

## RFP Workshop – Question & Answer Session

Q. If a development is built outside of a CRA but in the same area that a successful affordable multifamily development is, will that be a consideration in the decision?

A. Although revitalizing the CRAs is a primary focus for the department, other locations will definitely be considered. In order to pass HUD's Site & Neighborhood standards, the applicant must be in an area where there is no minority or poverty concentration, or in a redevelopment zone with evidence of public and private investment such as other successful multi-family developments.

Q. Are the funds available to condominium associations? e.g. one damaged by Hurricane Ike?

A. Since each condominium is individually owned, a condo would be considered a single family home. HCDD therefore will not consider funding condominiums under this RFP.

Q. Are funds available to an owner of a large number of condominium units in a single complex?

A. It is unlikely (see above). However, if the applicant owns the entire condominium complex, including control of all common areas, and the property is operated as a multi-family rental property, the department may consider it.

Q. Are the eligible areas limited to the map shown on P. 26 of the handout (CRA map)?

A. No, HCDD will consider applications in all locations, although the CRA locations remain a priority

Q. What is transit oriented development?

A. Generally, it is development located along a transit line such as rail or bus lines often with a commercial component. It is designed to maximize access to public transportation and to encourage its use.

Q. If the Applicant is going to use land as Match equity, is an appraisal required or can the HCAD value be used?

A. While an appraisal will be required for underwriting if the application passes threshold, the HCAD value is acceptable for the purpose of the application.

Q. What does HCDD mean by monitoring compliance?

A. HCDD's Compliance Department will inspect the physical property annually to ensure it is being maintained to our Minimum Property Standards, and will inspect the property's leasing files annually to ensure the property is complying with the unit restrictions set forth in the LURA. Additionally, quarterly rent rolls with income verification are required. The Compliance Department will provide training and assistance to property owners to make sure they understand the requirements.

Q. Does an energy efficiency package add points?

A. While energy efficiency is very important, it is not our primary requirement. Both City construction codes and our Minimum Property Standards include a high level of energy efficiency standards. The department does not require anything beyond that. We have had developers construct LEED certified properties; however this is not nearly as important as making sure the economics of the project work.

Q. Can the funds be used to reimburse payments made between the time of application and the final funding date?

A. After the loan agreement has been approved by City Council and the loan/grant has closed, HCDD can use some of the loan/grant funds for certain soft costs that were incurred before loan closing (legal, title, architect, etc). Harris County does not have that flexibility. HCDD will not fund operating costs. Also note that no construction work can be done on a site between application and closing.

Q. Without having to demonstrate site control, what would a developer actually submit?

A. Evidence that the site is for sale; price; correspondence between the developer and owner regarding the purchase of the site; preliminary site plan; preliminary schematics.

Q. What if we are looking at several sites in a specific area, and we don't know which one we will end up getting?

A. Provide the same information as above – specific location of each site, evidence of communication regarding a purchase, price, etc.

Q. Related to operating proforma, are supportive service expenses to be paid by the development or are operating funds available to owners?

A. The developer is expected to pay for social services that are typical of an affordable rental property. For those applicants that choose to use the social services related to Permanent Supportive Housing provided by the City, these expenses will be paid directly to the service provider from the City's Health and Human Services Department. There should be no additional expense to the property owner.

Q. Will tenants have to pay for services, or copayments, out of pocket?

A. No. The Memorandum of Understanding between the owner and the service provider should identify the services that will be provided, and should require that the provider bill all available sources before submitting a payment request to the City's HHS department. Remember that a tenant must have an income before they will be responsible for a copayment. There may be some medical services that will require a copayment, but the case worker will work directly with the tenant and the service providers to make this work.

Q. Does the City have a certain number of developments they want to fund, or alternatively a certain number of units?

A. The remaining number of new units to construct in order to achieve the Mayor's goal is in flux, as units are also being added to existing properties. The number is currently between 250 and 300 new units, and a minimum of 25 PSH units for each property is considered best practice.

Note that, while the department's first priority is housing the homeless and the second priority is revitalization in the CRAs, HCDD, will consider other applications. Therefore you are encouraged to apply even if you cannot provide PSH.

Q. What is an example of a use of CDBG?

A. Typically CDBG housing dollars are used for rehabilitation and reconstruction. HCDD is also researching the possible use of CDBG for acquisition. It appears that this is only possible through a non-profit or governmental entity.

