



TEXAS AFFILIATION OF AFFORDABLE HOUSING PROVIDERS

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October 9, 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, Proposed 2027 Qualified Allocation Plan

Dear Mr. DeNiro:

Thank you for the opportunity to comment on the proposed 2027 Qualified Allocation Plan (QAP) published in the Texas Register. TAAHP appreciates the Department and its staff for a well-constructed draft and supports much of the direction it takes.

The Texas Affiliation of Affordable Housing Providers (TAAHP) is the leading voice for affordable housing in Texas, representing more than 900 professionals involved in the development, financing, and management of affordable housing communities across the state.

The comments below are offered to help refine the 2027 QAP and strengthen the feasibility and practical implementation of its policies.

1. Operating Feasibility for Tax-Exempt Bond Developments, §11.302(d)

TAAHP requests that the Department retain the 2026 streamlined review for Tax-Exempt Bond Developments that do not request a Direct Loan or in which the Department is not the bond issuer. Under current §11.302(d)(3), the Underwriter does not develop independent estimates of income, operating expenses, or Net Operating Income for these Developments. The proposed rule instead has the Department use the Underwriter's estimates for every Development. TAAHP acknowledges that several streamlined Developments reached cost certification below the 1.15 debt coverage minimum because expenses exceeded projections. However, the lenders, investors, and issuer on these transactions underwrite expenses with their capital at risk, and the Department's review would precede theirs by a year or more. The Underwriter can already flag an expense estimate below the Department's database in the underwriting report.

If the Department applies its own expense estimates, TAAHP asks that the Underwriter give weight to property-level, portfolio, lender, investor, and issuer data, and that the final rule retain the current §11.302(d)(3) language allowing actual Net Operating Income at cost certification to be adjusted for stabilization of rents and extraordinary lease-up expenses.

2. Expense Descriptions, Operating Database, and Reserves, §11.302(d)(2), §11.302(e)(9), and §11.1(d)

TAAHP requests reinstatement of (a) the expense category descriptions in §11.302(d)(2), which now say only what a category does not include (for example, Repairs and Maintenance); (b) the definition of the “TDHCA Operating Database” in §11.1(d), because the proposed rule still relies on “the Department’s database” for expense data; and (c) in §11.302(e)(9), the opening phrase “Except for the underwriting of a Housing Tax Credit Development at cost certification,” and the sentence including documented operating reserves maintained for at least five years as a development cost, because actual reserves should be underwritten at cost certification.

3. Electric Heat Pump Requirement, §11.101(b)(4)(L) and §11.101(b)(6)(B)(iii)(IX)

TAAHP requests that the Department adopt the 1.5-point heat pump amenity incentive in place of setting it as threshold for 2027. TAAHP membership appreciates the benefits of improved energy efficiency across the affordable housing market, including lower resident utility bills and reduced winter strain on the grid. However, a threshold requirement for HVAC limits design flexibility, increases the cost of development, and establishes additional market demand on a single HVAC technology. Further, establishing any mechanical technology within the QAP as threshold could potentially conflict with local building codes/design standards, creating another layer of approvals and unnecessary overreach.

4. General Contractor Fee, §11.302(e)(6)

TAAHP renews its request to strike the 2026 provision that counts fees paid for a sales tax exemption toward the General Contractor fee limit. Such fees should be reasonable, but a sales tax-exempt General Contractor and the performing Prime Subcontractor are unrelated entities, and the exemption fee should not count against the performing contractor’s limit.

5. Neighborhood Risk Factors, §11.101(a)(3)(C)

TAAHP requests that the Department delete “(excluding Reconstruction)” so the exemption reads: “Rehabilitation developments (including Reconstruction) with ongoing and existing federal assistance from HUD, USDA, or VA, and Developments encumbered by a TDHCA LURA are exempt.” Reconstruction is part of the Rehabilitation definition and was exempt in the 2026 and prior QAPs. The exclusion of redevelopments would adversely impact the lives of existing residents of federally funded redevelopments, particularly HUD Choice Neighborhoods and RAD conversion projects, in the neighborhoods they are designed to renew with mixed income housing opportunities. TAAHP appreciates staff’s indication that this will be addressed in the November draft.

6. Ingress and Egress, §11.204(9)(D)

TAAHP requests that the Department restore the stricken 2026 language allowing the fee title owner’s agreement that the LURA may extend to the access easement to be provided at Commitment, Determination Notice, or Contract. That agreement is difficult or impossible to obtain at Application, and the later deadline still ensures it is a condition of the award.

7. Vacation of Right of Way, §11.204(9)(E)

TAAHP requests that this section apply only to needed vacations of rights of way, not plat vacations. A plat vacation is a routine step approved in the same manner as the original plat (Local Government Code §212.013), while closing a street or alley is a discretionary city decision (Transportation Code §§311.007 and 311.008). Suggested language: “If control of the entire proposed Site requires vacating a right of way or similar dedication, the Application must include evidence that the process has started.” The rest of the paragraph would not change.

TAAHP thanks the Department and its staff for their work on the 2027 QAP and would welcome the opportunity to discuss these comments before the Board considers the final rule in November.

Respectfully and with appreciation,



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