



Texas General Land Office

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2024 Disasters: Affordable Rental Program (ARP)

Frequently Asked Questions

We are seeking clarification regarding eligibility under the 2024 Disasters Affordable Rental Program (ARP) for an existing multifamily property located in an eligible county. The property was owned at the time of Hurricane Beryl by the current ownership entity, which satisfies the ARP requirement that the applicant owned the property at the time of the disaster. The managing member of the General Partner (“Sponsor”) is now contemplating a substantial rehabilitation utilizing ARP funds in combination with 4% LIHTC equity and tax-exempt bonds.

As part of a typical 4% bond / LIHTC financing structure, the property will be transferred to a newly formed ownership entity prior to closing in order to facilitate the tax credit partnership structure and preserve eligibility for acquisition credits. Due to related-party requirements under the LIHTC program, the current Sponsor would likely retain only a minority ownership interest in the new entity, although the Sponsor would remain involved in the development and ownership structure.

This transfer would not represent a third-party speculative acquisition, but rather a financing-driven recapitalization of an already Sponsor-owned, disaster-impacted property for purposes of completing the rehabilitation.

Would a transfer of the property to a newly formed successor ownership entity in connection with the LIHTC/bond financing, where the original Sponsor retains a minority interest and remains involved in the ownership/development structure, adversely affect the project’s eligibility under ARP ownership-at-time-of-disaster requirements for a rehabilitation application?

If ownership can be proven at the time of the storm, and if there is still a clear link between the owner at the time of the storm and their continued ownership in part, at the time of application, then this would be acceptable. The GLO would not consider this a change of ownership, but rather an internal restructure to assist in qualifying for tax credits through the Texas Department of Housing and Community Affairs (TDHCA), which is acceptable to the GLO.

So long as there is no monetary transaction for the transfer (which triggers acquisition, which is not allowable under this program), this internal restructuring is allowable. The GLO will



Texas General Land Office

Published April 20, 2026

require additional documentation to establish a clear ownership link with the newly formed entity, and the original owner at the time of the storm.

If the land that will be used for the project is deeded in 3 individual names (3 owners listed on the deed), however, those 3 individual owners are all members of the LLC that the application will be under is that ok?

The ownership of the land cannot be transferred. The ownership of the land has to match the ownership of the LLC entirely, i.e., if there are three (3) owners listed on the current deed, then the LLC ownership must reflect the exact same names, and will be subject to identity and records verification by GLO staff.

In the scoring slide - ARP selection criteria points it says:

Entity has pledged to provide Non-CDBG Leverage (a minimum value of 25% of CDBG DR funds).

Does this mean as an example:

If you are requesting: \$1,000,000 in CDBG-DR funds

You must show at least: \$250,000 in Non-CDBG funds

That \$250,000 must be clearly documented in your Sources & Uses of Funds and supported by commitments (letters, term sheets, resolutions, etc.).

Is that correct?

That is correct, you will list the leverage amount in the Sources and Uses, and then submit documentation proving ownership, access to or commitment of funds from a lending institution.

I have a client who would like to know whether retirement funds, such as an IRA or other investment accounts, may be used as part of their Sources and Uses of Funds. Is that possible?

It is incumbent upon the applicant to ensure the liquidity of funds to apply for this grant. The Sources and Uses will be verified by GLO staff at application to ensure the cash value is absolute, and will not be subject to any further tax, fees, or other costs to diminish the value as stated at the time of application.



Texas General Land Office

Published April 20, 2026

The GLO cannot provide legal or tax advisory services as a state agency.

If the project did not have a Part 58 review completed before construction started, would it still be eligible to apply for funding? And on a similar note, if it is not currently paying Davis Bacon wages or documenting Section 3 efforts for the work performed so far, would we still be eligible to apply for the funding?

Unfortunately, if environmental clearance was not secured before construction started, then this would be classed as a 'choice limiting activity', meaning that the project would not be eligible for these specific grant funds.

Any project that receives federal funding in the amount of the minimum and maximum grant awards for this program are required to adhere to all Davis Bacon and Section 3 requirements, but again if the project is already underway and does not have environmental clearance then unfortunately it would not be eligible to apply.

Can you please specify the affordability requirement income bands? Is it 20% @ 50% Area Median Income (AMI), 55% @ 80% AMI, 25% Market?

The HUD National Objective for this program is 51% LMI, that is, 51% of all units must be leased to households earning 80% AMI. Extra points are awarded for increasing the number of units beyond 51%, and/or for serving Extremely Low Income (ELI) households, but the baseline affordability requirement is 51% LMI.

The stipulation that 88% of the award needs to go into Hard Cost raises questions. What is the GLO definition of Hard Cost? Does include interest carry, architectural fees, loan origination fees, legal fees? Only having 12% for soft costs doesn't leave much room for 3rd party reports, legal fees, title fees, developer fees, taxes and insurance.

Our definition of Hard Costs is Materials and Labor costs on site. In short, we will pay valid costs on the G702/03, or equivalent.