Q. Can the City post a more detailed CRA map?

A. A more detailed map has been posted to HCDD's website.

Q. Can two financing structures be presented for one site? i.e. 4% HTC and 9% HTC?

A. Yes. Be sure to show all anticipated funding sources for each scenario.

Q. To what extent should we provide a full market study if proposing 100% PSH?

A. In lieu of a full market study, provide basic demographic data (the County's application contains a suggested list). Tell us why you believe your location is favorable for the project, and why a market study may not be relevant. The panel is not going to deny an application just because it does not have a market study. If you are serving a specific population, be sure to show the need for that service.

Q. There are conflicts in copies due for City and County, please clarify

A. Please provide two originals, two copies, and two electronic copies of each application.

Q. How do we hear back about HA voucher allocation? How many are provided?

A. The Houston Housing Authority has made 1,000 Project Based Vouchers available for PSH units. To date they have awarded approximately 400 vouchers. An application must be made directly to the HHA. Typically HHA will contact an applicant of an award by phone, followed by a formal letter.

Q. Can commitments be given subject to City Council approval?

A. HCDD can issue a conditional commitment, subject to environmental clearance, council approval, and other criteria, if the department is moving toward committing funds toward the project.

Q. Any experience with mixed income developments?

A. The department encourages mixed income and mixed use developments. With the recent increase in market rental rates, it is becoming more financially feasible to combine market rate units with affordable units. HCDD has not completed this type of property to date, although all but one of the Disaster Recovery projects in which the department is participating will have a mix of incomes.

Q. HCDD deadline: can we (illegible) application cut-off date to 1/30/15?

A. No. The HCDD schedule is based on the department's requirements.

Q. Our project is in the County where the availability and access to supportive services is scattered. So, would this hinder my possibility of being approved for a Grant? We are a small CDC in a revitalization area.

A. No, it will not hinder your application.

Q. Is the County prioritizing its funds in the County, and is the HHA prioritizing its vouchers in the City?

A. HHA's jurisdiction extends 5 miles outside the City's boundaries. The County is working with the City to determine the best projects to be funded, so it is not giving a higher priority to projects located outside the City limits.

Q. Is there a minimum number of PSH units required?

A. The department believes that a minimum of 25 units is ideal to support the expense of one on-site case manager.

Q. Are you using Community Health Workers to navigate social services for clients?

A. PSH service providers include a combination of Community Health Workers, Case Managers, Nurses, Doctors, and others.

Q. Regarding the HCDD timeline: will you accept applications after application deadline, but give them a lower priority?

A. No

Q. How do you explain PSH to the neighborhood groups?

A. There are resources available on CSH.org, and an FAQ sheet on a local PSH development can be found at <http://www.harriscountytexas.gov/CmpDocuments/103/EHC/EHC%20FAQ%20July%202013.pdf>. Other groups have held charrettes or informational fairs that get the community engaged in the process. There is also some funding available through CSH/Coalition for the Homeless to help you engage the community (bus tours, etc), We don't have a process yet to access these funds but more information will be available in January 2015. Strong architectural design has been found to be helpful, and getting the community engaged in the design is very helpful. Finally, Mandy Chapman-Semple, the Mayor's Special Assistant for Homelessness can provide guidance. Mandy can be contacted at [mandy.semples@houston.gov](mailto:mandy.semples@houston.gov).

Q. Income restrictions (illegible)? 20% @ 50%, Low HOME, High HOME, 30% units?

A. The income restrictions are spelled out in the RFP. In general, the number of units restricted when using HOME funds is equal to the proportion of HOME funds to the total project cost. Those units will be restricted to tenants earning less than 60% AMI, and will carry High HOME rents. In addition, 20% of those restricted units will be further limited to tenants earning less than 50% AMI, and will carry Low HOME rents. HCDD does not restrict any units to 30% AMI, although tax credit equity frequently comes with these restrictions.

Q. Does the site need Fair Housing clearance from HUD?

A. HCDD and/or HCCSD will conduct a Site and Neighborhood review of each site (information is provided in the RFP). If applying for vouchers, HHA will also conduct a site review, which can be more stringent than the City/County requirements for new construction. There is a “safe harbor” for Site & Neighborhood review within areas that are identified as revitalization areas, such as our CRAs.

Q. Any remaining Disaster Recovery Funds?

A. No except the previously mentioned single family rental program which is under development

Q. Timeline for Revitalization NOFA?

A. Same as the PSH timeline – see the workshop slides

Q. What happens when the units are allocated but the City’s Coordinated Access System cannot provide tenants?

A. At this time, the number of chronically homeless citizens far out-strips the number of PSH units, so we don’t anticipate this happening. The loan documents include clauses that protect the developer in the event there are no referrals. Also, the vouchers will pay a percentage of the full rent when a unit is vacated.

Q. If projects are submitted in time, and subsequently an application is made for 9% LIHTC, how can we benefit from the City’s program?

