THIS RFP HAS BEEN EXTENDED TO 4 PM FEBRUARY 15, 2013

Disaster Recovery Round II
Affordable Rental Housing
Request for Proposals (RFP)

CITY OF HOUSTON
HOUSING AND COMMUNITY DEVELOPMENT

HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT
601 Sawyer, 4th Floor• Houston, TX 77007•(713)868.8300

AFFORDABLE RENTAL HOUSING APPLICATION CHECKLIST

Applications to the Housing and Community Development Department consist of all of the following items submitted in a 3-ring binder, tabbed into seven (7) sections. Two additional hard copies and one electronic copy on disc or flash/jump drive are also required for submittal. USE THE PDF "BOOKMARK" FEATURE TO IDENTIFY EACH SECTION. Applications that do not contain all of the required information will be considered **ineligible**. If an item below is not applicable for your proposed project, please include a sheet in the appropriate section of the binder, explaining why it is not included.

Tab 1 ☐ Application Checklist

Tab 2 ☐ Exhibit A: Applicant Information

- ☐ **Attachment A-1**: Application Forms from HCDD website (7 pages total) including:
  - Agreements and Certification form signed by an officer of the Applicant
  - Indemnity Agreement
  - *Notarized* Affidavit of Ownership or Control
  - Form A: Fair Campaign Ordinance

Tab 3 ☐ Exhibit B: Organizational Information

- ☐ **Attachment B-1**: Articles of Incorporation or Partnership documents
- ☐ **Attachment B-2**: 501(c)(3) documentation (If applicable)
- ☐ **Attachment B-3**: Agency's organizational charts
- ☐ **Attachment B-4**: Project organizational charts
- ☐ **Attachment B-5**: Job Descriptions
- ☐ **Attachment B-6**: Resumes
- ☐ **Attachment B-7**: Explanations of Declaration of Principal Owners, Officers, & Directors
- ☐ **Attachment B-8**: Letters of Commitment
- ☐ **Attachment B-9**: 90 day line of working capital
- ☐ **Attachment B-10**: List of properties owned, managed, and/or developed

Tab 4 ☐ Exhibit C: Project Information

- ☐ **Attachment C-1**: Site Control Documentation
- ☐ **Attachment C-2**: Completed Appraisal (as-is & as-completed; conform w/URA guidelines)
- ☐ **Attachment C-3**: Completed Survey
- ☐ **Attachment C-4**: Relocation Plan
- ☐ **Attachment C-5**: Phase 1: Environmental Assessment (no attachments for hard copy)
- ☐ **Attachment C-6**: Property Condition Report (rehab)
- ☐ **Attachment C-7**: Market Survey
- ☐ **Attachment C-8**: Lead Based Paint Assessment (if built before 1978)
- ☐ **Attachment C-9**: Location Map of Proposed Project
- ☐ **Attachment C-10**: Photographs of Property and Surrounding Area
- ☐ **Attachment C-11**: Preliminary Scope of Work
- ☐ **Attachment C-12**: Design Plans
- ☐ **Attachment C-13**: Site Plans
- ☐ **Attachment C-14**: Cost Estimates and Architect's/Engineer's statement
- ☐ **Attachment C-15**: Three years actual operating statements
- ☐ **Attachment C-16**: Current Rent Roll
- ☐ **Attachment C-17**: Narrative Description of Project

Tab 5 ☐ Exhibit D: Project Compliance and Scope of Services

- ☐ **Attachment D-1**: Affirmative Marketing Plan
- ☐ **Attachment D-2**: Form of Lease, including TAA Addendum
- ☐ **Attachment D-3**: Tenant Selection Plan
- ☐ **Attachment D-4**: Lead-Based Paint Worksheet

Tab 6 ☐ Exhibit E: Financial Information

- ☐ **Attachment E-1**: Last 2 Years Audited Financial Statements and Tax Returns for all Principals and Guarantors
- ☐ **Attachment E-2**: Single Audit (If applicable)

Tab 7 ☐ Financial Analysis Worksheets (Excel): **Attachment 7**

- ☐ Sources and Uses
- ☐ Budget Summary
- ☐ Development Costs
- ☐ Income Calculations
- ☐ Rents and Income
- ☐ Operating Expenses
- ☐ Operating Proforma
- ☐ Financing Sources
- ☐ Custom Loans
- ☐ Supportive Services
- ☐ Gap Analysis
- ☐ Summary

Application Fee: $1,000
Please attach the application fee here.

Application/Title/Date: _____

Name of Project: _____

TIMELINE

RFP AVAILABLE TO THE PUBLIC	NOVEMBER 6, 2012
PRE-PROPOSAL WORKSHOP	NOVEMBER 15, 2012
SUBMISSION OF PROPOSALS – START DATE	NOVEMBER 16, 2012
DEADLINE FOR SUBMISSION OF WRITTEN QUESTIONS	~~DECEMBER 14, 2012~~FEBRUARY 4, 2013
RESPONSE TO WRITTEN QUESTION	EVERY THREE DAYS
PROPOSAL SUBMISSION DEADLINE	~~JANUARY 7~~ FEBRUARY 15, 2013
ANNOUNCEMENT OF FUNDING AWARDS	ON OR BEFORE ~~FEBRUARY 7~~ MARCH 15, 2013

CONTENTS

Part I. Overview—Partnerships Toward Neighborhood Revitalization **1**

Housing and Community Development Department and the Houston Housing Authority *1*

Developers *1*

Funding *2*

Application Threshold Requirements *3*

Definitions *3*

Part II. Focus of Activities **5**

CDBG National Objectives *5*

The City Vision for Development of Nodes of Opportunity *5*

Other Rental Activities *6*

Regulations & Guidance *6*

Part III. Eligible and Ineligible Applicants **6**

Part IV. Multifamily Development and Program Requirements **8**

Eligible Activities *8*

Program Requirements *8*

Geographic Targeting 8

Income Targeting 9

Minimum Property and Rehabilitation Standards 9

Environmental Review 9

Uniform Relocation Act 9

One for One Replacement 9

Development and Construction Requirements 10

Financing Terms and Loan/Grant Limits 13

Part V. Governing Provisions and Limitations **14**

PART VI. Application Submission Requirements **15**

The Application Forms (online): *15*

Application Format *15*

Application Delivery *16*

Part VII. Application Selection Criteria **16**

Qualifications (maximum 35 points) *17*

Site Control (maximum 10 points) *18*

Conceptual Development Plan (maximum 15 points) *18*

Income Mix (maximum 10 points) *18*

Conceptual Finance Plan/Sources and Uses (maximum 15 points) *18*

Preliminary Budget/Financial Feasibility/Pro Forma – (maximum 10 points) *18*

Development Schedule - (maximum 3 points) *18*

Community Input - (maximum 2 points) *19*

Qualifying Statements **19**

PART I. OVERVIEW—PARTNERSHIPS TOWARD NEIGHBORHOOD REVITALIZATION

HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT AND THE HOUSTON HOUSING AUTHORITY

The City of Houston's Housing and Community Development Department (HCDD) and The Houston Housing Authority (HHA) have both been tasked with meeting the multiple needs of the very low, low, and moderate income individuals in multifamily communities impacted by Hurricane Ike. The two agencies will be working closely together comparing applications submitted to each other's respective organizations, and may consider cooperatively financing each others' projects by the means available under their standard operating activities. The purpose of such collaboration and openness is to limit duplication of efforts and provide as much quality affordable housing stock as possible with the funds available.

DEVELOPERS

The Housing and Community Development Department (HCDD) continues to look to you, the community of developers, to address its expanded mission—not only to make Community Development an expanded focus of our housing activities, but to assist us in utilizing the 152 million dollars the City of Houston (City) anticipates receiving of funding under the Disaster Recovery Program; Hurricanes Ike and Dolly Round 2 (DRF) subject to execution of a Grant Agreement between the General Land Office of the State of Texas and The City of Houston. The vision is to utilize DRF and other City resources to seed the revitalization of several of the City's historically underserved neighborhoods. In the past, HCDD's Multifamily (MF) Group has distributed funds to nonprofit and for-profit entities to address the needs of the City of Houston (the City) for quality, safe, affordable housing for its low and moderate income residents. Through this RFP, the MF Group is looking to use its resources to revitalize neighborhoods affected by Hurricane Ike and to leverage these resources to improve the lives of the residents served. A key component of this approach is to extend the reach of fair housing choices within our communities.

