org/10.1007/s11524-020-00444-8>

**Recommendation:** Maintain the state housing tax credit focus on quality neighborhoods without Neighborhood Risk Factors.

## Other Comments

The following comments are not in response to specific Draft QAP proposed changes, but are important changes and additions to the QAP that TDHCA should consider and adopt to improve outcomes for low-income households who live at HTC properties.

### §11.1(d)(126)(B)(vi): Supportive Housing

Regarding supportive housing developments, the QAP goes beyond what is required by federal and state law by requiring specific lookback periods that are not included in 10 TAC §10.802, to the detriment of the potential tenants that supportive housing is supposed to serve. Supportive housing is designed to serve vulnerable populations such as people with prior evictions and criminal records. Additional, non-required lookback periods create barriers for the very people who supportive housing is supposed to benefit and can have a discriminatory effect on the basis of race.<sup>5</sup>

**Recommendation:** To address this issue, TDHCA should:

- Remove the mention of prior eviction history at §11.1(d)(126)(B)(v) to align with 10 TAC §10.802, which does specifically mention credit and criminal history but not evictions.

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Galster, G., Marcotte, D. E., Mandell, M., Wolman, H., & Augustine, N. (2007). The Influence of Neighborhood Poverty During Childhood on Fertility, Education, and Earnings Outcomes. *Housing Studies*, 22(5), 723–751. <https://doi.org/10.1080/02673030701474669>

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O'Brien, D. T., Hill, N. E., & Contreras, M. (2021). Community violence and academic achievement: High-crime neighborhoods, hotspot streets, and the geographic scale of “community.” *PLOS ONE*, 16(11), e0258577. <https://doi.org/10.1371/journal.pone.0258577>

Eberly, L. A., Julien, H., South, E. C., Venkataraman, A., Nathan, A. S., Anyawu, E. C., Dayoub, E., Groeneveld, P. W., & Khatana, S. A. M. (2022). Association Between Community-Level Violent Crime and Cardiovascular Mortality in Chicago: A Longitudinal Analysis. *Journal of the American Heart Association*, 11(14), e025168. <https://doi.org/10.1161/JAHA.122.025168>

Semenza, D. C., Stansfield, R., Silver, I. A., & Savage, B. (2023). Reciprocal Neighborhood Dynamics in Gun Violence Exposure, Community Health, and Concentrated Disadvantage in One Hundred US Cities. *Journal of Urban Health*, 100(6), 1128–1139. <https://doi.org/10.1007/s11524-023-00796-x>

<sup>5</sup> Rosie Truelove. (2022, March 28). Response to Resolution No. 20200611-094: Tenant selection policies and procedures for individuals with prior convictions or evictions.

<https://services.austintexas.gov/edims/document.cfm?id=379792>

Kanovsky, H. R. (2016). Office of General Counsel Guidance on Application of Fair Housing Act Standards to the Use of Criminal Records by Providers of Housing and Real Estate-Related Transactions. U.S. Department of Housing and Urban Development. [https://www.hud.gov/sites/documents/HUD\\_OGCGUIDAPPFHASTANDCR.PDF](https://www.hud.gov/sites/documents/HUD_OGCGUIDAPPFHASTANDCR.PDF)

- Remove §11.1(d)(126)(B)(vi) and subitems (a) and (b) to remove mentions of sex offender registration and lookback periods to align with 10 TAC §10.802.

### **§11.101(a): Site Requirements and Restrictions**

The current QAP does not adequately protect tenants from hazards that could negatively impact their long-term quality of life. Texas Housers has previously identified and continues to advocate for the need for additional protections from natural disasters as well as highway pollution. A new concern is the potential for HTC properties to be located near environmentally harmful data centers, particularly given the presence of Opportunity Zones (OZs) in the Draft QAP.

We are currently in both a national and Texas-specific data center development boom. On top of the investor tax benefits outlined in the Tax Cuts & Jobs Act of 2017, the One Big Beautiful Bill Act included new benefits and updates that incentivize data center development in OZs specifically.<sup>6</sup> The State of Texas provides additional state-specific incentives for data centers including a state sales tax exemption and exemptions on energy costs.<sup>7</sup> As a result, many regions of Texas – such as Central Texas – have seen explosive growth in data centers that is expected to continue.<sup>8</sup>

Research has shown that data centers generate significant noise and air pollution and have a negative impact on residents living nearby.<sup>9</sup> National coverage of data centers has highlighted the use of on-site generators that emit harmful pollutants associated with higher local rates of asthma among residents and chronic noise exposure.<sup>10</sup> Ideally, these generators are only used in emergency situations or during testing procedures. However, there are dozens of documented cases of data centers installing unpermitted emergency generators or violating air quality regulations. Even in ideal, permitted conditions, generators still contribute to local air pollution and add to public health costs.

