



Texas General Land Office

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2024 Disasters: Affordable Rental Program (ARP)

Frequently Asked Questions

We have an AUGF on a tract of land that was issued by HUD in November 2020. Would we have to go back through the full AUGF process, or could it be shortened if nothing has changed at the site?

A responsible entity may rely on the analysis in an environmental review document that has achieved compliance (e.g., Authority to Use Grant Funds) in a subsequent environmental document for related actions as follows: (1) Within 5 years, without additional review of the analysis in the environmental document, unless there are substantial new circumstances or information about the significance of adverse effects that bear on the analysis. (2) After 5 years, so long as the agency reevaluates the analysis in the environmental document and any underlying assumptions to ensure that reliance on the analysis remains valid.

For this specific example, a re-evaluation of the original environmental review findings would be warranted (see 24 C.F.R. 58.47)

The contractor the applicant received bids from asked whether the applicant had existing blueprints. The applicant has not yet spent the money to obtain them, as they are unsure whether it is necessary or recommended to do so before receiving grant funds. Can you please clarify whether blueprints are required prior to award, or if this is only a suggestion based on the project?

A site plan is required at the time of application submission, but neither detailed specs nor architectural plans (we assume this is what is meant by blueprints) are required until after a Conditional Award has been made, and before a contract is awarded.

We are currently under contract to purchase land that we would like to use to develop affordable housing through the 2024 ARP grant program. However, we noticed that the slide 8 of the [webinar slide deck](#) states that “...the applicant of the land must have been the owner of record at the time of the disaster for new construction.”

Does that mean that we are unable to submit an application with land that was not owned by us at the time of the disaster but is currently under contract to purchase? The land we are planning to purchase is in one of the 27 HUD MID counties.



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In this case your application will not be eligible for submission. You are correct in stating that the land must be owned at the time of storm. There cannot be a transfer of ownership, and acquisition cannot be triggered under this program as it is not an eligible activity

Citizen Participation - The question is will this apply if we are not applying on behalf of a local unit of gov but a private entity? I do not see a Citizen Participation Plan section of this guide.

No, this is only required if you are a Public Housing Authority, or unit of local government

We will be submitting a blank SF424 but the pull down on the menu for applicant type is asking for a response and none apply to us do we just not use the pull down menu and just attach the SF242 with the application name?

You will select N/A from the 'Applicant Type' list and upload a blank 424 Form.

ADA and A/V is that a requirement? If not, how do you get exempt? (where is that in the housing guideline)?

Yes this is a federal requirement for all New Construction multifamily housing projects. The minimum requirement is 5% ADA and 2% A/V of total units.

List of ownership: Are we considered part of the development team if we are grant consultant and grant admin?

A consultant would not typically be listed in the list of ownership as they are receiving a fixed fee for services provided, as opposed to ownership in the property

Where can I find the specific guidelines and requirements for the Multifamily Property Condition Assessment that needs to be submitted with the application?

There are no specific guidelines but a Property Condition Assessment/Capital Needs Assessment will speak to and document current state of the property, damage, deferred maintenance, estimated costs to remedy, photos etc. to substantiate the grant amount requested

Can the scope of work for the CDBG-DR funds cover more than just the damages from the hurricane and/or tornadoes?



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Yes, if there are issues of deferred maintenance or other items that can improve the safety, security, longevity and/or quality of life of the tenants then these items can be included in the proposed scope of work.

Where should the rents be sourced to? Is the TDHCA Income and Rent Tool acceptable?

Yes, this is acceptable and the preferred source for up-to-date rent schedules in Texas.

Which Utility Allowances are acceptable – HUSM (HUD), Energy Consumption Model (ECM), other?

The ECM resource is the most commonly used, but so long as the data comes from a valid source then this is acceptable

Is there a Debt Service Coverage Ratio (DSCR) that we must maintain (minimum / maximum) in the pro forma?

The minimum DSCR is 1.15, up to 1.25. Anything under 1.15 would be at risk of being unable to cashflow for the life of the rent restriction agreement, and anything above 1.25 would be subject to further review to see if the amount of grant funds requested are necessary.

Do we have to submit evidence of SAM.gov registration at the time of that the Application is submitted?

The Applicant will be an entity which has not yet been formed (we have merely reserved the name and typically do not full form an entity until we know that an award of funds is imminent), so in order to get a SAM.gov registration that entity would have to be formed.

There is an entity which will be involved in the ownership structure which has an active SAM.gov registration, so could we just use that for purposes of the Application?

The owner of the property at the time of the storm must be the same entity on the land ownership documents, the application, and the contract/LURA, so the entity must already be formed and have an active SAM.gov registration in order to be eligible to apply.

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



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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 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



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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.

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?



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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.

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?



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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.

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?



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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.

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



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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.