This Request for Proposal is seeking Applications which exhibit creative ways to expand HCDD's effectiveness with the $47,733,300 available for multifamily development in reaching the goals of improving both the housing stock of the City of Houston's affordable housing and accomplishing deep and profound revitalization in the neighborhoods in which the housing stock is located. Our priorities include revitalization of neighborhoods in the Neighborhoods of Opportunity (as defined below and identified on the map as attached hereto Exhibit "A") by way of investment in comprehensive development plans that integrate housing for Low to Moderate Income individuals (as defined below) into these plans. A robust and extensive community participation process resulted in the identification of the Nodes of Opportunity identified herein. Applicants should attempt to offer development projects within such Nodes. However, to the extent that economically feasible sites and projects are not found in such Nodes, HCDD will entertain other options proffered by Applicants to accomplish comprehensive revitalization. The housing product can consist of mixed-use, transit oriented development, mixed-income, new construction, reconstruction or rehabilitation of existing multifamily housing properties in conjunction with Nodes of Opportunity. In accordance with Community Development Block Grant (CDBG) Regulations, no less than 51% of the units funded must be reserved for households that make no more than 80% of Area Median Income, and those units may float (Floating Units) within the property. However, in analyzing product mixes, the City is charged with investing in housing proportionate to the impact that the storm inflicted on the various individuals that fall within

the three income categories that fall below 80% of Area Median Income as defined by HUD. We have included information below to assist the applicants in making determinations about the individuals and income categories that proposed development should assist. Exhibit "D" provides rent and income levels for further assistance in the development of a Project *pro forma*. HCDD understands that there are myriad economic, financial, and operational nuances to all these development aspects. So, while HCDD strongly prefers to see as many of these aspects integrated into a single master development plan, proposals that only contemplate certain aspects into a plan will not be excluded from consideration.

Leveraging the Disaster Recovery Funds (DRF) offered through the City is key to the ultimate success of these projects. HCDD has developed a close working relationship with the Low Income Housing Tax Credits (LIHTC) program administered by the Texas Department of Housing and Community Affairs (TDHCA) as a frequent source of leverage. Additionally, utilization of conventional debt and equity financing, foundation grants, cooperation with Tax Increment Reinvestment Zones (TIRZ) and Municipal Management Districts (a listing of these organizations is included as Exhibit C), and other non-City funds may be a source of leverage. The City itself will also consider other forms of financing for economic development that it has at its disposal including, but not limited to, 380 Agreements, Tax Abatements, and Infrastructure to incentivize revitalization. Whether DRF or City funds, they shall be used only to provide gap financing that is not otherwise available from other sources. No project will be funded 100% through the City. Additionally, alliances with agencies which provide supportive services are strongly encouraged.

FUNDING

The City has submitted an application for DRF to the General Land Office of the State of Texas (GLO) for the full amount of funding reserved to the City of Houston in the following categories:

Table 1. Estimated HCDD DRF Grant Amounts

Activity	**Amount**
General Housing	$112,636,107
Single-Family Rental Housing	$6,398,012
Other Rental Housing	$6,427,661
Subsidized Housing	$26,753,785
Total	**$152,215,565**

HCDD is revising the current Needs Assessment which will identify the impact that Hurricane Ike had on certain populations based on LMI economic group, and will make every feasible effort to provide funding in accordance with the percentages of those populations which were affected. However, since HCDD does not have those percentages available, we request that Applicants provide development options that would yield true Mixed-Income Housing.. At the time that the Needs Assessment is completed, HCDD will notify prospective applicants and publish it for public view on HCDD's web site. The populations that will be addressed in the Needs Assessment are:

- Very low income: households with annual income up to 30% of the AMI adjusted for family size
- Low income: households with annual income between 31% and 50% of the AMI, adjusted for family size
- Moderate income: households with annual income between 51% and 80% of the AMI, adjusted for family size

APPLICATION THRESHOLD REQUIREMENTS

An Application must be substantially complete and should be signed by the same person who will execute documents on behalf of the Borrower before the Department can consider it. At a minimum, the following threshold requirements must be met for initial consideration.

1. Applicants must complete all of the required fields in the electronic Application available for download.
2. Attachment A-1: Application Forms from the HCDD website
3. Attachment B-1: applicable business organization and creation documents such as Articles of Incorporation or Certificates of Formation, including but not limited to Corporate, Limited Liability Company or Partnership documents of Applicant or Borrower (if formed)
4. Attachment B-2: 501(c)(3) documentation (if applicable)
5. Attachment B-3: Applicant's organizational chart(s)
6. Attachment B-4: Project organizational chart
7. Attachment B-7: Explanations of Declarations of Principal Owners, Officers, and Directors
8. Attachment B-8: Letters of Commitment (other sources of financing, if available)
9. Attachment B-10: List of Properties Owned and/or Managed
10. Attachment C-1: Documentation of Site Control
11. Attachment C-9: Location Map of proposed Project
12. Attachment C-10: Photos of Project Site, if identified
13. Attachment C-13:Site Plan or Schematic of Land Use
14. Attachment C-17: Project Narrative
15. Attachment E-2: Single Audit (if applicable)
16. Sources and Uses (page from Exhibit E Spreadsheet)
17. Application Fee of $1,000

If an Application does not meet any of the Threshold Requirements, a deficiency letter will be sent. The Applicant will then have 10 business days to respond with all required information; otherwise the Application will be considered incomplete. Incomplete Applications will not be considered. *All other attachments and required information must be submitted before a commitment may be awarded.* HCDD reserves the right to waive any submission items except for those specified in the Threshold requirements.

DEFINITIONS

Affirmatively Further Fair Housing the civil rights requirement to do more than simply not discriminate, but to use grant programs to assist in ending discrimination and segregation. The HUD Office of Fair Housing and Equal Opportunity administers and enforces federal laws and establishes policies that make sure all Americans have equal access to the housing of their choice.

Applicant person(s) representing the entity applying for the funds in this Request for Proposal including of team members

Application Package of information described in this RFP that will be provided to HCDD by Applicant

Borrower the person or entity (Applicant) who submitted an Application and will be awarded funding in the form of a performance based loan

Declaration of Land Use Restrictions (LURA) the recorded documentation of the agreement of the recipient of federal funds to restrict certain units to households of certain income levels (compared to the Area Median Income)

Disaster Recovery Program; Hurricanes Ike and Dolly Round 2 (DRF) the approximately $152 million of funds appropriated by the Federal Government to be used for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization anticipated to be allocated to the City of Houston.

Floating Units and Fixed Units under the LURA, restricted units may be specified (fixed) or may be allowed to vary or move throughout the property (floating)

Guarantor Individual(s) that will provide the personal guarantee(s) on behalf of the Borrower which is described in *Part IV. Financing Terms and Loan Limits* of this RFP

Housing and Community Development Department (HCDD) a department of the City of Houston whose primary objective is to provide decent housing, create a suitable living environment and expand economic opportunities, principally for low and moderate income persons. The department manages and administers both federal and non-federal funds earmarked for the development of viable urban communities.

Houston-Galveston Area Council (H-GAC) a region-wide voluntary association of local governments in the 13 county Gulf Coast Planning region of Texas.

Houston Housing Authority (HHA) created by the Houston City Council in 1938 in response to federal legislation (U.S. Housing Act of 1937) to create public housing, HHA is independent of city government, with a Board of Commissioners appointed by the Mayor. Today HHA serves over 60,000 low-income Houstonians, through the Housing Choice Voucher Program (Section 8) and in its 25 public housing and tax credit developments.

Low to Moderate Income Households households whose total annual gross income does not exceed 80% of the Area Median Income (AMI) adjusted for family size.

Very low income: households with annual income up to 30% of the AMI adjusted for family size

Low income: households with annual income between 31% and 50% of the AMI, adjusted for family size

Moderate income: households with annual income between 51% and 80% of the AMI, adjusted for family size.

Mixed-Income Housing a development which includes housing with and without income restrictions and which includes market rate as well as affordable units.

Mixed-Use Development a development which includes two or more real estate uses (e.g. housing and retail, or social services, commercial parking and housing).

Needs Assessment HCDD is charged with producing a Needs Assessment which analyzes the damage and resulting impact that Hurricane Ike had on specific segments of the population as they are defined by LMI economic group. The results of this Needs Assessment may influence funding awards for Projects, but to what degree has yet to be determined.

Neighborhoods of Opportunity (Neighborhoods) those areas of the City of Houston identified for revitalization based upon Hurricane Ike and Dolly damage, and demographic factors. See Exhibit A - *Neighborhoods of Opportunity for Disaster Recovery Round II.*

Nodes of Opportunity (Node) Those areas within the Neighborhoods of Opportunity which have been identified through community input as particular nodes where revitalization is most needed or promising. See Exhibit B.

Performance Based Loan (Loan Agreement) a zero percent interest loan for a minimum of 10 years which is forgiven if the Borrower performs all requirements in all years of the loan.

Project The development and/or construction project that is funded by the City and the subject of the Loan Agreement.

Project Completion achieved once the entire scope of work for the construction Project is complete, buildings are approved for occupancy as evidenced by Certificates of Occupancy or Compliance, architect has signed off that the project is complete, no construction related liens exist 30 days after completion of construction, and construction retainage has been released (additional requirements may be added at a later date)

Reconstruction consists of the demolition of a structure(s) and building of housing units where the removal may qualify as removal of slum and blight.

Rehabilitation repair or restoration of housing units in the hurricane-impacted areas. Includes new or refurbished major components of the property, structures, individual units and amenities. Scope of Work might include siding, roofs, paint, pools, parking lots, fences, landscape, playgrounds, mechanical, plumbing and electrical systems, flooring, sheetrock, windows and appliances. Energy Star rated systems and appliances are encouraged.

