



## TDHCA Board Meeting Recap – January 15, 2026

### Executive Director's Report – Bobby Wilkinson

#### ***TDHCA–TDLR Memorandum of Understanding***

- TDHCA finalized a new Memorandum of Understanding (MOU) with the Texas Department of Licensing and Regulation (TDLR) to strengthen tenant health and safety oversight, particularly around elevator reliability.
- The agreement was prompted by elevator outages at tax credit properties in Fort Bend County and related legislative scrutiny of deferred maintenance issues.
- Under the MOU, TDLR will share quarterly elevator inspection data for properties scheduled for TDHCA inspection, allowing issues to be identified earlier and addressed proactively.
- Earlier legislative proposals had contemplated retroactive requirements, such as mandatory backup generators, but emphasized that early detection and coordination represent a more effective approach.
- Staff described the agreement as a major win for tenants across Texas tax credit properties.
- The Executive Director thanked Wendy Quackenbush and the Multifamily Compliance team, TDHCA's Legal Division, and External Affairs staff, for their work on the agreement.

#### ***Homeless Programs Engagement***

- TDHCA's Homeless Programs team presented at the Housing Navigators Conference hosted by Health and Human Services
- The session generated strong engagement, with attendees asking detailed questions focused on eligibility scenarios and practical program implementation.

#### ***Asset Management Division – 2025 Performance Metrics***

- 47 10% tests
- 67 application amendments
- 111 cost certifications
- 134 extensions approved
- 99 LURA amendments completed
- 137 LURA originations
- 183 ownership transfers processed
- Ongoing work: Review of quarterly construction status reports for all multifamily developments under construction

#### ***Direct Loan Program Staff Update***

- Announced that Connor Jones, Direct Loan Program Manager for the past four years, will be leaving TDHCA later this month to join a housing tax credit equity provider in the private sector.
- He praised Jones for successfully managing the direct loan program through a period of unprecedented demand, financing uncertainty, and COVID-related disruptions.
- The Executive Director noted that the role historically experienced high turnover, but Jones stabilized the program and helped guide it through one of its most challenging periods.



### **Board Question – Property Tax Exemptions**

- Board discussion following the report included questions about counties challenging property tax exemptions and the status of “traveling” Housing Finance Corporations.
- While HB 21 provides a pathway for certain developments to be ratified by a local HFC and governing body by January 1, 2027, staff expressed skepticism about how many “traveling HFC” deals will ultimately be preserved.
- Wilkinson cautioned that many of these properties are likely to lose tax-exempt status, either through litigation or appraisal district action.
- Importantly, TDHCA confirmed:
  - No new traveling HFC structures are expected going forward.
  - Some existing developments are attempting to swap into local HFC structures.
  - Underwriting assumptions are already adjusting in anticipation of lost exemptions.

### **HOME Rule Compliance: 10 TAC §10.802, Written Policies & Procedures**

- The Board considered proposed rule changes to 10 TAC §10.802 to align TDHCA rules with the federal HOME Final Rule.
- Staff explained that while certain technical changes are needed to meet federal compliance deadlines, proposed changes related to voluntary tenant preferences tied to non-department funding were being withdrawn for now. This allows additional time for discussion and stakeholder engagement.
- Several nonprofit housing providers testified in support of pulling back those voluntary tenant preference changes, explaining that the existing requirement to record voluntary preferences in a Land Use Restriction Agreement creates administrative burdens and can impede efforts to serve special populations such as families exiting homelessness, veterans, and individuals with supportive housing needs.
- Board members and staff clarified that the issue is not whether such preferences are allowed, but rather how formally they must be documented to ensure fair housing compliance and effective monitoring.
- Staff emphasized that approving the rule as amended does not prevent the Board from revisiting that section in the future.
- The Board unanimously approved directing the amended rule for publication in the Texas Register for public comment.

### **Item 28 - 2026 Multifamily Direct Loan NOFA**

- The Board approved publication of the 2026 Multifamily Direct Loan Notice of Funding Availability.
- Staff outlined that approximately \$35 million in HOME funds will be available to support multifamily developments, particularly those also applying for 2026 housing tax credits.
- Application Period: February 27, 2026 – June 1, 2026 (if sufficient funds remain).
- The NOFA includes staged application acceptance periods, prioritizes larger funding requests to better close financing gaps, and targets projects that are ready to move toward closing.
- The NOFA also includes a required 15 percent set-aside for Community Housing Development Organizations (CHDOs), reinstated after a prior waiver period.
- Staff noted that participation in the CHDO set-aside will depend on nonprofit capacity and partnerships.



## **Item 31 – 2025 Non-Competitive 4% HTC Program + Early 2026 Forecast**

### **2025 pipeline status**

- Exhibit A (application log) covered applications submitted Dec 2024–Dec 2025 tied to Bond Review Board reservations.
- 17 applications under review: 2,758 units; ~\$32M in requested 4% credits.
- 28 approved / determination notices issued but not closed yet.
- 19 closed on bond allocations.
- Total across closed + approved + active: 12,993 units and ~\$146M in 4% credits.
- Withdrawn applications represented 7,868 units.
- Staff did not expect major changes to totals before the 2025 cycle fully wraps in the next few months.

### **2026 outlook**

- 2026 Private Activity Bond annual ceiling: ~\$4.2B.
- As of Dec 23, 2025, eligible requests totaled ~\$2.6B, much of it multifamily.
- Staff expects ~40 4% applications in the coming months, consistent with prior years.
- Lower lottery participation was attributed to market uncertainty and deal management, not necessarily lower long-term demand.