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<sup>6</sup> Sisson, P. (2025, July 24). One Big Beautiful Bill's Tax, OZ Changes Could Fuel Even Greater Data Center Investment. *Bisnow*. <https://www.bisnow.com/national/news/data-center/big-beautiful-bill-boasts-new-boosts-for-data-center-investments-130270>

<sup>7</sup> Tarczynska, K., & LeRoy, G. (2025, April 24). Cloudy with a Loss of Spending Control: How Data Centers Are Endangering State Budgets. *Good Jobs First*. <https://goodjobsfirst.org/cloudy-with-a-loss-of-spending-control-how-data-centers-are-endangering-state-budgets/>

<sup>8</sup> Leonard, K. (2025, September 14). "Tech takes that soul away": Central Texas emerges as data center hotspot, raising rural concerns. *Austin American-Statesman*. <https://www.statesman.com/business/technology/article/data-centers-impact-central-texas-20808844.php>

<sup>9</sup> Tao, Y., & Gao, P. (2025). Global data center expansion and human health: A call for empirical research. *Eco-Environment & Health*, 4(3), 100157. <https://doi.org/10.1016/j.eehl.2025.100157>

Ngata, W. M., Bashir, N., Westerlaken, M., Liote, L., Chandio, Y., & Olivetti, E. (2025). The Cloud Next Door: Investigating the Environmental and Socioeconomic Strain of Datacenters on Local Communities. *Proceedings of the 2025 ACM SIGCAS/SIGCHI Conference on Computing and Sustainable Societies*, 769–774. <https://doi.org/10.1145/3715335.3736324>

<sup>10</sup> Campbell, D. (2025, June 17). The "AI boom" pits neighbor against neighbor. *Business Insider*. <https://www.businessinsider.com/data-centers-northern-virginia-noise-air-pollution-cost-2025-5>

Beckler, H., Ho, R., & Thomas, E. (2025, June 18). AI runs on dirty power and the public pays the price. *Business Insider*. <https://www.businessinsider.com/ai-runs-dirty-power-and-the-public-pays-the-price-2025-6>

In part because of these issues, Virginia’s Joint Legislative Audit and Review Commission has concluded that “The industrial scale of data centers makes them largely incompatible with residential uses.”<sup>11</sup>

We also continue to advocate for improved protections from hazards such as flooding and highway pollution. Research has shown that there is considerable flood risk in Texas’ federally subsidized affordable housing stock.<sup>12</sup> Vulnerable communities - like those where low-income HTC tenants often live - have reduced capacity to prepare for, cope with, and recover from disasters.<sup>13</sup> Socially vulnerable populations experience greater proportional losses, have less social capital, and face greater delays in receiving recovery funds.<sup>14</sup> Ensuring that subsidized housing is resilient against flooding helps protect low income tenants and support them through recovery while reducing flood insurance costs for developers.

People of color and low-income renters in federally subsidized housing like HTC properties are also disproportionately subjected to dirty air and loud ambient noise as a result of living near highways.<sup>15</sup> Air pollution from living near highways is associated with poor lung health, potentially fatal heart problems, and increased mortality.<sup>16</sup> Constant noise pollution is associated with development of type 2 diabetes, heart problems, declines in fitness, increased stress and blood pressure, and poor sleep and impaired cognitive performance.<sup>17</sup> These effects are most common within about 1,000 feet of highways, with most research focusing on impacts from pollution within 500 feet of highways.