Single Family Rental Housing (SFRH) to be further defined in discussions with GLO. See discussion in Part II, below.

Special Needs Population(s) Those persons whose housing needs cannot be met by open market financing because it is unavailable or infeasible without public or private foundation support. This includes, but is not limited to, senior citizens, persons with disabilities, larger families (requiring 3 and 4 bedrooms), homeless (for

both transitional and permanent facilities), veterans, and single room occupancy facilities. Special Needs projects must consist of a minimum of 12 units on a single site.
Transit Oriented Development (TOD) within a one-half mile walking distance to one of Houston's light-rail train stops.

PART II. FOCUS OF ACTIVITIES

CDBG NATIONAL OBJECTIVES

DRF is part of the Community Development Block Grant (CDBG) funding. The national objectives of the CDBG program are to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low and moderate-income people. Federal regulations require that CDBG funds be used for projects that meet one of the National Objectives of the CDBG program and the eligible activity criteria. This DRF program will only consider Applications for projects that meet the CDBG National Objectives #1 and #2. Projects that fail to meet the applicable tests will NOT BE considered for funding.

1. To benefit low and moderate income persons
2. To aid in the prevention or elimination of slums or blight

The City of Houston's Housing and Community Development Department has $47,733,300 of DRF available for Multifamily housing, after accounting for administrative and project delivery costs associated with implementing the program (See Table 1). This funding can be applied towards the **acquisition, rehabilitation, reconstruction and/or new construction** of affordable multifamily rental housing. Costs may also include the clearing, demolition and removal, and site work for development of multifamily properties. HCDD may not commit its full allocation to only one project, and may elect to distribute the funds amongst several proposals to provide the greatest amount of housing choice within the Neighborhoods of Opportunity (Neighborhoods).

THE CITY VISION FOR DEVELOPMENT OF NODES OF OPPORTUNITY

A Node of Opportunity (Node) is an area where Low to Moderate income individuals will benefit from a sustained level of public and private investments that produce neighborhood amenities, infrastructure improvements and other "services" and housing choice not typically found in neighborhoods where Low to Moderate individuals can afford to reside. Overtime, it is anticipated that these neighborhood Nodes will become vibrant, stable, economically and racially integrated communities where people of different income and ethnic backgrounds will choose to live and do business. As mentioned previously, this may be accomplished through multiple strategies including the creation of Nodes by way of Mixed-Use or Transit Oriented Development that encompasses Mixed-Income Housing components along with other "services" such as retail, grocery store, medical services (minor emergency or a pharmacy), bank, green space, amenities appropriate to the target individuals, school(s), and transportation integrated into the development or in close proximity (one mile radius). Creation of a Node could also mean locating an area that has the commercial and public components of a Node but needs new or rehabilitated multifamily properties to facilitate Mixed-Income Housing. A Node should also include sites for the development of Single Family housing or potential redevelopment of existing Single Family neighborhoods. A key objective in these Nodes of Opportunity is to **affirmatively further fair housing** by transforming these communities into neighborhoods which provide a high quality of life, and which **avoid the negative results of gentrification by preserving or creating high quality affordable housing in these locations**.

Through various sources and community contacts, HCDD has received valuable input which has identified potential Nodes (Exhibit B). While a Project is not required to be located in one of these Nodes, they are being provided here to assist Applicants in locating sites for development and favorable consideration will be given to Projects proposed in such areas.

Other Rental Activities

The Department shall propose to combine the *Other Rental Housing* and *Single Family Rental* set-aside funds to dedicate $12,825,673 of DRF to pilot a robust single-family rental affordable housing program in the City of Houston. It is important to note, the Guidelines established by the State of Texas Disaster Recovery program are limited regarding the provision of single-family rental housing. HCDD shall collaborate with stakeholders on proposing alternative models of single-family rental that will address the needs of large families and those with a family member having a disability. The Department welcomes the input from the Developers who may elect to incorporate the single-family rental housing into their development plans and access a portion of this funding. Alternatively, Applicants may submit an Application for a single-family rental housing development that meets the intent of the program within the Neighborhoods. Proposed single-family rental housing projects of 25 units or more is preferred.

Regulations & Guidance

Applicants must comply with all pertinent city, state, and federal regulations as described herein and provided in the Loan Agreement. These regulations include, but are not limited to:

- Community Development Block Grant Regulations (*24 CFR Part 570*)
- Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973 (*29 U.S.C. Section 794) (24 CFR Parts 8-9)*; Texas Administrative Code, Title 10, Chapter 60, Subchapter (B)
- Davis-Bacon and Related Acts and Copeland Anti-Kickback Act
- Fair Labor Standards Act (*29 CFR Part 5*)
- Fair Housing (*24 CFR Parts 100-115*)
- Conflict of Interest Requirements (*24 CFR 92.356(f)*)
- Economic Opportunities for Low and Very Low Income Persons - Section 3 (*24 CFR Part 135*) as defined by the City of Houston Housing and Community Development Department's Policy and Procedures
- Environmental Requirements (*24 CFR Part 58*)
- Lead Safe Housing Rule (*24 CFR Part 35*)
- Uniform Relocation Act (*49 CFR Part 24*)
- HCDD's Minimum Property Standards for Multifamily Facilities

Part III. Eligible and Ineligible Applicants

An Applicant may be a for-profit or nonprofit entity, or a joint venture of one or more entities, with documented capacity to plan, develop and construct new, rehabilitate or otherwise undertake the necessary housing development activities discussed herein. Applicants must demonstrate the ability to effectively operate multifamily housing and/or a single family rental housing development. Operations may be conducted either in house or through a third party management firm. Applicants need not own the property at the time of Application, but those having ownership or a binding contract to purchase the property will be given higher priority.

The City of Houston will designate the selected Applicant(s) as Developer(s) as the term is defined under the Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) regulations.

Applicants and Applicants' team members must be in good standing with HCDD on all previous grants, loans, or loan commitments. All internal key staff and consultants/partners at the time of application must be identified.

- There may be no defaults or negative collection actions.
- Any Developer or general contractor who is on the federal, state, county or city debarment list will not be allowed to participate.
- Neither developers nor contractors with management or compliance issues outstanding with HCDD will be allowed to participate.

Applicants must provide a complete listing with addresses of multifamily properties currently owned or managed, and recently owned or managed (during the past 5 years).

- These addresses will be cross-checked with the City's Neighborhood Protection Service and the Forfeiture Abatement and Seizure Team (FAST). Applicants with excessive or unpaid nuisance citations will be ineligible to participate in this program.
- Furthermore, the City will perform background checks and seek references from other lenders, partners, or public agencies with whom the Applicant has recently done business.
- Applicant must be current in all financial obligations with the City, including taxes. The City will not fund an organization or agency with uncured outstanding disallowed costs, defaulted loans, debarment actions or any other relevant legal encumbrances, regardless of the merits of the submitted proposal.
- Developers with current HCDD Agreements must have successfully met all contract milestones and thresholds as of the date of Application, in order to be eligible for additional HCDD funding.
- Applicant must disclose any notice of default it has received together with actual defaults or bankruptcies that have occurred in the last 10 years for any property for which the Applicant or any principals of the Applicant organization have been involved, whether or not the property included an investment of government funds.

Successful Applicants must demonstrate the ability and experience to plan and implement a comprehensive development project which serves as a catalyst to revitalization and incorporates Mixed Income Housing.

If the Applicant is a nonprofit and an Audit Certification by the Office of Management and Budget is due, it must be current. Financial Statements of all Applicants and guarantors are required as well.

Applicant organization must certify that it operates a drug free environment.

Applicant organization must certify that it complies with the Americans with Disabilities Act of 1990 (ADA), as amended (P.L. 110-325).

Fees paid to related parties must be fully disclosed at the time of Application. Fees must be customary and commercially reasonable, as determined by the City in its sole discretion.

