TEXAS AFFILIATION OF AFFORDABLE HOUSING PROVIDERS
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August 14th, 2026

Multifamily Finance Division
Texas Department of Housing and Community Affairs
Attn: Dominic DeNiro, Housing Specialist
221 East 11th Street
Austin, Texas 78701

Re: Official Public Comment, 2027 Staff Draft Qualified Allocation Plan

Dear Mr. DeNiro:

Thank you for the opportunity to provide public comment on the 2027 Staff Draft Qualified Allocation Plan ("QAP"). The Texas Affiliation of Affordable Housing Providers (TAAHP) appreciates the thoughtful collaboration by Department staff and recognizes the many improvements in this year's draft. The 2027 QAP continues to reflect responsiveness to feasibility concerns and market realities.

While TAAHP supports much of the Draft as presented, we respectfully submit the following comments on several key provisions that, in their current form, could significantly affect the long-term viability of affordable housing production in Texas. For ease of reference, the section citations in the headings below include the page number on which each provision appears in the redlined (Comparison to 2026 QAP) version of the 2027 Staff Draft QAP.

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1. Achievable Affordable Rent — §11.1(d)(1) (p. 6); §11.1(d)(102) (p. 22); §11.302(d)(1), (d)(1)(A)(iii), and (d)(1)(A)(viii) (pp. 177–178); §11.303(d)(10) and (d)(10)(B) (pp. 208–209)

TAAHP's most significant concern with the 2027 Staff Draft is the introduction of the new "Achievable Affordable Rent" construct and its incorporation throughout the Draft's definitions, underwriting, and market analysis provisions. The construct is first defined at §11.1(d)(1), carried into the Pro Forma Rent definition at §11.1(d)(102), and then applied across the underwriting rules at §11.302(d)(1), the new attribute-adjustment assumption at §11.302(d)(1)(A)(iii), and the Pro Forma Rent underwriting standard at §11.302(d)(1)(A)(viii), as well as the Market Analyst conclusion and attribute-adjustment matrix requirements at §11.303(d)(10) and (d)(10)(B). Because these provisions all seek to address the same matter, TAAHP offers a single, consolidated comment.

As drafted, the Achievable Affordable Rent construct adds unnecessary complexity to an already rigorous underwriting process. Achievable affordable rent is, and should remain, a function of what actual market rents are; those actual market rents should be the basis for the analysis. TAAHP recommends that, to the extent the Department retains the concept, the applicable rent for a restricted Unit be set as the greater of Market Rent or Net Program Rent, rather than through a separately derived Achievable Affordable Rent figure.

TAAHP is particularly concerned with §11.302(d)(1)(A)(iii), which directs the Underwriter to assume a 10% increase over the Market Analyst's Achievable Affordable Rent conclusion when that conclusion is less than Gross Program Rent. Layering a prescribed adjustment on top of the new construct compounds the complexity of the analysis and introduces further uncertainty into feasibility conclusions. TAAHP recommends that the determination of achievable market rent be left to the professional judgment of the Qualified Market Analyst, who should make a recommendation on achievable market rent, rather than the rule prescribing a fixed percentage adjustment.

More fundamentally, TAAHP believes that the capital markets — the lending and equity community — should remain the primary driver of a development's underwriting feasibility. Lenders and equity investors underwrite achievable rents, operating expenses, and value on every transaction and price that risk accordingly, and their real-time assessment of what a development can actually support is the most reliable measure of feasibility. TAAHP respectfully encourages the Department to continue to defer to these market-based determinations rather than introducing a prescriptive regulatory rent construct that may diverge from what the lending and equity community will finance.

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2. Common Area — §11.1(d)(22) (p. 11)

TAAHP recommends that the current Common Area definition should clarify that it excludes leased areas. Common area should be limited to areas that are owned or controlled by the development and available to all residents. Leased common areas create ambiguity regarding permanent availability and should be explicitly excluded from this definition. TAAHP respectfully asks that the Department maintain continuity in this definition going forward. Definitions that change from year to year create administrative burden for applicants and staff, and a stable definition across multiple QAP cycles will allow the industry to plan and design with confidence.

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3. Parcel — §11.1(d)(92) (p. 20)

TAAHP recommends that the Parcel definition remain straightforward, defining parcel as boundaries established by the central appraisal district—but that this definition should be clear that it applies only to non-Development Site locations and amenities. As part of this, the word "parcels" should be removed entirely from the Development definition, with any reference to "parcels" replaced with "properties," which allows for metes-and-bounds descriptions and flexibility in site configuration without forcing conformity to CAD account boundaries. TAAHP recommends the following revised Parcel definition: "unless required by statute, all references to parcels and parcel boundaries in this chapter refer to the parcels defined by the central appraisal district for the purpose of the tiebreaker. This definition does not apply to Developments, Development Sites, or Sites."

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4. Staff Review of Additional Applications — §11.6(3) (p. 52)

TAAHP believes the added language is unclear and does not provide any additional guidance. As drafted, the provision appears to cut against this year's stated objective of reducing word count and improving clarity. TAAHP respectfully recommends that the added language be removed or revised so that it provides clearer policy recommendations for this provision is attempting to achieve.