**Recommendation:** TDHCA should add two new items to Undesirable Site Features to restrict development of affordable housing that is too close to highways and data centers. Specifically, we

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<sup>11</sup> Campbell, D. (2025, June 17). The “AI boom” pits neighbor against neighbor. *Business Insider*. <https://www.businessinsider.com/data-centers-northern-virginia-noise-air-pollution-cost-2025-5>

<sup>12</sup> Aurand, A., Emmanuel, D., Stater, K., McElwain, K., & Ward, A. (2021). *TAKING STOCK: Natural Hazards and Federally Assisted Housing*. The Public and Affordable Housing Research Corporation & The National Low Income Housing Coalition. <https://preservationdatabase.org/wp-content/uploads/2021/06/Taking-Stock.pdf>

<sup>13</sup> Finucane, M. L., May, L. W., & Chang, J. (2021). *A Scoping Literature Review on Indicators and Metrics for Assessing Racial Equity in Disaster Preparation, Response, and Recovery*. RAND Corporation. <https://doi.org/10.7249/RR1083-1>

<sup>14</sup> Emrich, C. T., Tate, E., Larson, S. E., & Zhou, Y. (2020). Measuring social equity in flood recovery funding. *Environmental Hazards*, 19(3), 228–250. <https://doi.org/10.1080/17477891.2019.1675578>

<sup>15</sup> Curran-Groome, W., & Freemark, Y. (2024). *Highway Pollution Near Multifamily Homes Hurts Residents, but Zoning and Transportation Reform Could Help*. Urban Institute. <https://www.urban.org/urban-wire/highway-pollution-near-multifamily-homes-hurts-residents-zoning-and-transportation>

<sup>16</sup> *Research on Near Roadway and Other Near Source Air Pollution*. (2014, July 16). US Environmental Protection Agency. <https://www.epa.gov/air-research/research-near-roadway-and-other-near-source-air-pollution>  
Boogaard, H., Patton, A. P., Atkinson, R. W., Brook, J. R., Chang, H. H., Crouse, D. L., Fussell, J. C., Hoek, G., Hoffmann, B., Kappeler, R., Kutlar Joss, M., Ondras, M., Sagiv, S. K., Samoli, E., Shaikh, R., Smargiassi, A., Szpiro, A. A., Van Vliet, E. D. S., Vienneau, D., ... Forastiere, F. (2022). Long-term exposure to traffic-related air pollution and selected health outcomes: A systematic review and meta-analysis. *Environment International*, 164, 107262. <https://doi.org/10.1016/j.envint.2022.107262>

<sup>17</sup> Samuels, G., & Freemark, Y. (2022). *The Polluted Life Near the Highway*. Urban Institute Metropolitan Housing and Communities Policy Center. <https://www.urban.org/sites/default/files/2022-11/The%20Polluted%20Life%20Near%20the%20Highway.pdf>

recommend prohibiting development within 500 feet of a highway or data center and only allowing development further than 500 feet but within 1,000 feet if the property adequately mitigates poor air quality and noise pollution that harm tenants' health. Major highways can be defined using FHWA's functional classifications; specifically, interstates and other freeways & expressways. Data centers can be identified through their [registration with the Texas Comptroller](#).

This recommendation is in-line with a reliable body of research that categorizes different levels of harm at different distances from highways. There is less research on the specifics of distance from data centers. But the pollution caused by highways and data centers are similar enough that this justifies following the distances used in highway-related pollution exposure research for restrictions on development near data centers.

TDHCA should require the following air pollution mitigation strategies for both highways and data centers:

- The use of solid barriers to reduce both air and noise pollution immediately adjacent to highways or data centers;
- The use of vegetation and green space to reduce air pollution; and
- Indoor high efficiency filtration, specifically, the use of MERV 13 air filters or better.

Noise assessment and sound mitigation procedures that already apply to developments near active railroad tracks should be applied to developments near highways and data centers. TDHCA should require that properties further than 500 ft but within 1,000 ft from a highway or data center perform a noise assessment and commit to sound mitigation in accordance with HUD standards.

In order to better address low-income tenant vulnerability to hazards, TDHCA should make the following changes to the Floodplain section:

- Raise the elevation requirement from 1 to 2 feet above the 100-year floodplain (or Base Flood Elevation) to align with HUD's Multifamily Accelerated Processing Guide and Federal Flood Risk Management Standards (FFRMS).
- Add a one point item for resilient construction materials, reinforced structures, and/or fire-resistant designs. For example, applicants could receive one point for complying with either the most recent or second most recent ICC code.
- Add a one point item for "relatively low" or "very low" risk census tracts in FEMA's National Risk Index map to better consider other disasters like wildfires, winter storms, and tornadoes.<sup>18</sup>

### **§11.101(b)(7): Resident Supportive Services**

**Regarding eviction prevention programs.** During the public comment period for the Draft 2025 QAP, Texas Housers and several partner organizations submitted a joint comment with recommendations for eviction prevention programs to give tenants the best possible chance at maintaining housing stability.