PART IV. MULTIFAMILY DEVELOPMENT AND PROGRAM REQUIREMENTS

ELIGIBLE ACTIVITIES

For the DRF Application, HCDD has defined City priorities for multifamily housing to include new construction, substantial rehabilitation, reconstruction, special needs populations, and Transit Oriented Development. **HCDD strongly desires that all such development be mixed-income including a market-rate component. HCDD recognizes that to realize such economic diversity in a manner that is economically viable, the City will likely be required to provide deeper subsidies than has traditionally been provided to developments that are 100% affordable.** Mixed-use developments are also encouraged. All activities funded must be within the boundaries of the Houston City Limits and in or immediately proximate to one of the four targeted Neighborhoods of Opportunity. Below is a list of activities which are eligible for funding that may be included in your proposal:

- ***Multifamily rental housing projects of at least 64 units located on a single site***
- ***Acquisition of multifamily properties or land for multifamily properties*** which will serve some or all of the very low, low, and moderate income category households.
- ***Demolition as part of rehabilitation and/or reconstruction*** which will serve to reduce density, if appropriate, making the property more manageable and safer.
- ***Mixed-income Housing*** which incorporates various LMI economic groups and market-rate residents within the same housing complex.
- ***Mixed-use development*** DRF will be available to fund the residential portion, only.
- ***New construction*** While CDBG funds may generally not be used for new construction, under this DR2 program these funds may be used for new construction.
- ***Rehabilitation*** of multifamily properties of a minimum of 64 units
- ***Reconstruction*** of multifamily properties of a minimum of 64 units
- ***Single family rental housing (SFRH)*** including any eligible activities which will increase or enhance the pool of single family rental housing
- Housing for ***Special Needs populations*** including persons with disabilities, seniors, larger families (requiring 3 and 4 bedrooms), homeless (both transitional and permanent), veterans, and persons for whom single room occupancy facilities are most appropriate. A minimum of 12 units is required for projects that will serve Special Needs populations.
- Any rental development activity that falls outside of the Neighborhoods of Opportunity but which otherwise meets criteria described in this RFP and serves to ***Affirmatively Further Fair Housing.*** Applications for Projects which fall outside the Neighborhoods will only be considered once it has become apparent that there are not an adequate number of acceptable Applications to exhaust all available funding.

No part of the improvements on the property may be located within the 100-year flood plain as identified on the most current Federal Emergency Management Agency Flood Maps. Any portion of a property located within the 100-year flood plain must be demolished and remain undeveloped.

PROGRAM REQUIREMENTS

GEOGRAPHIC TARGETING

Proposed Projects must be within or immediately proximate to one of the four targeted Neighborhoods of Opportunity as identified on the attached map (Exhibit A).

Income Targeting

All activities must benefit some portion of very low, low, and moderate income households. Applicants must demonstrate their plans to affirmatively market their units to diverse populations with the goal of encouraging racial and economic integration to the maximum extent feasible and legally permissible.

Minimum Property and Rehabilitation Standards

Applicant will perform all multifamily construction activities in accordance with HCDD's Minimum Property Standards for Multifamily Facilities. These standards are posted on the HCDD website at: http://www.houstontx.gov/housing/pdf/multifamilyminimumstandards.pdf

Federal Housing Quality Standards (HQS) will also apply.

Environmental Review

Once an Application has been received by HCDD, internal staff must review for compliance with all federal environmental regulations as explained in *24 CFR Part 58*, and approval from HUD must be granted to receive funding. During this review period, neither an Applicant nor any participant in the development process, including public or private nonprofit or for-profit entities or any of their contractors, may commit or expend any funds, ***including non-HUD funds***, or commence substantial construction activities on the site.

Rehabilitation of any buildings built before 1978, must comply with *federal lead-based paint* requirements including lead screening in accordance with *24 CFR Part 92.355* and *24 CFR Part 35, subparts A, B, J, K, M, and R*.

All properties must be free of contaminants/hazardous substances at levels that pose dangers to users of the property or conflict with the intended purpose of the property as explained in *24 CFR 58.5(i)(2)(i)*. This includes, but is not limited to, toxic mold and asbestos. If there might be a concern that a property contains toxic mold or asbestos, the Borrower will be responsible for the testing and either the implementation of an O&M plan (operations and maintenance plan) or the abatement process (for which contractor must be a certified asbestos contractor).

Uniform Relocation Act

Borrowers must comply with the Uniform Relocation Act and Real Property Acquisition Policies Act of 1970 (URA) as amended, as well as the Housing and Community Development Policy and Procedure Manual. The URA requires that the owner of the property receiving federal funding must provide notices and assistance to tenants impacted by acquisition, demolition, and/or rehabilitation/reconstruction. HCDD staff will assist Borrowers in complying with the URA. Please provide the following documentation for all Acquisition, Demolition and Rehabilitation developments:

- Detailed Relocation Plan with fully executed Assurance Letter
- Detailed Budget for Relocation
- Notice to Real Property or Deed

Templates and the HCDD relocation policy may be found on the City website at: www.houstontx.gov/housing/multicompliance.html. - or in Handbook 1378 at the following web site: http://www.hud.gov/offices/pih/centers/sac/update1378.cfm

One for One Replacement

If the owner proposes to demolish units that are assisted with CDBG funds, these units must be replaced at the development site or within the assisted housing stock of the City of Houston at another site. HCDD will provide technical assistance to Borrowers who may plan to reduce density.

Development and Construction Requirements

Applicants must provide an architectural or engineering evaluation of any proposed major rehabilitation showing that the proposed improvements will extend the useful life of the property for at least 20 years.

Payment, Performance, and Maintenance Bonds

The general contractor retained by the Borrower to construct the Project shall furnish a payment and performance bond for the full amount of the construction contract conditioned upon the contractor's full performance of the construction contract. The general contractor shall also furnish a maintenance bond to secure the warranty required under the construction contract between the Applicant and the contractor.

Accessibility

All properties receiving City funds must be in compliance with *Section 504 of the Rehabilitation Act of 1973 (29 U.S.C Sec 794). Section 504* requires that all programs that are federally supported do not discriminate based upon handicap. HUD has established rules explaining Section 504 as it applies to housing. They are found in the *Code of Federal Regulations at 24 CFR Part 8*. *Section 504* requires that 5% of the units (or at least one unit) must be accessible to persons with physical disabilities. An additional 2% of units (at least one unit) must be accessible to persons with visual or hearing disabilities.

Covered multifamily dwellings, as defined at *Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) and 24 CFR Sec 100.201,* as well as common use facilities in developments with covered dwellings, must meet the design and construction requirements of *CFR Sec 100.205*, which implement the *Fair Housing Act (42 U.S.C. Sec 3601-3619)*. Additionally the project must comply with the *Architectural Barriers Act of 1968 (42 U.S.C. Sec. 4151 et seq.)*, including use of telecommunications device of deaf persons (TDDS) or an equally effective communication system.

Acquisitions for Rehabilitation

Rental units acquired for renovation must be inspected prior to Loan Closing and a Property Condition Assessment (PCA) *to ASTM Standards,* must be prepared for the department by a qualified, independent, third party acceptable to HCDD.

- The construction plans and budget must address the most critical issues addressed in the PCA prior to consideration by the City to fund any other aspects of the renovation.
- The construction of rehabilitated properties must extend the useful life of the property by at least 20 years.
- HCDD may utilize its own vendor or employees to verify information presented by the PCA in order to establish cost-reasonableness.

Construction Plans

Plans must state that the project complies with *HUD Housing Quality Standards (HQS) in 24 CFR 982.401*, City of Houston's *Minimum Property Standards* for building construction and rehabilitation (MPS), and applicable accessibility requirements.

Please see http://www.houstontx.gov/housing/pdf/multifamilyminimumstandards.pdf

Davis-Bacon and Related Acts/Labor Standards Provisions

HCDD anticipates that most developments selected will require compliance with the Davis-Bacon Labor standards. Applicants should take this into consideration when preparing the budget. Davis-Bacon and related acts require

that prevailing wage rates be paid to all construction laborers. Practically, under most conditions, this will mean weekly payment and submission of weekly payrolls of all contractors, and lower tier-subcontractors.

Minority Business Enterprises/Small Business Enterprises

When the City's allocation of funds to a given project is in excess of $1 million, good faith efforts must be made to provide for 14% MBE and 8% SBE participation from subcontractors registered with the City of Houston's Office of Business Opportunity. Historically Underutilized Business certifications issued to contractors by the State are not accepted for meeting the MBE/SBE requirement.

Section 3

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, and give preference in making selections for employment and contracting opportunities to low- or very-low-income residents. **in accordance with the City of Houston Housing and Community Development Department's Section 3 Program Policy and Procedures.**

Before construction may commence, the Borrower must complete a Section 3 Utilization Plan and submit it to the City for its reasonable approval. The City will make available to Applicants/Borrowers/contractors the Section 3 Utilization Plan format. The plan must include specific information including plans for hiring Section 3 eligible residents, engaging Section 3 certified businesses, a commitment to include the Utilization plan as part of all bids, and a real commitment to reach out to Section 3 residents and firms.

Goals for compliance with Section 3 include awarding, to the greatest extent feasible, 10% of construction related contracts/subcontracts and 3% of the total dollar amount of all other contracts (e.g. professional services) to Section 3 Certified companies. 30% of all new employment opportunities for individuals created as a result of a company working on a Section 3 covered project should be directed to Section 3 Certified individuals.

Please note, Section 3 also applies to work related to professional services (architects, engineers, inspectors, office staff, and the like) opportunities that may arise as the result of federal funding for a project. Applicant/Borrowers should refer to the City's Section 3 Database for a listing of eligible companies/individuals and consult with HCDD's Compliance and Monitoring Division to meet the Section 3 requirements for the professional services opportunities related to a project.

Please see http://www.houstontx.gov/housing/sec3.html for more information related to Section 3

Selection of General Contractor

Applicants must comply with all applicable federal, state and city procurement statutes, regulations and ordinances. The City of Houston is charged with making efforts to determine that Project costs are reasonable, and has three methods which we approve:

Bidding Process - The Borrower may choose to go through an open bidding process for selection of the General Contractor. The City has determined that by going through a bidding process in which at least three (3) responsive bidders submitted a bid, that the winning bid is presumed to be reasonable in the market due to the competitive nature of the bidding process.