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5. Grocery-Store Tie-Breaker — §11.7(2)(A)(iii) (p. 60)

TAAHP appreciates this language change and is supportive of this language for the 2027 QAP.

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6. Pharmacy Tie-Breaker — §11.7(2)(A)(v) (p. 60)

TAAHP recommends that a grocery store containing a pharmacy not be counted as both a grocery store and a pharmacy for purposes of the tie-breaker. Counting a single location twice would too heavily weight one amenity. Instead, the developer should be able to count such a location as either a pharmacy or a grocery store for purposes of the tie-break distance measurement, but not both.

7. Undesirable Site Features; HUD Siting — §11.101(a)(2)(E) (p. 103)

TAAHP appreciates the additional mitigation opportunities provided by this language, which recognizes that, for any Undesirable Site Feature addressed by the HUD siting requirements at 24 CFR Part 51, Subpart C, compliance with those HUD requirements constitutes acceptable mitigation.

8. Energy Star Lighting — §11.101(b)(4)(K) (p. 112)

TAAHP is concerned that specifying Energy Star "light bulbs," in place of the prior reference to "lighting," is unduly restrictive. The revised language could be read to exclude integrated and fixture-based Energy Star lighting that does not use replaceable bulbs. TAAHP recommends retaining the broader "lighting" (or "light fixtures") terminology so that all Energy Star–qualified lighting continues to satisfy the amenity.

9. Electric Heat-Pump Requirement — §11.101(b)(4)(L) (p. 112)

TAAHP is concerned that mandating that heating and air conditioning be provided by an electric heat-pump system limits developments to a single line of technology. Such restrictions further expose the industry to possible supply chain disruptions in the future. This requirement is materially more expensive adding to total development costs, may conflict with local code, and may not be well suited to every local climate across the State. TAAHP recommends that the Department remove this item from the 2027 QAP.

10. Elevator Access Common Amenity — §11.101(b)(5) (p. 119)

TAAHP supports this additional common amenity, which awards one point where each Unit above the first floor is accessible by at least two elevators.

11. Gap Financing; 10% Test Commitment Deadline — §11.204(6)(B) (pp. 154–155)

TAAHP recommends two refinements to the requirement that all soft or below-market financing be committed by the 10% Test. First, the requirement should apply only to those gap funds necessary for a finding of feasibility under the Subchapter D underwriting and loan policy rules. For example, a gap source contemplated at Application may not ultimately be secured, yet that source may be in an amount that can be replaced by deferred developer fee with the development remaining feasible and eligible under the underwriting rules; in that circumstance, the absence of the original commitment should not disqualify the development or preclude a 10% Test extension. Second, the 10% Test commitment requirement should apply only to those sources for which a commitment was not already provided at Application.

12. Non-Profit General Contactor Fee — §11.302(e)(6) (p. 190)

TAAHP agrees that fees imposed for the advantage of a sales tax exemption be both reasonable and commensurate with the benefit/service provided. A sales tax-exempt General Contractor and performing Prime Subcontractor are unrelated entities. For this reason TAAHP respectfully requests striking the rule implemented last year in the 2026 QAP.

13. Removal of the 15% Capture Rate for MSA Tax-Exempt Bond Developments — §11.302(i)(1) (p. 196)

TAAHP requests that the Department retain, rather than delete, the 15% capture-rate allowance for MSA tax-exempt bond developments in areas of high occupancy. It is unclear why this allowance is being removed. If strong markets such as Austin no longer meet the underlying requirement, developments in those areas will simply be unable to satisfy the QAP's gross capture rate requirements, effectively foreclosing new production there. The option should not be eliminated entirely based on temporary market conditions; retaining it preserves a needed pathway to feasibility when market conditions are warranted.

14. State Representative Letter — Conflicting Statutory Language (§11.9(d)(5)(A)) (p.87)

TAAHP suggests clarifying the QAP language regarding vacant State Representative offices. The current language stating "If the office is vacant, the point will be those for a neutral letter" may not fully align with Texas Government Code §2306.6710(g), as amended by HB 1973 during the 86th Regular Legislative Session.

The statute provides that if no written statement is received from the appropriate State Representative, the Department shall award the maximum points available under that category to increase the maximum points available for the local governing body support resolution. The statute does not distinguish among the reasons a written statement may not be received—whether due to vacancy, non-response, or other circumstances.

A State Representative vacancy may result from various circumstances, including death, resignation, or elevation to another office, and does not reflect on the merits or viability of the proposed development. For greater clarity and consiste ncy with the statute, TAAHP recommends removing the language regarding vacant offices.

Additionally, the last sentence of this paragraph appears to contain a typographical error: "In the letter a representative may express their position with or without expressing the personal views." The current text reads "without or without" and should be corrected to "with or without."

TAAHP again thanks the Department and its staff for their continued collaboration and for the opportunity to comment on the 2027 Staff Draft QAP. We would welcome the chance to discuss any of the foregoing comments in greater detail.

Sincerely,

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