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<sup>18</sup> National Risk Index. (2023, March 24). Federal Emergency Management Agency. <https://hazards.fema.gov/nri/map>

We are pleased by the inclusion of this scoring opportunity in the 2025 QAP. However, we and others have identified several areas for improvement and clarification of this scoring item.

**Regarding awareness and consistency of Resident Supportive Services, generally.** During the 2026 QAP development cycle, Texas Housers conducted outreach with low-income tenants to engage them in the QAP process. A major topic of concern for these residents was the provision and availability of amenities and services at their properties. Many residents we spoke with were not aware of the services offered at their property and some residents found that services promised at lease-up were not offered throughout their tenancy. In particular, tenants we spoke to oppose the language in Resident Supportive Services that allows properties to switch out services: “The Owner may change, from time to time, the services offered...”

**Recommendation:** To better support low-income tenants, the Eviction Prevention Program should be amended to:

- Establish case manager standards to ensure individuals assisting vulnerable households are trauma-informed and equipped to handle serious concerns.
- Forbid rent increases during the six-month holdoff period to help households already under financial strain.
- Remind tenants of due dates to support their participation in the payment plan and establish a measurable item for monitoring purposes.
- Cap late fees at no more than 4% of the tenant’s rent share and limit the assessment of late fees to no more than three consecutive months. Excessive fees are harmful to low-income households who may already be living paycheck to paycheck and could increase housing instability.
- Allow residents on fixed incomes to pay rent within three business days of receiving their payment without penalty.

To ensure enforcement of these provisions, we recommend that the QAP should require that the terms of the eviction prevention plan be inserted into the property’s tenant leases. We also recommend that TDHCA consider ways to more competitively incentivize eviction prevention programs to increase the use of this item in future applications.

We further recommend that TDHCA remove the language in Resident Supportive Services that allows development owners to change the services offered at the property. Tenants already struggle to clearly understand what services are offered at their property and the ability to change those services makes it even harder for tenants to access them. Tenants may move in based on the availability of certain services only to find out those services are not provided. Ensuring stable provision of services will benefit tenants.

## **§11.9(d)(4) and §11.203: Quantifiable Community Participation and Public Notifications**

Tenants living in existing HTC properties should be notified of TDHCA actions regarding the properties they reside in. TDHCA should update Quantifiable Community Participation and Public Notifications to increase transparency with tenants and support tenant engagement.

### **Recommendation:**

- Add language to §11.9(d)(4) to explicitly state that TDHCA considers tenant organizations to be Neighborhood Organizations, e.g. "An Application may qualify for up to nine (9) points for written statements from a Neighborhood Organization, including any relevant tenant organizations, for rehabilitation applications."
- Add the following language to both §11.9(d)(4) and §11.203(1) to account for unregistered tenant groups: "Tenant organizations whose membership consists of primarily residents of the property that is applying for funding do not need to be on record with the Secretary of State or county."
- Add a requirement to meaningfully notify existing tenants of rehabilitation applications:
  - Add a new item (l) under §11.203(2) for "Tenants and Tenant Organizations for rehabilitation applications with current tenants."
  - To clarify tenant notice delivery for the proposed new item (l) above, add to §11.203(2): "Notice to tenants should be delivered: (1) To each tenant through either an active communications portal or via hard copy delivered to each unit; (2) online on the property's website with a link to the meeting materials; and (3) a hard copy notice of the meeting and the meeting materials should be posted in the office's public area."
  - Add a new item (x) under §11.203(3): "(x) notice to tenants should include clear instructions on how tenants can provide input in the HTC application process."

because applicants are required to carry related party debt via a seller note. However, this related party seller note cannot be counted toward the maximum debt coverage ratio limitation. Since the new language requires a debt source that isn't considered when evaluating the maximum debt coverage ratio, it seems appropriate to provide an offsetting consideration via the ability to take on a lower hard pay permanent loan. Therefore, Express Group suggests the following revision to the debt coverage ratio requirement in **§11.302(d)(4)(D)**:

“(D) Acceptable Debt Coverage Ratio Range. Except as set forth in clauses (i) or (ii) of this subparagraph, the acceptable first year stabilized pro forma DCR must be between a minimum of 1.15 and a maximum of 1.35 (maximum of 1.50 for Housing Tax Credit Developments with seller notes required by §11.302(e)(1)(A)(iii), and for Housing Tax Credit Developments at cost certification).”