Captive General Contractor - If the owner has the capacity to complete the construction work through a related entity as a captive general contractor, the City will pay for actual hard costs (and relocation costs) but ***will not***

pay for general contractor conditions, profit and overhead. If the construction costs are partially funded by a different federal or state program or other financing source for which general conditions, profit and overhead are eligible expenses, these costs may be paid out of the other program funds. A Cost Reasonableness Report will be ordered by the City to be performed by a third-party firm of its choosing to assess the reasonableness of the Applicant's internally produced budget.

Hand-picked General Contractor - The Borrower may select a General Contractor of their choosing without going through a bidding process. A Cost Reasonableness Report will be ordered by the City to be performed by a third-party firm of its choosing to assess the reasonableness of the budget.

Under almost all conditions a Guaranteed Maximum Price Contract will be required. All subcontracts must be bid and tabulated, and the lowest responsive bidder may be selected, if an explanation is provided to substantiate the decision not to select the absolute lowest bidder. The City will not fund any construction cost savings.

Please note, regardless of the method of selection of a General Contractor prior to award of contract, recipient must secure approval from the Compliance and Monitoring Division to ensure that the proposed contractor is cleared and eligible to perform work on project funded by federal grants.. Therefore, Recipient must submit the form (Request for Contractor Clearance) to Compliance and Monitoring Division and obtain approval for the proposed contactor prior to execution of a contract agreement.

Cost Overruns and Completion Guarantee

Borrowers must demonstrate the ability to fund cost overruns proving financial capacity, funding of a dedicated account or a letter of credit.

Construction Draws and Inspections

During construction, Borrower will allow a third party firm retained by the City to make site visits and review all necessary documentation that the third party firm feels is necessary in confirming the amount of work in place pursuant to each respective draw request. Borrowers will certify that each draw request is for actual costs expended and must provide documentation to support such costs, *including sub-contractor payment requests/invoices.* The City will only pay for work complete and substantiated by the third party firm.

Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. HCDD shall determine the reasonableness of each expenditure requested. *Any change in scope during the construction process must be approved reasonably in advance by HCDD.* HCDD may request Borrower to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of funds to Borrower as may be necessary or advisable for compliance with all program requirements.

The General Contractor and all subcontractors must be in compliance with the requirements of Davis-Bacon and Section 3 for a draw request to be funded. HCDD will not reduce a draw request amount nor fund a partial draw if any contractor whose payment is included in a draw is found to be out of compliance with these provisions, and the total amount of the draw request will go unfunded until all contractors are in compliance.

HCDD will retain 10% of each draw for all costs, including those that are typically categorized as soft costs, if soft costs are funded, until satisfactory completion of the Project.

Retainage will be held until a final inspection is completed and approval is issued by HCDD; labor standards final wage compliance report is completed; certificates of occupancy or compliance (whichever is applicable) are received from the City; the project architect provides a signed AIA G704 statement of completion; the property is free of all Materialmen's or Mechanic's Liens as evidenced by a Down Date Endorsement dated 30 days after the

completion of construction based on the date included on the AIA G702 form submitted for the construction draw request for 100% completion of the project; and any other reasonable requirements as may be deemed necessary by HUD, the GLO or the City.

The *final request for disbursement* must be submitted to the Department with the required supporting documentation no later than sixty (60) days after the termination date of the Construction Contract. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract.

FINANCING TERMS AND LOAN/GRANT LIMITS

- **Loan Amounts** Applicants should make a specific loan request to the City. The request should be the *difference between (a) the Applicant's equity plus commercially available debt or other capital contributions; and (b) the project costs.* As a policy, the City desires to provide adequate funding to each approved transaction to increase the availability of affordable units at approved standards without over-subsidizing the project or increasing the risk associated with too much leverage in a project.
- **Interest Rate** Zero Percent Performance Based Loan
- **Term** a minimum of 10 years to be determined by HCDD, forgivable if all covenants are met throughout the period of the loan.
- **Allowable construction period** shall not exceed 24 months and must be complete no later than October 1, 2015.
- Loan commitments are **not transferable**, except as noted below, and become due and payable in full in the event of noncompliance or default over the life of the agreement.
- **Personal Guarantee** Borrower(s) will provide a personal guarantee (Guarantor) for the total amount of the Loan Agreement until Project Completion. Upon completion, if the development is in compliance with applicable HUD requirements, personal liability of the guarantors will be released except for losses due to fraud, theft, failure to pay taxes, failure to maintain insurance and similar acts or omissions ("bad acts exceptions").
- **Affordability Covenants** Minimum of a 10-year Affordability Period associated with Loan will be required. A minimum of 51% of the units developed under this program are subject to affordability restrictions which limit renters' incomes based on levels of Adjusted Median Income (AMI) established annually by HUD and the data found in Exhibit D. Information on allowable income: http://www.huduser.org/portal/datasets/il/il10/index.html. Projects funded under this RFP, at a minimum, must meet CDBG program affordability standards and comply with the rental rates provided in Exhibit D. The City shall use the LURA and any other necessary instruments to maintain the affordability standards.
- **Financial monitoring** During the Affordability Period, HCDD will require submission of financial statements, review of lease related documentation, compliance with the approved Affirmative Marketing Plan, income certifications, review rent rates and utility allowances. Owners' records may be subject to review by agencies other than HCDD.
- **Property Monitoring** During the Affordability Period HCDD or other agencies may inspect the property for continued compliance with HQS, MPS and Accessibility.
- **Documentation** Documents as required by the City and its attorneys including without limitation, a loan agreement, deed of trust, promissory note, Uniform Commercial Code (UCC) financing statement, assignment of all contracts, leases and rents, and a recorded land use restriction agreement (LURA) will be required for every loan.
- **Land use restrictions** running with the land will be recorded in higher priority than any first lien made by a commercial financial institution, and will remain in force despite bankruptcy, sale or other adverse event.
    - Subordination agreements from existing lenders will be required.
    - Borrowers are advised to communicate with their commercial lenders about the higher priority of the land use restrictions for the required term.

- **No subsequent liens** Borrower will NOT be permitted to place subsequent liens against the property either with priority or subordinate to City's lien. No additional debt is allowed without prior written approval by the Director of HCDD.
- **Title Insurance** for the Loan and the LURA will be required and all policies will be paid for by the Borrower. Due to requirements to provide Title Insurance over the LURA, HCDD will decide upon the Title Insurance Company that will handle issuance of those policies and Closing. Applicant/Borrower agrees to unconditionally accept HCDD's decision.
- **Flood Insurance** as well as property insurance will be required in accordance with industry standards.
- **Subordination** HCDD is willing to subordinate the City Loan lien position to another lender's lien if required as a condition of that lender's loan commitment.
- **Nontransferable loan** Loans are not transferable, except those from a developer/owner/company entity as the Applicant to a Special Purpose Entity, as the Borrower, under similar control to that of the Applicant.

Any material changes to the project or the status of the Applicant/Borrower during underwriting, construction or during the Affordability Period must be reported in writing to the Department. Failure to do so may result in an immediate rejection of an Application or a Default under the Loan Agreement.

PART V. GOVERNING PROVISIONS AND LIMITATIONS

This RFP is a framework upon which requests may be submitted. The *Loan Agreement* will be negotiated and signed by the borrower before the Request for Council Action (RCA) is taken to City Council. All documents as required by the City and its attorneys including without limitation, the Deed of Trust, the Promissory Note, Uniform Commercial Code (UCC) Financing Statement, and Assignment of all contracts, leases and rents will be negotiated and presented as appendices to the Loan Agreement. Final documents will be executed prior to closing.

This Request for Proposals does not commit HCDD to award a contract, or to pay costs incurred in preparation of a proposal to this request. HCDD reserves the right to accept or reject any or all proposals to this request, or to negotiate with all qualified sources, or cancel in part, or in its entirety, the Request for Proposals, if it is in the best interest of HCDD. HCDD reserves the right to terminate any and all Applications for which Applicant(s) have offered any gratuities, favors, or anything of monetary value to any officer or employee of HCDD for the purpose of influencing favorable disposition toward its own proposal or any other proposal submitted hereunder. Furthermore HCDD may pursue any remedies under the law with respect to debarment or criminal or civil proceedings.

Oral explanations or instructions shall not be binding. HCDD may answer questions clarifying the Request for Proposals that are submitted in writing to Juanita Thomas at Juanita.Thomas@houstontx.gov. Any information or clarification provided to an Applicant concerning this RFP will be furnished to all prospective Applicants on HCDD's website.

All Applicants must agree to the following:

- Applicants may not transfer ownership of the asset throughout the affordability period without obtaining the express written consent of HCDD.
- Applicants will be required to assume full responsibility of all services, including that of any third-parties performing work on behalf of the Applicant.
- Obtain written approval for all news releases pertaining to any matter related to the selection of Projects.