A. HCDD will likely not be able to provide a firm commitment (meaning City Council approval) by the time the LIHTC applications are due, however a conditional commitment may be provided if the City intends to move forward toward committing funds for that project.

Q. NOFA and HHA programs require concurrent approvals?

A. The RFP for vouchers from the Housing Authority has application deadlines every two weeks through May.

Q. Any attempts to coordinate with 811?

A. HCDD has worked closely with the leadership and staff of TDHCA. In the QAP there are two options to score the 2 points for providing housing serving Tenants with Special Needs. (A) requires participation

in the 811 program. (B) is for applications that do not meet the requirements of (A) but have a set-aside for Persons with Special Needs. PSH falls under this category.

Q. How do HCV and PSH work together?

A. There are two types of Housing Choice Vouchers that work with PSH: Tenant Based and Project Based. Tenant based vouchers may be provided to some eligible individuals that are in line for assistance through Coordinated Access. The tenant may use the voucher in a unit of his/her choice and a rental assistance payment is paid to the landlord on behalf of the tenant. The second form of assistance is Project Based Vouchers which are made available by the Houston Housing Authority to developers or owners of property to provide a long term (usually 15 years) rental assistance contract to provide rental assistance to tenants in PSH units. Developers and Owners can apply for Project Based assistance or request a pre proposal briefing by contacting [purchasing@housingforhouston.com](mailto:purchasing@housingforhouston.com). The Solicitation is currently available at <http://www.housingforhouston.com/media/42420/rfp%2014-32.pdf>

Q. Do we need to include a copy of the HHA application in our HCDD/County application?

A. No. (please try to minimize paper use!) But we do expect the applicant to have begun discussions with the Housing Authority. HHA is represented on the committee that rates the applications.

Q. Are there any ADA requirements that are specific to PSH units?

A. No. The standard 5% for physical disabilities and 2% for visual and hearing disabilities still applies. However it is likely that a larger percentage of this tenant population will be disabled, so it may be helpful to make more than the required number of units adaptable in case they are needed.

Q. Will HCDD consider waiving the \$500 application fee to nonprofits?

A. HCDD requests a fee at application to ensure that your organization is committed to your project. However, those checks are generally not cashed. If there are mitigating circumstances that prohibit you from providing a check, let the department know in writing.

Q. Will HCDD and Harris County decide upon the amount each funding entity will contribute to projects, or must applicants request the funding in a specific amount from HCDD and County?

A. HCDD and HCCSD work collaboratively to determine project awards. If your project is within City limits, the County cannot provide funds without a significant contribution from the City, so in that instance a City application must accompany your County application.

Q. What are the specific issues with combining funds with 9% housing tax credits that developers have stated?

A. The issues for combining 9% HTC and City provided federal funds are generally the same year to year: The Qualified Allocation Plan (QAP) for TDHCA lists many ways to score points based on the jurisdiction's participation. See § 11.0 of the QAP published on the TDHCA website.

Q. What are the funding limits or ranges?

A. The RFPs spell out the different amounts of funding availability. We have not set specific limits or ranges, but the applicant must show that they intend and have the ability to raise other funds through conventional debt financing, equity contributions, Housing Tax Credits (4% or 9%), fundraising etc. In reviewing and comparing the applications, if all else is equal, then the project requiring the least City funding per unit (PSH or affordable) is more likely to be granted funding.

Q. What are the proposed multi-family projects noted with stars on the CRA map and what are the proposed scattered sites and have locations been identified?

A. The four stars represent the four multi-family projects that HCDD has identified as recipients of DR2 funds, and the red square represents a scattered site multi-family development receiving DR2 funds. (All sites have been identified for the scattered site project.) HCDD will have a single family rental program that will also receive DR2 funds, but the program has not yet been developed. A list of the multi-family DR2 finalists has been added to our website.

Q. As far as points, what are the differences in CRAs?

A. All CRAs have equal priority. As previously stated, the department prefers to see properties within the CRAs, but HCDD will evaluate each site on its merits. The points are just to see if the project passes the initial threshold.

Q. Will the state's (TDHCA) 9% tax credit requirement for HUD 811 units count as supportive housing units?

A. As stated above the PSH units will count for the same 2 points that 811 program participants may earn.

Q. Do you have a standard multifamily property with experience with the Coordinated Access System?

A. Yes, we have a number of existing properties with which we have negotiated master leases for groups of units that have been converted to PSH and are receiving tenants from the Coordinated Access System.

