

DR2 RFP WORKSHOP AND EMAIL QUESTIONS AND ANSWERS
As of February 4, 2013

1. Would a representative of HCDD be willing to attend a community meeting organized by a prospective Applicant who is seeking support for their project from the community?

Yes, with conditions. Because the RFP is still open, HCDD may not discuss specific projects, but recognizes that despite efforts to inform members of the community, not all will be fully informed regarding the details and mechanics of the Hurricane Ike Disaster Recovery Round II Program. Therefore, a representative of HCDD (most likely Stedman Grigsby) will be willing to attend up to two meetings at the request of any one Applicant, if schedules allow. HCDD, at its sole discretion, may choose not to attend a meeting for a prospective project which is located outside of an Neighborhood of Opportunity.

The representative of HCDD will not speak at the meeting unless there is an absolute need to clarify goals or correct any misinformation regarding the DR II Program which might be expressed. Applicants should be familiar with the DR II Program goals, and it is their responsibility to explain to the community members why a project meets the parameters of the Program and benefits the community.

HCDD requests that our representative is not identified as an attendee at a meeting. The representative will identify themselves only if the need arises.

Applicants who wish to have a representative attend a meeting, should send their request to Juanita Thomas.

2. Can the funds be utilized for ground up/new construction?

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. **(Eligible Activities - page 8)**

3. Is there a funding allocation limit per project?

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. **(Financing Terms and Loan/Grant Limits - page 13)**

4. If we are acquiring property for a project, are there any federal regulations that apply or documentation we need to provide?

Yes, URA- Acquisition; Demolition-Conversion; and Temporary Relocation requirement are posted on our website at <http://www.houstontx.gov/housing/URA.html>.

5. Would sites in the Greater Third Ward be considered eligible?

Please refer to the map of Neighborhoods of Opportunity. First consideration will be given to sites/projects located within or immediately adjacent to those Neighborhoods. If we are unable to expend all of the available funds on sites/projects within, or adjacent to, the Neighborhoods, we will consider proposals for sites in other locations outside the Neighborhoods.

6. Does HCDD anticipate the funding being used to leverage 2013 9% Tax Credits?

HCDD will consider providing funding to leverage 9% Tax Credits, but the timing does not work as we will be making awards by February, well in advance of the TC award cycle. Developers that wish to participate with the City and TC's would have to provide evidence of other available funding in the event that the TC's do not materialize. HCDD anticipates that for some projects 4% Tax Credits which do not have such a strict timeline might be used to leverage funds.

7. Do you have to prove hurricane damage?

Yes, but this DRF is not necessarily for the repair of damage, but to provide housing for those that were most effected by Hurricane Ike. Insurance claims (received or denied), date stamped pictures of damage, invoices for repairs, or other documentation will be considered to prove damage. The sufficiency of the documentation to meet our needs will be determined at HCDD's sole discretion.

If a new site for new construction has been selected, then location within the defined areas is adequate proof of hurricane damage.

8. Can you further explain the rent to income ratio of 2:1 or lower further and provide an example of how that plays out for a real household with a monthly income of \$1,000 or \$2,000 per month?

We will post a sample Tenant Selection Plan soon, but you must structure your rent to income ratio requirements such that LMI residents are not denied residency solely on the basis of that ratio.

9. The RFP says deeper subsidy can be provided if we target more low-income units. Will you fund up to 70% of a project?

For the "right" unit mix for the "right" project, yes.

10. Is there a revitalization plan active in the East Downtown Area?

Not that is applicable for this RFP

11. TIRZ #15 – is there a chance this area will be revised/expanded in 2013?

Unsure. Contact TIRZ #15 administrators.

12. Does the percentage of "affordable" units apply only to the units receiving a subsidy, and not to other units in a larger project program, which includes privately financed units?

CDBG Regulations require that a minimum of 51% of the units produced with CDBG funds (which covers the DRF of this RFP) must be restricted for those who make no more than 80% of Area Median Income, and this applies on a project by project basis. So, no project will have fewer than 51% affordable units.

13. What is the relationship of rental rates to the size of the apartment units, other than HUD family-sized criteria?

The rental rates are set based upon the number of bedrooms per unit, not on square footage. These rates per bedroom are published by HUD and posted with the RFP.

14. Are single-family attached rentals encouraged?

Not necessarily.