- Expect that all materials furnished by an Applicant in its proposal shall become the property of HCDD and shall be considered public information.
- Applicant(s) shall not restrict or eliminate competition or otherwise restrain trade. HCDD may reject proposals for violation of this provision. This restriction does not preclude joint ventures or subcontracts so long as the Applicant can submit documentation that it complied with 24 CFR, Part 84 in the procurement of such contracts.
- HCDD's obligation hereunder depends upon availability of appropriated funds from HUD through the Texas General Land Office (GLO). No legal liability on HCDD for payment of any money shall arise unless and until HUD makes funds available to the HCDD through the GLO for this program and HCDD notifies successful Applicants of such allocation, in writing.
- HCDD reserves the right to request revisions to the scope of a Project, and HCDD should be made aware at the time of submission of the Application of any aspects of the Project which cannot be changed.

HCDD will complete reviews and notify successful Applicants of preliminary funding recommendations on or before ~~February 7~~ March 15, 2013. Due to time constraints for funding Projects, HCDD reserves the right to review and consider proposals as they are received. Beginning December 3, 2012, HCDD reserves the right to notify successful Applicants of preliminary funding awards to any Project or Projects and begin verbal communications with these prospective Borrowers regarding their specific Project. So, it should be noted that all available funds may have been awarded as of the application submission deadline on ~~January 7~~ February 15, 2013.

Applications submitted under this RFP that fail to receive an award may be considered for an award of funding under any future RFP issued by HCDD.

PART VI. APPLICATION SUBMISSION REQUIREMENTS

- A nonrefundable Application fee of $1,000 must accompany the Application.
- A complete Application with all Checklist items, presented in the form specified herein.
- Clarity of RFP Contents: The content and clarity of your Application are critical. All copies of the application must be tabbed. Applicants should take extra care to ensure that all requirements of the RFP have been provided, clearly identified, and sufficiently explained.
- Pre-proposal meeting: All prospective respondents must be represented at the **mandatory pre-proposal meeting** Thursday, November 15, 2012 from 2:00 to 4:00 in the First Floor Conference Room of 601 Sawyer Street, Houston, TX.

THE APPLICATION FORMS (ONLINE):

General Purpose Application Form
Agreement and Certifications form signed by an officer of the Applicant
Indemnity Agreement
Notarized Affidavit of Ownership or Control
Form A: City of Houston Fair Campaign Ordinance

APPLICATION FORMAT

Two hard copies (including one Original) and one electronic, PDF copy (on a CD or flash/jump drive) of the Application for funding should be submitted. Paper copies should be submitted in 3-ring binders, tabbed into sections. Tabs for each document in each Section are required. Applications must be packaged into no more than two (2) boxes, clearly labeled with the address below for delivery to the Commercial Division. The binder containing the Application with original documents should be easily accessible so that the Receptionist may time stamp upon receipt. The electronic (PDF) version must be bookmarked by Section.

HCDD reserves to the right to allow or disallow corrections to any application.

- Page Limit – None
- Page Size – 8 ½ x 11; oversized or pullout pages must be folded to accommodate
- Number proposal pages in the lower right-hand corner and provide a table of contents
- Application must be typed and properly bound appropriate for the document's thickness and must be tabbed.
- **The City encourages Applicants to print double-sided to conserve paper**
- All Applications must be signed by the organization's Board Chair/Executive Director/President/or Designee. Unsigned Applications will not be accepted.
- Original Documents shall have original signatures and be clearly noted *ORIGINAL*.
- All statements requiring a notarized signature must be notarized.

APPLICATION DELIVERY

The Department will accept Applications from 8 a.m. to 5 p.m. each business day, excluding federal, state and city holidays from the date this RFP is published on the Department website. All Applications submitted under this RFP must be received on or before *4:00 p.m.* ~~*January 7*~~ ***February 15, 2013.*** *Late proposals will not be accepted, and will be returned, unopened, to the proposer, at the proposer's expense.*

Applications will be accepted ONLY at the following address:

City of Houston Housing and Community Development Department
Attn: Commercial Division
601 Sawyer, 4th Floor
Houston, TX 77007

Once the Department has received the proposal, it will be sent to the Administrative Assistant of HCDD's Commercial Division, who will log it in as received and distribute copies to the RFP review panel. All requests as to the status of the Application should be directed to HCDD's Commercial Division.

PART VII. APPLICATION SELECTION CRITERIA

Applications submitted by the Submission Deadline will be reviewed for completeness. Those that are complete will be reviewed by a panel of HCDD underwriters/staff. The members of the panel will score each Application for each category. Ranks will then be reviewed. All Applications must achieve a minimum average total score of 60 points to be considered for funding. If, during the course of the scoring exercise, it is discovered that more information is required from an Applicant to make an informed decision on scoring a proposal, the Applicant will be contacted and allowed 10 days to submit additional information. Should Applications meeting this minimum score threshold exceed available funding, eligible Applications will be retained regardless of date of submission until such a time that funding is available in sufficient amounts to fund the Applications or a subsequent RFP is released. If third party reports become "stale," updates will be required.

Maximum Total Score = 100 Points:

- Developer Qualifications – 35 points
- Site control (owned/LOI) - 10 points
- Conceptual Development Plan – 15 points
- Greatest Variance of Income Mix - 10 points

- Conceptual Finance Plan/ Sources and Uses – 15 points
- Preliminary Budget/Financial Feasibility/Pro Forma – 10 points
- Development Schedule – 3 points
- Community Input – 2 points

QUALIFICATIONS (MAXIMUM 35 POINTS)

- Years of experience
  - The Applicant and the Applicant's development team should have years of experience developing projects similar to those envisioned in this RFP.
- Successful projects
  - Developer should provide a summary of successful projects similar to those envisioned in this RFP
- Development Team
  - Whether internal staff, consultants, strategic partnerships or other forms of relationships, the developer should describe the team that will be utilized to successfully develop the project and how those team members are related to the developer.
  - A key consideration in evaluating the strength of the Development Team will be the depth of planning and market expertise of your team and the inclusion or consultation with developers or other professionals with in-depth local knowledge.
- Financial capacity
  - Developer should provide evidence that they have the financial capacity to handle the day to day staffing, pre-development costs, and adequate reserves to carry overruns in development expenses. The organization must provide evidence that it has adequate working capital to meet operating fluctuations.
  - 3 years of Financial Statements for all Applicants and guarantors are required.
- Borrowing capacity
  - Leveraging will be a key component of the winning proposal, so the Developer should comment on or provide evidence of the Developer's ability to secure private sources of funds. If the Applicant has been successful in implementing agreements with municipalities, TIRZ or Management Districts, or other similar entities for additional financing, those will be considered. Please provide a list of agreements and the entities with which the Applicant partnered.
- Property Management Plan
  - The proposed property management team, whether in-house or third party, must be identified in the Application. The property manager's capacity will be analyzed to determine experience and skill with respect to mixed-income, multifamily property rental developments of similar size and operations. This analysis will include the financial results of Applicant's previous rental developments and a search of nuisance citation records.
  - Evidence of capacity of Applicant and/or third party management company to provide property management services to properly affirmatively further Fair Housing.
  - Ability to ensure that leasing requirements are met, and that regular reports can be produced to allow the City of Houston to monitor performance.
  - Knowledge of the applicable federal program regulations.
- Administering and effective use of government funds
  - Evidence of experience in Choice Neighborhood Initiatives, Hope VI, Tax Credits, grants or loans. Evidence of positive history administering public funds and meeting requirements.

- Previous Work with TIF/TIRZ Districts, management districts, super neighborhood councils, community organizations
- References pertaining to previous developments and projects

Site Control (maximum 10 points)

Developer may evidence site control through presentation of a Deed, Closing Statement clearly identifying the property or an executed Letter of Intent (or like agreement) from a land or property seller. Evidence of a land seller contemplating to sell a property will be considered for partial points.

Conceptual Development Plan (maximum 15 points)

Provide a project narrative that describes the nature of the comprehensive development plan. Applicants should explain how the proposed development plan meets the intent of this RFP, using factors including, but not limited to, the team's knowledge of local market forces, neighborhood characteristics, and familiarity with public and private development incentives or practices. It should clearly describe the different types of housing, unit mixes, income and/or special needs population categories to be served, and other aspects of the Project that will be implemented. The Applicant should identify key characteristics that might include community centers, proximity to new or existing schools, health services, walkability, transportation, employment centers, grocery stores, and inclusion of or proximity to single family housing. While all of these may not be incorporated into a specific development plan, proximity to a combination of most of these aspects is critical in the creation or further enhancement of one or more Nodes of Opportunity.

While an architect's rendering is not required, some form of conceptual site plan will be helpful in understanding the vision.

Income Mix (maximum 10 points)

The City considers a mix of income brackets to be critical to the revitalization of an area. The proposed development should consider the greatest feasible mix of income categories that can be accommodated within the multifamily development, including the mix of income levels described in Table 2.