Q. Clarify that third party reports will be due by the 12/8/14 deadline?

A. We understand that these reports are costly. Send us what you currently have, and give us an estimate of when you expect updated or new reports. At a minimum we will need to see a current Property Condition Assessment for any rehab, and market data for new properties

Q. I am just following up regarding the Community Revitalization (CR) areas for the City of Houston. As we are now looking for sites for the 2015 tax credit cycle, we are inquiring about whether the City of Houston is planning to provide the required documentation for applicants to receive the CR points for 2015 tax credit applications. If so, do you have an update map showing the areas covered by the CR plan?

A. HCDD has every intention of providing the required documentation to receive CR points for the 2015 tax credit applications. After extensive meetings with TDHCA, there is agreement that the COH CRAs were developed in a manner consistent with the State's requirements for redevelopment areas. The

Department is working to identify and address any remaining steps and will keep the development community apprised of updates.

Q. What method should be taken in requesting certain exception to the RFP requirements? For example, if our project is for a specialized population and will be less than 25 units, how do we request a variance or waiver of that requirement?

A. Please note that the minimum is 64 units. However, applicants should provide a cover letter explaining any area where an application is inconsistent with the requirements in the RFP.

Q. The checklist states "Current Survey", would you be able to elaborate on this? I'm trying to determine what kind of timeframe the City is looking for the survey to have.

A. The survey needs to be recent enough to show any changes that have been made (buildings added or demolished). If you have an older survey that is still accurate, there is no need to have it updated for the application

Q. I am writing a business plan that focuses on providing permanent supportive housing with a built in social service support component. I attended the pre-bid workshop and received the handout. However in order for me to put together a factual business plan I am going to need further information and supporting references in order to accomplish primary and secondary research.

A. Your questions (not shown) indicate a scope that is not consistent with our RFP. The structure of your business is entirely up to you. We are seeking applications to develop or rehab multi-family housing properties. The application should provide the information that is specifically requested in the RFP. If you do not have commercial real estate development experience, we suggest you team up with an experienced developer who can provide guidance for you.

Q. To what entity should the check be made to for the \$500 application fee?

A. Your application fee should be payable to the City of Houston.

Q. How do you want the board of directors represented in the Affidavit for Control? I usually attach a list for our other city contracts

A. For the affidavit of ownership or control, please attach a list of the officers of the board that includes their full names, position on board, home address, home phone number, business address, and business phone number.

Q. We have more board members than the fair campaign ordinance form allows. How would you like those that do not fit listed?

A. Please add another page for additional board members or attach a list.

Q. On the intro page - what is the date of analysis and should the address be the project address or business address?

A. The analysis date is the date you complete the spreadsheet. Address is for the Project

Q. Is there anything we can submit for a temporary appraisal?

A. Other indications of value besides an appraisal would be a Broker's opinion, or an executed purchase contract

Q. Is there anything we can submit for a temporary environmental?

A. Environmental review is the first step in our underwriting process, once a project passes the initial threshold. It is also a critical step in a buyer's due diligence of a potential site. You can provide an outdated environmental report, but an update will be required before we can move forward in considering a project

Q. Do you want the developer's audits also?

A. Yes, we need audited financial statements from the developer

Q. Is there a family multifamily developer that is familiar with the Coordinated Access System that i can talk to? Promised during the meeting

A. The two providers who are currently in development of family PSH are New Hope Housing and The Women's Home. Houston Area Community Services also has permanent supportive housing and has had some experience with the coordinated access system. Many of our family providers are just starting to use the coordinated access system. The system will expand to include more family providers in March 2015. Mandy Chapman-Semple can provide you with additional information ([mandy.semples@houstontx.gov](mailto:mandy.semples@houstontx.gov))

Q. My company has been contacted to prepare a Phase I ESA pursuant to the environmental requirements for the City of Houston Affordable Rental Housing Request for Proposals (attached). What guidance documents should we follow for the additional environmental topics beyond the ASTM E1527-13 Standard (i.e. floodplain, wetlands, coastal zone)?

A. The only thing that would be recommended beyond the ASTM E1527-13 is to place language in the Phase I ESA addressing whether there are: 1) any possible wetlands, and 2) endangered species habitats (federal and state) on the subject property, and whether any further testing is recommended.

For any project where rehab is involved, the Phase I ESA should take into account whether lead paint or asbestos may be present at the subject property, and whether there is any evidence of toxic mold. Testing would be recommended only if lead paint, asbestos, or mold appeared to be potentially present.

Q. Can I submit the same deal for both the SH and Reconstruction/Renovation RFP's? If so, can I make one submission to address both?

A. Yes, and the PSH application will work best for responding to both RFPs. Include a note in your cover letter requesting that your project be considered for both RFPs.