15. Is the 60 units minimum flexible – not easy to find larger developable sites in these neighborhoods?

Only unless we cannot expend the funds on projects with greater than the 64 unit minimum, but that is not a guarantee that we will consider multifamily projects of less than 64 units at any point. HCDD has determined that 64 units is the minimum number of units that must be included in a project to justify the administrative and project delivery costs which will be incurred by HCDD managing the process to fund and see a project through to completion of the Affordability Period.

16. How long will you have to close after you get an award?

Closing will depend on the project, but will occur after a Loan Agreement has been approved by City Council. Anticipate 120 days from award for Council approval. An estimated Closing Date will be determined after a project has received an award.

17. Can you provide detail on acquisition and hard cost? Is that a loan limit?

Except in certain instances, yes, the sum of acquisition and hard cost would set a maximum loan amount that HCDD will consider.

18. What is the bigger time line for delivery of units?

HCDD will be bound by a Contract with the General Land Office and does not envision that any construction activities will be allowed after October 1, 2015. However, HCDD will endeavor to deliver units prior to that date.

19. Your calendar showed a proposal due tomorrow! What exactly are you looking for on 11/16/12? What level of detail?

HCDD began accepting Applications on November 16, but will continue to accept Applications until 5:00 p.m. on January 7, 2013.

19. Are the RFPs submitted in March 2012 automatically put in this round?

No. You must complete this RFP Application and submit with the Application Fee to be considered. You do not have to duplicate information provided in your March 2012 Application, but you must update information where necessary and note where previously submitted information meets the request for information under this RFP.

20. Can a developer fee be included in a deal if it is funded through another source like Bonds, etc?

Yes, as long as HCDD is not funding the Developer Fee.

21. Submission for the multifamily is November 16. What is the submission date for single-family?

There is no such date. Single family construction/development will be administered in-house.

22. COH, Overhead and Builders Profit really not paid for out of contributed funds if contractor related to the Applicant?

HCDD will not fund general conditions, profit, nor construction overhead for a contractor which is a related entity to the Applicant. Similar to the Developer Fee, those costs may be funded with funds from other sources.

23. What do you require to create a new Node?

Please refer to the RFP and the description of a Node. Creation of a Node should include the aspects necessary to create a vibrant community.

24. What criteria will be used to evaluate developer-created Nodes?

Evaluation of a Node is more subjective. We need to be convinced that the services and other aspects necessary to serve the community and initiate or contribute to revitalization of the area are present.

25. Are you providing subsidies to encourage mixed use multifamily developments – multi-story with retail on the ground floor?

Please refer to the RFP. Mixed-use is acceptable.

26. Are you requiring a certain percent of revitalization efforts and use of the funds in the target areas or nodes of opportunity areas?

At the present time, our goal is to expend all of the funds in the Target Areas. Not all Nodes identified on the map produced by LISC will receive funding.

27. What is the funding? I thought the 1st speaker said \$60 million for single-family and \$40 million for multifamily, but the slides said \$50 million multifamily and \$6.3 million single-family.

This RFP is for approximately \$50 million available for construction hard costs for multifamily development, and \$6.3 million for single-family **rental** hard costs.

Single-family owner occupied housing is a separate part of the Hurricane Ike Disaster Recovery program.

28. Is the registration fee for a nonprofit?

Yes.

29. Does a nonprofit need a personal guarantee?

It is preferred.

30. In light of the stated desire for a comprehensive revitalization approach, how will the department ensure that the single-family activity and the multifamily activity fit together?

Once the multifamily sites have been identified, the single-family team will begin mobilizing to produce single-family housing in the vicinity. So, multifamily Applicants should consider identifying viable single-family sites within the same vicinity as the proposed multifamily site.

31. What will be the single-family approach?

The single-family rental approach is somewhat new to HCDD, and there is not a pre-conceived concept for this portion of the DRF.

32. What is the effect on the point score if the site is outside the Node, but inside the opportunity neighborhood?

The Nodes identified from the LISC report are not mandatory locations, so locating a site within one of those Nodes does not result in an increased point award for Threshold.

33. There is an attached detailed checklist broken down into 7 sections – at the top it says an application will be considered ineligible if all items listed are not provided. Then on page 3, another checklist is provided. Which is actually required for the RFP (I am assuming the one on page 3 but just want to make sure)

An Applicant must respond in some manner, even if the answer is N/A or TBD, to all items requested in the Application to be eligible for scoring. An Applicant's responses to the items that make up Threshold will be used to decide if an Application is worthy of moving on to underwriting as the next step in the process towards receiving an award. It is these Threshold items that are listed on page 3 of the RFP.