The expectation is that for Community Housing Development Organizations (CHDOs), Public Housing Agencies (PHAs), units of local government, federally recognized Indian tribes and non-profits the 12% project delivery (PD) will help in part of in full to cover their soft costs, and it's also available for private developers to help cover some of the fees and costs. It is the intention of this 24D ARP program to be as efficient as possible with CDBG DR funds by primarily directing grant awards towards eligible construction costs.



Texas General Land Office

Published April 20, 2026

We are a private, for-profit company that has residential rental property. We had a lot of damage to our properties due to the storm and have paid for a lot of expenses out of pocket. The majority of what we own are individual single-family homes. Can we package all those damages together and submit as one project? Also, our properties are not necessarily designated as ‘low income’ but we obviously service many tenants who are in that category. Does the property have to be a part of some type of subsidized housing to qualify?

If the properties are on contiguous sites, then this would be a rehabilitation project submission, needing to serve a minimum of 51% LMI households. If they are on non-contiguous sites then it would be a scattered sites rehabilitation application, which would have to provide 100% of units to qualifying LMI households.

Please bear in mind that all properties included in an application must be within the 27 HUD Mid counties.

You do not have to be in a subsidized housing program, but you must adhere to the HUD Home Rent schedule: <https://hrc-ic.tdhca.state.tx.us/hrc/IncomeAndRentTool.m>

Please note - when calculating rents, in the *Financing* box select ‘Home – TCAP/RF – Home ARP’, and in the *For Home and NSP Only* select ‘On or after 06/01/2025’.

We own a good bit of vacant land, and we have a large affordable housing need in our area. Could we submit a new construction project to address this need? If so, does it have to be an LMI type of project? I saw the 51% rule but what constitutes a property to be qualified as an LMI unit?

Yes, you would be able to submit a new construction project. Any project submitted needs to meet the HUD-designated minimum of 51%, that is, 51% of all units (or 100% of units if a scattered site project) must be rented to low-income households.

We understand that to apply there must be a Grant Manager and then a Sub-Recipient. When a successful application is awarded: Is the Grant Manager the actual recipient of the award? Or are they just the named party to the application that helps administer the completion of the application? Is the Sub-Recipient the actual recipient of the award?

A grant manager is not necessary to apply for these funds. Whoever applies for the funds will be who the GLO contracts with and is the responsible party to the Land Use Restriction Agreement (LURA), if an award is made.



Texas General Land Office

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Can you confirm if the funds for the 2024 disaster recovery are strictly grant funds or a loan? If they are grant funds, can they be structured as a loan?

The funds for 24D ARP will be issued as a grant; the Texas General Land Office does not issue loans for this program.

Where do we find the necessary Request for Application forms for submission, i.e., any Excel files, Uniform Application forms, submission checklist?

All necessary documentation will be posted to: recovery.texas.gov/24DARP.

Can you go into detail about the rent levels for the affordable units?

Rent levels follow the HUD HOME Program. Rents can be found at: <https://hrc-ic.tdhca.state.tx.us/hrc/IncomeAndRentTool.m>.

(Please note - when calculating rents, in the *Financing* box select 'Home – TCAP/RF – Home ARP', and in the *For Home and NSP Only* select 'On or after 06/01/2025')

What ACS data year should we use for poverty and density?

Data used is the ACS 5 Year 2024. Please use the following link to the GLO Map Viewer and how-to guide in order to collect the application data required:
<https://gis-glo-cdr.hub.arcgis.com/pages/9c2f620f55d04cc0a927f28acfb7e7dc>

Are you allowed to apply for funds under the new construction category if a project has already began construction at the time of application?

If the project has already received environmental clearance from HUD then it may be possible to award funds to a project already under construction, but this will be specific to the project details

Are you going to share the slide deck for this presentation?

Yes, the slide deck is posted to recovery.texas.gov/24DARP.

Please confirm if a purchase agreement that was in place prior to the 2024 disasters wherein the financial closing occurred after the dates of the 2024 storms is acceptable to the GLO to establish ownership for the purpose of eligibility under the 2024 ARP Disaster program.



Texas General Land Office

Published April 20, 2026

A purchase agreement is not sufficient to meet the requirement for ownership of the property, as a change of ownership will happen once the transaction is closed

The GLO 2024 Disasters Action Plan, Page 46, Item 7.7.11.ii states the "Maximum: \$7,500,000 per development. Is this amount accurate?"

Yes, this is correct

For the Project Selection Criteria 'Project Type' regarding the definition of 'Reconstruction Activity' please clarify: Does the house being reconstructed have to be damaged from a 2024 storm event? Or, is it possible to reconstruct a house that has suffered from neglect or abandonment and still qualify?

You will need to demonstrate storm tie-back for reconstruction. ARP will require a Property Condition Assessment (PCA) for rehabs and reconstruction applications to prove damage from the 2024 Disasters

Are there any other subjective criteria that may be considering when evaluating/scoring the project, such as proximity to schools, shopping, or parks?

Only the listed criteria outlined in the Housing Guidelines and posted to the website will be required for consideration for funding - recovery.texas.gov/24DARP.