



Affordable Housing Partnership Guidelines

In partnership with the Health & Human Services Commission

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1. PROGRAM PURPOSE.

The Texas State Affordable Housing Corporation (TSAHC) and Health and Human Services Commission (HHSC) have established a new partnership with the purpose of providing capital subsidies in the form of no interest forgivable loans to build or rehabilitate affordable, accessible and integrated housing units. This program is currently targeted only to eligible projects in Bexar, Dallas, Harris, Tarrant and Travis Counties. Housing created through this program will be reserved for qualified individuals receiving or eligible for Medicaid Long-Term Services and Supports (LTSS). Priority for available units will be designated for individuals transitioning into their communities from nursing facilities (NFs) or Intermediate Care Facilities. HHSC and TSAHC will work in partnership to implement and administer the Affordable Housing Partnership (AHP) to increase the availability of affordable, accessible and integrated housing for older adults and people with disabilities.

The program is administered through TSAHC's Texas Housing Impact Fund (THIF), which offers financing for the development, acquisition, or rehabilitation of affordable housing across Texas. These guidelines were developed to provide additional information not currently detailed in the THIF policies. The THIF policies overrule any conflicts between the two programs.

2. LIMITATIONS OF THE PILOT.

Application and award procedures will be in accordance with the THIF policies. The following additional limitations will be applied:

- a. Funding is limited to \$75,000 per unit. Minimum awards will be \$150,000 and maximum awards will be \$375,000.
- b. The minimum number of units to be funded at a given property will be two (2), and the maximum number will be five (5).
- c. Funded units must be reserved for individuals eligible for Medicaid LTSS for a period of 10 years.
- d. Tenant selection will be managed through TDHCA's Project Access program. More details on how individuals can connect with Project Access can be requested by contacting TDHCA staff at: andre.adams@tdhca.state.tx.us or by [clicking this link](#).
- e. Units funded by the pilot may only be leased to persons earning no more than 30% of the Area Median Income (AMI) based on family size. Units not supported with tenant or project based rental assistance may only charge the 30% AMI rental limit, based on family size.

3. APPLICATION PROCESS.

TSAHC will accept loan applications from eligible applicants on an ongoing basis provided funding availability. The application is the same as the THIF application, with an addendum provided after applicants speak with TSAHC staff about their proposed project and program eligibility. The THIF application is located on our website and applicants are encouraged to review before contacting TSAHC staff about a proposed project.

4. APPLICATION REVIEW.

- a. Applications will be reviewed in the order they are received. Applications will be reviewed for threshold and underwriting criteria referenced in the THIF policies. TSAHC may delay the consideration of an application for an award if there are errors, omissions or insufficient documentation that TSAHC deems necessary to complete its review. If an application fails to fulfill the minimum threshold or underwriting criteria, the application will be terminated, and notification will be provided to the applicant.
- b. While not a threshold criterion, TSAHC reserves the right to give preference to applicants that:
 - i. Are located in Bexar, Harris or Tarrant County, so that at least two applications are funded in Counties not previously assisted by this program;
 - ii. Build housing units within one-mile of access to public transportation or have an agreement or contract with a transportation provider to provide transportation to tenants free of charge for developments that are outside of the one-mile radius to public transportation; and/or
 - iii. Have flexible tenancy criteria to reduce barriers to housing such as eliminating one or more credit checks and eliminating one or more prior eviction.
- c. Applications that pass threshold and underwriting review processes will be presented to the TSAHC's Loan Committee for approval. HHSC will also be informed once TSAHC has completed its review and approval process. HHSC, in its sole determination, may deny TSAHC's recommendation and terminate an application, for any reason. Applicants will be informed of the result of this process in writing, regardless of the results.

5. STRUCTURE OF LOANS.

Funding will be provided in the form of a 0% interest deferred forgivable loan. The loan is contingent upon compliance with the terms and conditions of the loan for a 10-year period. These loans are also exempt from closing and origination fees required in the

THIF policies.

At the end of each anniversary of the loan, should the project successfully lease to and retain qualified tenants, an amount equal to 1/10th of the loan amount will be forgiven. In the event a borrower fails to fulfill the requirements of the loan, TSAHC may call the loan in default and commence collection of any award amounts not already forgiven.

In awarding funds, borrowers will be required to execute loan agreements, promissory notes, deeds of trust, asset oversight and compliance agreements (together the Loan Agreements), and any other additional document as may be required by TSAHC, pursuant to the THIF policies. The Loan Agreements will serve as a contract between TSAHC and Borrower to construct or rehabilitate housing units financed through this pilot. All Loan Agreements will be enforceable under the laws of the State of Texas.

6. TENANT SELECTION.

The purpose of AHP funding is to create units within larger affordable multifamily rental properties that can be accessed by persons qualified for Long Term Services and Supports through Medicaid/Medicare. TSAHC, in partnership with HHSC and TDHCA has created a process by which Borrowers and Property Managers can identify eligible tenants and fill AHP funded units. Tenant Selection is detailed in Schedule 8.

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