34. Can you please explain what the check boxes are and what we do with them at the top of Tab 2? They say Priority 1, Priority 2, Priority 3, etc.

The check boxes are there if you submit more than one application, i.e., XYZ Proposal X Priority 1... ABC Proposal X Priority 2

35. On Tab 2, Board Member's Box, if we do not have any Board members do we still need to fill out this box?

No, but explain why you are not providing the information. This applies to any such information requested in the Application which does not apply to your particular situation or circumstance.

36. Tab 4, Part 1 – Populations served. Can more than one group be served and are there any minimums/maximums for that group? Can you please define family, larger family and single/non elderly?

Yes, more than one LMI economic group may be served, and is preferred. Please refer to the RFP.

Please refer to the HUD definitions for family, larger family, and single/non-elderly.

37. My question is will a soft commitment related to a HUD loan in the capital stack be sufficient for you to be comfortable that those funds will be available for the refinance of an existing property located within a “designated priority area” that is part of our portfolio ?

If a restructuring of the debt is required in the near future, yes. Be mindful that the term(s) of other funding(s) in the capital stack must equal or exceed those of the Affordability Period.

38. What’s the required closing date once an award is made? (The HUD loan probably couldn’t close until March/April.)

There is no specific closing timeframe, but funding will be limited by a "back end" funding deadline in our Contract with the GLO, which we anticipate to occur sometime in 3Q 2015. So the loan with HCDD must close in time for the construction to be complete by that deadline, and must be closed concurrently with or subsequent to a closing(s) for any other funding(s) in the capital stack.

39. Does our existing affordability structure comply with the requirements? (30% of units at 50% AMI; 70% of units at 60% AMI)

HCDD is looking for a mixed-income tenant base, so projects which are 100% restricted are not preferred.

40. We are inquiring as to how much is needed to be allocated for additional funding from another source and what other sources other than owner funds would be acceptable?

HCDD has not placed requirements nor restrictions on the amounts and/or sources of financial leverage for a project. HCDD is seeking to finance as much quality, affordable housing, in line with the goals identified in the RFP, as is possible with the funds available. All else being equal, Applications that request less DRF contribution while delivering more affordable units will be given greater consideration.

41. Please provide clarification on the prohibition on expenditure of funds during the environmental review process. The language in the RFP appears to be more restrictive than the Federal regulations require. It appears that Federal regulations allow funds to be expended on option agreements, as well as on plans and designs and other work necessary to support an application for Federal State or local assistance. By providing this clarification, HCD will enable applicants to

obtain site control on land and potentially pursue other sources of funding for projects during the time that an application is under review by HCD.

On page 9 on the RFP states, "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.

However, 24 CFR 58.22 - Limitations on activities pending clearance, states, "(a) Neither a recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in § 58.1(b) on an activity or project until HUD or the state has approved the recipient's RROF and the related certification from the responsible entity. In addition, until the RROF and the related certification have been approved, neither a recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a program listed in § 58.1(b) if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives (emphasis added). Later it states, "(d) An option agreement on a proposed site or property is allowable prior to the completion of the environmental review if the option agreement is subject to a determination by the recipient on the desirability of the property for the project as a result of the completion of the environmental review in accordance with this part and the cost of the option is a nominal portion of the purchase price (emphasis added).

Further, In Section 1506.1.d, the CEQ Regulations for Implementing NEPA states that the Limitations on Actions during NEPA Process: "does not preclude development by applicants of plans or designs or performance of other work necessary to support an application for Federal, State or local permits or assistance."

http://ceq.hss.doe.gov/ceq_regulations/regulations.html

How long is the environmental review anticipated to take?

60-120 days depending on site conditions.

Given the regulations cited above, would the following activities be allowed, using non-HUD funds, during the review: environmental studies, i.e. Phase I/II, option payments, market studies, preliminary architectural design, etc. if such work did not have any adverse environmental impact or limit the choice of reasonable alternatives?

At HCDD's discretion, requirements may be more restrictive than federal regulations. However, that is not HCDD's intention here. Pre-development activities are acceptable, but Applicants should not close purchase contracts nor commence with site work or any construction activity, even if that work will be funded by sources other than federal funds.

