

RFP QUESTIONS AND ANSWERS

1. What is the minimum number of units required to be considered?

Developments involving new construction or rehabilitation will include a minimum of 64 units (this amount may be reduced at the Director's discretion).

2. Do you know of any properties or sites that are candidates for acquisition and redevelopment? And do you know of any firms that have a site and are interested in having a joint venture partner?

We do not identify sites for our developers. If you would like to find a joint venture partner, you might consider contacting some tax credit developers (tax credit applications are on the TDHCA website).

3. Page 1, **Part 1. Overview** lists the departments priorities by bullet point. Bullet point 2 refers to "New construction or renovation in High Opportunity Areas." Is there a map similar to Exhibit A referenced in the bullet point above that defines "High Opportunity Areas?"

A High Opportunity Area is one in which there is NO concentration of poverty and NO racial concentration. There are no defined areas in Houston, as the definition depends on census tract data. For guidance, read the HUD Site and Neighborhood requirements at 24 CFR 983.57 (e) and 983.6(b). The TDHCA 2015 QAP includes the following language which also may be helpful:

(4) Opportunity Index. The Department may refer to locations qualifying for points under this scoring item as high opportunity areas in some materials. (A) For Developments located in an Urban Area, if the proposed Development Site is located within a census tract that has a poverty rate below 15 percent for Individuals (or 35 percent for Developments in Regions 11 and 13), an Application may qualify to receive up to seven (7) points upon meeting the additional requirements in clauses (i) - (iv) of this subparagraph. The Department will base poverty rate on data from the five (5) year American Community Survey. (i) the Development targets the general population or Supportive Housing, the Development Site is located in a census tract with income in the top quartile of median household income for the county or MSA as applicable, and the Development Site is in the attendance zone of an elementary school that has a Met Standard rating and has achieved a 77 or greater on index 1 of the performance index, related to student achievement (7 points); (ii) the Development targets the general population or Supportive Housing, the Development Site is located in a census tract with income in the second quartile of median household income for the county or MSA as applicable, and the Development Site is in the attendance zone of an elementary school that has a Met Standard rating and has achieved a 77 or greater on index 1 of the performance index, related to student achievement (5 points); (iii) any Development, regardless of population served, if the Development Site is located in a census tract with income in the top quartile of median household income for the county or MSA

as applicable (3 points); or (iv) any Development, regardless of population served, if the Development Site is located in a census tract with income in the top two quartiles of median household income for the county or MSA as applicable (1 point).

4. We would like to know what the suggested time period for option contracts on properties submitted in this funding request should consider per City of Houston Housing Department time tables. More specifically will the Housing staff be prepared to close in 90, 120 or 180 days following application submissions.

We cannot commit to a specific timetable, as it depends on a number of factors, including whether the project passes threshold, whether sufficient funds are available for the project, how ready the project is in terms of its other financing and its community support, etc. Our process is somewhat lengthy, as it includes extensive underwriting, legal document preparation and review, pre-approvals before taking to city council, and then city council approval. The longer option period would probably be preferable.

5. What is the definition of Permanent Supportive Housing?

A PSH unit is defined as an affordable rental housing unit that is linked to a range of support services that enables tenants, especially the chronically homeless, to live independently and participate in community life. In 2013, through point-in-time counts of our homeless population, it was estimated that on any given night in Houston 6,400 individuals were homeless. Of these, approximately 2,500 were considered chronically homeless. HUD's definition of a chronically homeless person is: "a homeless individual or head of household with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years." A disabling condition is defined as "a diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions."

These citizens frequently confront serious, persistent issues such as addiction or alcoholism, mental illness, HIV/AIDS, and other serious challenges to a successful life, and thus require a more substantial level of care in a supportive housing environment to return to housing stabilization. Permanent Supportive Housing is an evidence-based practice that has been proven to be the most successful intervention for chronically homeless persons. HUD has independently verified that more than 80% of tenants in Permanent Supportive Housing remain stably housed for more than one year.

6. In Part VI (page 3), it states that HCDD requires "demonstration of debt service coverage ratio of at least 1:1.10." In Part XI under Financial Analysis (page 14), it states "debt coverage above 1.20." Can you provide some guidance as to which DCR threshold is required? A 1.20 DCR requirement would reduce the amount of loan proceeds the project could qualify for under many FHA and conventional loan products.

Since our loan is typically in 2nd lien position, we only expect 1.10 DSCR

7. In Part XI (page 13) under Location Information, the RFP has "Letters of Support from community and legislative representatives." Are these letters required by the application due date? Scheduling a meeting with a legislative representative, and receiving a letter of support is difficult to do in a one month window.

If at all possible we would like to see an indication of support from the community. At the least, show evidence that you have had conversations with community leaders and/or your council member

8. In Part XI (page 13) under Project Information, the RFP requests "preliminary design plans and site plans." What is due at the application deadline? Can more detailed designs come in during the underwriting process?

We would like to see renderings and preliminary floor plans and site plan.

9. Can I have a general contractor work with me on this? I am not licensed, but my contractor will be.

As stated in the RFP, developers are expected to contract with a GC unless they have the capacity in-house, so yes you should work with a GC. I am not sure what type of licensing you are referring to.