### **Board discussion takeaways**

- It is too early to conclude that 2026 demand will be flat; lower lottery participation appears tied to developers prioritizing closing existing deals, not reduced interest. HUD-related delays during the government shutdown stalled transactions and shifted focus away from new lottery participation.
- The Board observed that 2025 production (just under 13,000 units) is below recent highs, with members recalling a high-water mark of roughly 16,000 units in 2021.
- Members flagged rising vacancy rates and rent softening in some markets, suggesting 2026 activity could be flatter than peak years.
- Pipeline management and time to closing emerged as the dominant risk factors, particularly for deals involving HUD financing.
- Market softening is now part of the underwriting lens, with likely greater scrutiny on absorption, lease-up pacing, and operating margin resilience.
- Private Activity Bond capacity is not a limiting factor; volume cap appears sufficient, making project readiness and feasibility more determinative than access to allocation.

## **Item 32 – Echo City Heights (Austin | 4% | Senior)**

- The Board approved a conditional amendment removing the elderly restriction at a 179-unit 4% property in Austin after prolonged lease-up struggles.
- Occupancy remained low despite aggressive rent reductions and marketing, reflecting soft senior demand in Austin and broader market saturation.
- Approval was conditioned on tenant protections, including penalty-free early lease termination and refunds for waitlist households.
- The Board acknowledged market realities and approved the change unanimously to avoid default and foreclosure.
- Chairman raised a broader concern that TDHCA may be overbuilding senior housing and suggested future demographic justification for senior-restricted proposals.



### **Item 33 – Katie Lofts (Austin | 9% | Supportive Housing)**

- The Board approved a post-construction material amendment reflecting major design and parking changes made during development.
- While frustrated by the lack of advance notice, the Board accepted that:
  - Unit count, affordability, and scoring were unchanged
  - The final design improved common space and still met local requirements
- Discussion highlighted the tension between development feasibility and process discipline, with interest in strengthening pre-notification rules.
- Item passed unanimously.

### **Item 34 – Proposed PRWORA Multifamily Rule (§10.612 & §10.628)**

View the recorded Board discussion and testimony for this agenda item [here](#).

#### **What the rule does**

- Adds tenant file documentation requirements under §10.612 and creates a new §10.628 describing implementation.
- Implements PRWORA requirements for HOME, HOME-ARP, and NHTF multifamily properties in TDHCA's portfolio.
- Requires legal status verification for persons signing the lease (citizen/national/qualified alien), with certain DV/SA/stalking-related protections noted.
- Verification timing: at initial lease-up and at the first recert/renewal after the rule becomes effective; then only again if lease-signers change.
- Allows verification via documents and, if needed, the SAVE system. Properties can do SAVE themselves, hire a third party, or ask TDHCA to do it. They will be releasing more specifics on this process soon.

#### **TAAHP Public Testimony**

- Roger Arriaga, Executive Director, TAAHP, speaking jointly with Texas Apartment Association (TAA).
  - Flagged major cost and operational impact concerns.
  - Two core recommendations:
    1. Do not apply retroactively; apply to new awards after effective date.
    2. Remove/adjust “floating” unit language so requirements don’t expand from the assisted units to effectively the whole property.

#### **Staff clarification + implementation notes**

- Staff clarified the scale: 391 properties in portfolio; 9,126 assisted units, but the “floating” interpretation could expand checks to 28,895 units.
- Chairman clarified rollout: checks happen at lease renewal/recertification, not all at once; staff estimated it would take about a year to phase in.
- Chairman asked about a lease attestation clause related to harboring; staff clarified that clause is not explicitly a federal requirement in HUD guidance as of now.

#### **Action**

- Board voted to publish the proposed rules for public comment; Item 34 passed unanimously.
- Roundtable scheduled Feb 4 (Austin) to answer questions and inform written comments.



### **Item 35 – 501(c)(3) Bond Rules (Chapter 12)**

- The Board approved new rules allowing qualified 501(c)(3) multifamily bonds, reviving a financing tool TDHCA last used in the early 2000s and framing it as a pilot program.
- The main issue was accessibility:
  - New construction must meet Fair Housing Act standards.
  - Rehab projects are exempt from TDHCA's 5%/2% accessibility set-asides, but visitability still applies.
- Staff emphasized feasibility concerns, noting these deals carry less equity than 4% bond projects, and stricter requirements could make them unworkable.
- Disability Rights Texas opposed exempting rehabs, citing equity and legal concerns.
- The Board approved the rules unanimously, with staff signaling they will revisit standards once actual projects come in.
- Why it matters: 501(c)(3) bonds may offer a limited new financing option, particularly for preservation or bridge deals, but accessibility standards remain a live issue and could change.

### **Item 36 – PRWORA Rule (10 TAC §1.410)**

View the recorded Board discussion and testimony for this agenda item [here](#).

- The Board finalized rules applying PRWORA immigration eligibility verification across multiple TDHCA federal and state programs.
- The rule applies to both governmental and nonprofit administrators.
- After public comment, staff added a clear exemption for survivors of domestic violence, sexual assault, dating violence, and stalking.
- Staff emphasized the rule aligns TDHCA with existing federal grant requirements, not new policy direction.

### **Adjournment**

With no further public comment, the Board adjourned at 12:46 p.m. The next meeting was scheduled for Thursday, February 5, 2025, at the Greer State Highway Building in Austin.