42. Regarding Nodes of Opportunity: In a previous Q&A, it was stated that, “The Nodes identified from the LISC report are not mandatory locations, so *locating a site within one of those Nodes does not result in an increased point award for Threshold*” (emphasis added). However, on page 6 of the RFP it states, “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*” (emphasis added).

Should this be interpreted as meaning that while a location inside a previously identified Node will not count towards the initial scoring to determine if the 60 point threshold is met, it will result in such an application being awarded funding prior to another 60 + point application proposing a site outside of a previously identified Node? If yes, will projects sited in Tier 1 Nodes be given the more favorable consideration over projects sited in Tier 2 and Tier 3 Nodes?

The projects that propose the best vision for revitalization with the greatest chance of long-term viability will prevail. While, location of a project in a Node will not be given any points toward meeting Threshold, locating within a previously identified Node would be looked upon favorably, but will not necessarily "trump" other projects.

43. Does the City consider there to be an optimum number of units for MF projects, or is there only a threshold of 64 units?

No. The 64 unit minimum for typical affordable multifamily housing represents the point where HCDD sees diminishing marginal returns in regards to the internal resources that must be expended to deliver a project and the amount of housing that is provided by that project.

44. Will answers to all questions submitted be published on the Housing Department's website?

Yes.

45. What is the rule regarding purchasing property with CDGB funds? Particularly, does appraised value have relevance to sale price? One of the property owners DOES NOT want his sales price to be subject to appraised value.

The inclusion of federal funds in any aspect of a project attaches federal requirements to the purchase, even if federal funds are not being used for the acquisition. So, yes, the appraised value sets the maximum sales price for the site/property.

Details related to requirements of the appraisal and associated link are in the Q&A information posted on the web site at <http://www.houstontx.gov/housing/multisingle.html>.

46. I wanted to know if any of the third party reports (appraisal, ESA, market survey, PCA, etc.) were due at the time we submit the application or can we turn them in after submitting the application but before receiving a commitment?

Older reports are acceptable with the understanding that if the Department goes forward to underwriting, updates will be required. If no reports are provided, a deficiency letter will be sent so that you may order them to meet threshold requirements.

47. Just to confirm, if no reports are provided with the application, a deficiency letter will be sent out requesting the reports. We would then have 10 business days to provide the reports or 10 business days to order the reports?

You would have 10 business days to respond with evidence that you have engaged a third party to prepare reports.

48. We may have multiple sites which may have two different funding scenarios with 9% or 4% tax credits. What is the best way to submit? One RFP submission with the different scenarios noted or two separate submissions for the same site. What if we have 2 different sites. Can we include both in one proposal, or do we need a separate one for each.

As long as it is one single development, you would only need to submit one application.

49. On Page 3 – Application Threshold Requirements, #1 states that all of the required fields in the application for download must be complete. Then it lists all the attachments that from the excel workbook that must be provided. Is #1 on page 3 simply referring to Tab 2 – exhibit A from the excel workbook or the entire workbook? I guess I am confused because not all the listed excel spreadsheets in the workbook are requested to be printed out.

Please print out all sheets in workbook.

50. If our ownership entity has not been formed, what are we required to provide regarding items B-3 and B-4

If the applicant applying for funds is a to-be-formed Limited Partnership, please provide all available information about the partnership including the general partner, anticipated limited partners, anticipated structure etc. You may apply under the Parent company or the to be formed SPE. The City will have the right to approve the final partnership. The specifics of Tab 3, Exhibit B, Attachment B-1 may be provided closer to closing.

51. Have the Neighborhoods of Opportunity been approved by GLO? HUD?

There is not a requirement for HUD to approve the Neighborhoods of Opportunity. The City's program must be in accordance with the GLO's guidelines, and The City is comfortable that the program outlined in the RFP, including the Neighborhoods, falls within the GLO's program requirements .

52. Who will fund your PCA cost?

The City with funds provided as part of the Disaster Recovery program.

53. Do you lease property for new construction?

The City does not own any land to lease. If you are asking if an Applicant's proposal which includes a long-term land lease is acceptable, the answer is yes.

54. Will funds be required to flow through a CHDO?

No.

55. When does COH commission PCA?

Once HCDD has determined that a proposed project is acceptable and viable.

56. Please confirm – will fund only acquisition, hard costs, relocation? No soft costs?

HCDD is not ruling out the funding of soft costs, but does not anticipate funding them.