Conceptual Finance Plan/Sources and Uses (maximum 15 points)

The Applicant should propose a finance plan which leverages the DRF. The City may provide alternative sources of funding through various alternatives, but the Applicant should call on its experience in financing such projects to propose a structure that limits and leverages the City's commitment. This section should include a preliminary/proposed Sources and Uses.

Preliminary Budget/Financial Feasibility/Pro Forma – (maximum 10 points)

The City understands that budgets included at this juncture will be subject to change, but the ability to provide a budget and financial feasibility is an indicator of an Applicant's capacity to manage a project of this magnitude. *Any proposal demonstrating a projected Debt Service Coverage Ratio greater than 1.5 for the housing portion will be required to reinvest that excess cash flow into the housing component.*

Development Schedule - (maximum 3 points)

Provide an estimate of timing of key development milestones including but not limited to site selection, acquisition, planning, permitting, construction and lease-up.

COMMUNITY INPUT - (MAXIMUM 2 POINTS)

The City recognizes that many groups have invested time and resources in the analysis of the needs of their neighborhoods and encourages developers at this preliminary stage to engage neighborhood stakeholders in the creation of their development plan. Describe how you have engaged, or intend to engage, community residents, civic leaders, nonprofit organizations, TIRZ Districts, Management Districts, Super Neighborhoods, city officials and/or other interested parties throughout the development process. See Exhibit C for a list of groups that have or may be able to provide input. Please provide a list of collaborations that directly relate to ongoing services that support or enhance care for your target population. Describe the services provided through the collaboration. Include letters pledging support of the collaborations listed signed by the Executive Director/CEO of the collaborating agency. Letters will need to be on the collaborating agency's letterhead.

QUALIFYING STATEMENTS

The programs described under this RFP for DRF are governed by all applicable Federal, State, and City laws, rules, regulations and ordinances and the requirements under the terms of the GLO Contract with The City of Houston and HCDD, and are subject to change.

In accordance with the Anti-Lobbying Ordinance, Code of Silence or similar requirements, after the issuance of this RFP all communication between HCDD and Applicants must be in writing. Once an Application has been evaluated for threshold criteria by HCDD's review panel, HCDD may engage in project specific conversations with an Applicant whose proposed Project HCDD is considering for award.

The City of Houston as a unit of local government reserves the right to reject any and/or all proposals, reserves the right to waive any informalities or irregularities in the proposal or evaluation process, and reserves the right to award contract(s) in the best interest of the City of Houston in the City's sole discretion.

Accessibility to Persons with Disabilities -- Programs, information, participation, communications and services must be accessible to persons with disabilities and comply with the Americans with Disabilities Act (ADA).

Disclosure of Information -- All materials submitted in response to this RFP shall become the property of the City upon delivery to the address set forth. To the extent legally permissible, the City shall maintain the confidentiality of each proposal during the evaluation process. Upon final award of the DRF, all proposals shall be available to the public, to the extent legally permissible. By submitting a proposal, the Applicant agrees that the contents of every proposal shall become public information Any Applicant submitting a proposal hereunder further acknowledges and agrees that the City is a public entity, which abides by all applicable laws governing public records and shall not be liable for disclosures, required by law.

*As of 10-26-12 comments have been received from:
Stedman Grigsby (SG)
Eta Paransky (ep)
Peggy Colligan (PC)
Pirooz Farhoomand
David Kim (DK)
Doris Koo (dk)

*all comments and suggested changes have been incorporated into this document.

EXHIBITS

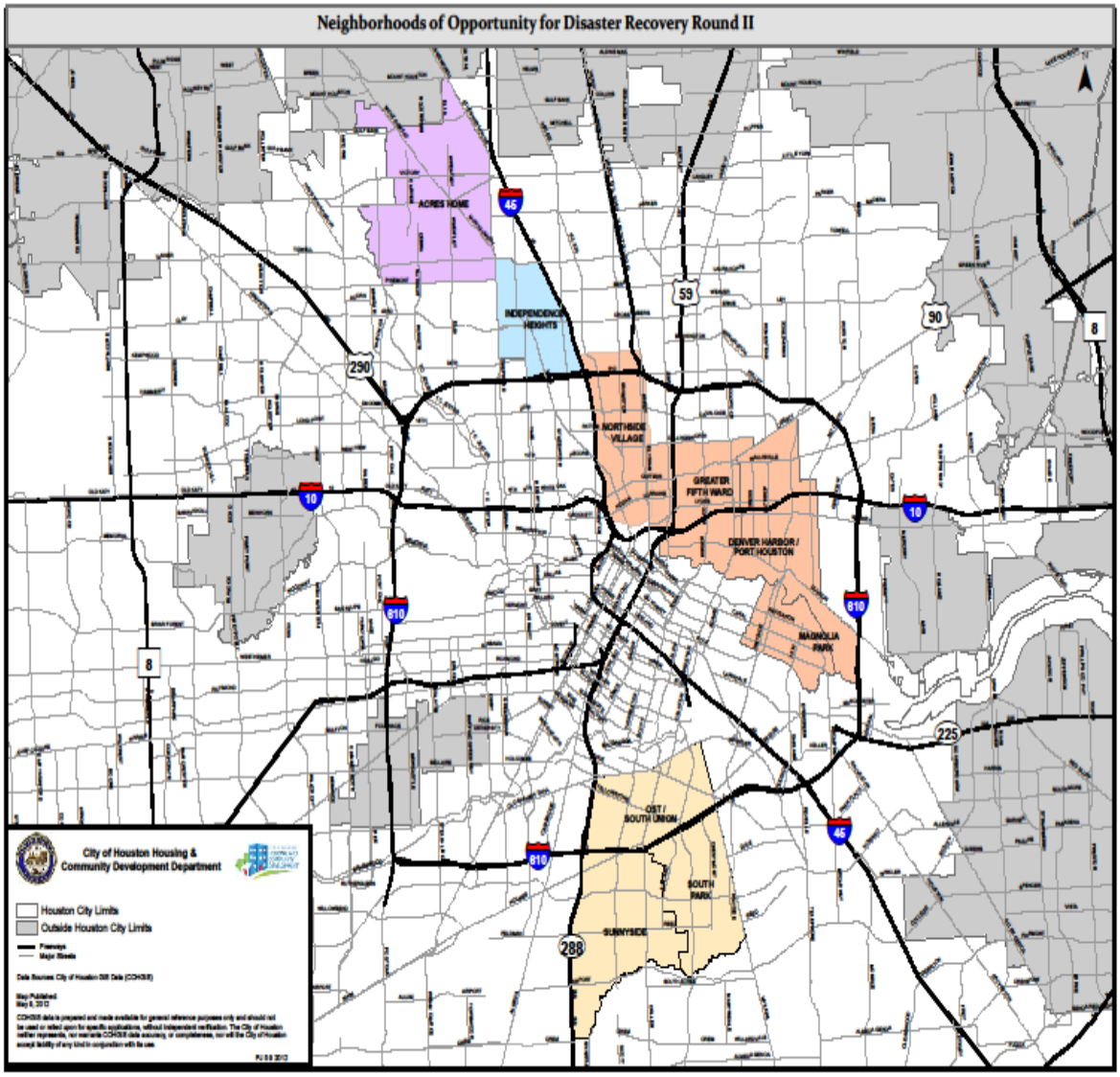
A. Neighborhoods of Opportunity Map

B. Nodes of Opportunity

C. Community Input

D. Rent and Income Tables

EXHIBIT A



A copy of this map may be located on HCDD's web site located at:

http://www.houstontx.gov/housing/rfp.html

If you are unsure if a site is located within one of these neighborhoods, please contact Juanita Thomas with HCDD and we will provide confirmation.

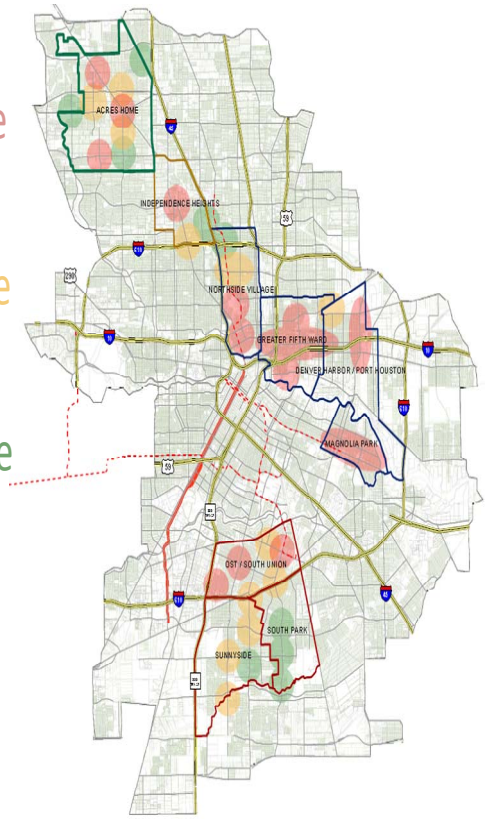
EXHIBIT B

Tiers (3) of Nodes from Public Workshops

Tier 1 = 1st Choice

Tier 2 = 2nd Choice

Tier 3 = 3rd Choice



10/15/2012

Additional information regarding Nodes will be located at:

http://www.houstontx.gov/housing/rfp.html

EXHIBIT C - Community Input Participants*

5th Ward	HPD
Acres Home	HPD
Acres Homes CDC	I am Pleased (CFRE)
Acres Homes Super Neighborhood Council #6	In His Hands Ministry
Acres of Angels	Independence Heights
AcresHomes Multi-Service Center	Independence Heights Redevelopment Council
AH Citizens Council	Inmaculate Concepcion
ANC Homes	LaSalette Place Civic Club
Asakura Robinson	Last Organic Outpost
Avenue CDC	Latino Learning Center
Banyan	LISC
CAN DO Houston	LISC Institute for Comprehensive Community Development
Catholic Charities	MacGregor Palm-Terrace Civic Assn.
Catholic Charities CDC	MacGregor Trails Civic Association
Charity Productions	Magnolia Park SN/TMO
City Council Member Wanda Adams	Mary Olive Baptist Church
City of Houston - HHS	Mayor's Office
CM Jerry Davis, District B	Melrose Civic Club/Northside GO Neighborhood
Coalition for the Homeless	MHMRA of Harris County
Congresswoman Sheila Jackson Lee	National Community Renaissance
Corporation for Supportive Housing	Near Northwest Management District
Covenant Community Capital	NECCL
Crecan	Neighborhood Centers Inc
Denver Harbor/TOP	Neighborhood Recovery CDC
Ella Park Terrace Civic Club	New Beginnings For Women of Houston, Inc.
Fair Housing Coalition	New Hope Housing
Fifth Ward CRC	Northside Resident
G.R.A.C.E. Community Services	OST/South Union
Gensler Architects	Quality Properties Consultant
Greater East End Management District	Rebuilding Together
Greater Grace Outreach/Healing the Family Inc	Residents
Greater Houston Development Inc	Roberta F. Burroughs & Assoc.
Greater Northside Management Districts	Scott Terrace
Greater OST/South Union Super Neighborhood #68	SE Houston Arts Initiative
HCD	SER Jobs for Progress
HCDP	Shoten Zenjin Project Support
Helen Dunlap and Associates	South East Arts Initiative
Home Sweet Home CRC	South Park Area Civic Club
Houston Area Urban CDC	South Union
Houston Area Urban League	South Union Civic Association
Houston Center for Independent Living	South Union Community Development Corporation
Houston Department of Health and Human Services	SouthEast
Houston LISC	Square Biz
Houston Works	SUN Associates

Tejano Center	Sunnyside
Teska Associates	TOP; Southern Village
The Bryant Design Group	TSU BJMLSPA
The Planning Center	TxLIHIS
The Working Partner	UH Community Design Resource Center
TMO	Urban Development Associates
TOP	Volunteers of America
TOP; Acre Homes	Woman Inc
TOP; South Park	

*This list was compiled by LISC

EXHIBIT D - Rent and Income Tables

U.S. DEPARTMENT OF HUD 11/16/2011
STATE:TEXAS

	PROGRAM	EFFICIENCY	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
		========== 2012 HOME PROGRAM RENTS ==========						
Houston-Baytown-Sugar Land, TX HUD Metro FMR Area								
	LOW HOME RENT LIMIT	586	628	753	870	971	1071	1170
	HIGH HOME RENT LIMIT	694	772	937	1097	1205	1311	1417
	For Information Only:							
	FAIR MARKET RENT	694	772	937	1249	1570	1806	2041
	50% RENT LIMIT	586	628	753	870	971	1071	1170
	65% RENT LIMIT	741	796	957	1097	1205	1311	1417
Brazoria County, TX HUD Metro FMR Area								
	LOW HOME RENT LIMIT	614	684	786	1010	1127	1243	1359
	HIGH HOME RENT LIMIT	614	684	786	1084	1164	1339	1513
	For Information Only:							
	FAIR MARKET RENT	614	684	786	1084	1164	1339	1513
	50% RENT LIMIT	680	728	875	1010	1127	1243	1359
	65% RENT LIMIT	864	927	1114	1279	1408	1535	1662
Austin County, TX HUD Metro FMR Area								
	LOW HOME RENT LIMIT	570	597	718	846	945	1042	1139
	HIGH HOME RENT LIMIT	595*	597*	718*	953*	983*	1130*	1278*
	For Information Only:							
	FAIR MARKET RENT	556	558	671	890	919	1057	1195
	50% RENT LIMIT	570	610	732	846	945	1042	1139
	65% RENT LIMIT	721	774	931	1066	1170	1272	1375
Killeen-Temple-Fort Hood, TX HUD Metro FMR Area								
	LOW HOME RENT LIMIT	496	531	638	737	822	908	992
	HIGH HOME RENT LIMIT	534*	590*	749*	924	1011	1097	1184
	For Information Only:							
	FAIR MARKET RENT	484	535	680	989	1192	1371	1550
	50% RENT LIMIT	496	531	638	737	822	908	992
	65% RENT LIMIT	625	671	808	924	1011	1097	1184
Lampasas County, TX HUD Metro FMR Area								
	LOW HOME RENT LIMIT	387	493	595	713	796	878	960
	HIGH HOME RENT LIMIT	387*	493*	595*	868*	979	1061	1144
	For Information Only:							
	FAIR MARKET RENT	380	484	584	852	998	1148	1297
	50% RENT LIMIT	481	515	618	713	796	878	960
	65% RENT LIMIT	605	650	782	895	979	1061	1144
Laredo, TX MSA								
	LOW HOME RENT LIMIT	432	463	555	641	715	789	862
	HIGH HOME RENT LIMIT	531	581	696	800	873	944	1016
	For Information Only:							
	FAIR MARKET RENT	531	582	696	910	1192	1371	1550
	50% RENT LIMIT	432	463	555	641	715	789	862
	65% RENT LIMIT	541	581	699	800	873	944	1016

* HOME Program Rent held at last year's level.
For all HOME projects, the maximum allowable rent is the HUD calculated High HOME Rent Limit and/or Low HOME Rent Limit.

Page 3 of 36

U.S. DEPARTMENT OF HUD 11/16/2011
STATE:TEXAS

	PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
		2012 ADJUSTED HOME INCOME LIMITS							
Aransas County, TX HUD Metro FMR Area									
	30% LIMITS	10750	12300	13850	15350	16600	17850	19050	20300
	VERY LOW INCOME	17950	20500	23050	25600	27650	29700	31750	33800
	60% LIMITS	21540	24600	27660	30720	33180	35640	38100	40560
	LOW INCOME	28700	32800	36900	40950	44250	47550	50800	54100
Dallas, TX HUD Metro FMR Area									
	30% LIMITS	14750	16850	18950	21050	22750	24450	26150	27800
	VERY LOW INCOME	24550	28050	31550	35050	37900	40700	43500	46300
	60% LIMITS	29460	33660	37860	42060	45480	48840	52200	55560
	LOW INCOME	39300	44900	50500	56100	60600	65100	69600	74100
Fort Worth-Arlington, TX HUD Metro FMR Area									
	30% LIMITS	14550	16600	18700	20750	22450	24100	25750	27400
	VERY LOW INCOME	24250	27700	31150	34600	37400	40150	42950	45700
	60% LIMITS	29100	33240	37380	41520	44880	48180	51540	54840
	LOW INCOME	38750	44300	49850	55350	59800	64250	68650	73100
Wise County, TX HUD Metro FMR Area									
	30% LIMITS	14150	16150	18150	20150	21800	23400	25000	26600
	VERY LOW INCOME	23550	26900	30250	33600	36300	39000	41700	44400
	60% LIMITS	28260	32280	36300	40320	43560	46800	50040	53280
	LOW INCOME	37650	43000	48400	53750	58050	62350	66650	70950
El Paso, TX MSA									
	30% LIMITS	10400	11850	13350	14800	16000	17200	18400	19550
	VERY LOW INCOME	17300	19750	22200	24650	26650	28600	30600	32550
	60% LIMITS	20760	23700	26640	29580	31980	34320	36720	39060
	LOW INCOME	27650	31600	35550	39450	42650	45800	48950	52100
Houston-Baytown-Sugar Land, TX HUD Metro FMR Area									
	30% LIMITS	14050	16050	18050	20050	21700	23300	24900	26500
	VERY LOW INCOME	23450	26800	30150	33450	36150	38850	41500	44200
	60% LIMITS	28140	32160	36180	40140	43380	46620	49800	53040
	LOW INCOME	37450	42800	48150	53500	57800	62100	66350	70650
Brazoria County, TX HUD Metro FMR Area									
	30% LIMITS	16350	18650	21000	23300	25200	27050	28900	30800
	VERY LOW INCOME	27200	31100	35000	38850	42000	45100	48200	51300
	60% LIMITS	32640	37320	42000	46620	50400	54120	57840	61560
	LOW INCOME	43550	49750	55950	62150	67150	72100	77100	82050