57. If a Property Condition Assessment is engaged by a HUD approved MAP lender, will that satisfy the requirement?

If a PCA is acceptable for HUD requirements, we see no reason why we could not accept the PCA for our needs.

58. What provisions exist within this program to mitigate or relieve tax delinquencies owed to Harris County or City of Houston?

An Applicant must be current on all taxes and proposed site must be current on all taxes, but the City will not fund for payment of taxes.

59. Does the program itself assist with variances that may be necessary to make projects feasible relative to time frames?

If HCDD determines that it is in its best interest to lobby other City Departments or other organizations to make a proposed project become reality, yes.

60. How & will these developers work (be directed)with existing neighborhood plans and partners?

HCDD is encouraging Applicants to seek out community input to determine the needs within the community in which the Applicant proposes to develop a project. All else being equal, Applicants that have sought out and implemented the greatest amount of community input will be given preference.

61. How fast can you close after being selected? Is there an outside date for closing?

Closing will depend on the project, but will occur after a Loan Agreement has been approved by City Council. Anticipate 120 days from award for Council approval. An estimated Closing Date will be determined after a project has received an award. HCDD will be bound by a Contract with the General Land Office and does not envision that any construction activities will be allowed after October 1, 2015, so Closing will need to occur in time for construction to be completed by this date.

62. Why is 20% of the grant assigned to Administrative expense – nearly 27 million?

The Administrative Expense for Multi-family is not \$27 million. If you have questions regarding the City's Disaster Recovery Round II Program Budget, please contact HCDD's Public Information Office by calling (713) 868-8300.

63. Regarding the Disaster Recovery Round II Affordable Rental Housing RFP, I have a question:

Tab 4 of the Application Checklist references:

C-5: Phase 1 Environmental

C-7: Market Study

C-12: Design Plans

C-13: Site Plans

Are these documents required by the application deadline of January 7? We will also be submitting a tax credit application on the site. Typically, these documents are not required until March 1 (Phase 1, Design Plans, Site Plans) and April 1 (Market Study).

An Applicant must respond in some manner, even if the answer is N/A or TBD, to all items requested in the Application to be eligible for scoring. An Applicant's responses to the items that make up Threshold will be used to decide if an Application is worthy of moving on to underwriting as the next step in the process towards receiving an award. It is these Threshold items are listed on page 3 of the RFP.

64. We are planning on submitting this site for 9% tax credits (the DR funds would satisfy the scoring item for local funding and would enhance the leveraging scoring item). From the Q&A on the HCDD website, it states that the timing of the DR funding approval does not necessarily work that well with the timing of the Tax Credit funding approval.

That being said, could we still use this approach and have DR funding approval conditioned on the tax credit funding approval?

Yes

65. Is there a minimum or maximum page length for the project narrative section (c-17)?

No

66. I am contacting you seeking the Tenant Selection Plan Template to complete section D-3 of a RFP. I received your information from the webpage the Template was said to be located. The Template isn't there, so I wanted to contact you about finding/receiving this information. I would greatly appreciate if you could get back to me at your earliest convenience.

We are currently refining the Tenant Selection Plan Template and will post it soon.

67. I have reviewed the RFP and the FAQs. Q & A #21 seems to indicate that the SF development will be handled on house. Can you please help me understand how that process will work and when SF apps are to be submitted? Additionally, will the SF apps have the same requirements as the MF apps?

Details for the single-family rental program for owners of one to four single-family residences has not been published, and those applications will have a different due date from multi-family.

Please note that we will give preference in funding under the program to owners of a habitable rental residence(s) at the time of the storm that suffered damage as a result.

68. What is the difference between applicant's organization chart and project ownership chart? Is the project ownership chart for the Developer?

There may not be a difference, but, if there is a difference between the Applicant's organization that will develop the project and that of the ownership structure of the project itself, we need to be provided both.

69. For the purposes of this application, does a single asset entity have to be created?

No

70. It seems that there are no additional points given or special consideration for non-profit applicants. Is this correct?

Correct

71. We are confused by the request for Explanations of Declarations of Principal Owners, Officers, and Directors. Is there existing guidance on this item?

A copy of the Declaration of Principal Owners, Officers & Directors from Tab 3 is below. If any of the answers below are yes for any of the principal owners, officers, or directors, you will have to provide an explanation on a separate sheet of paper as an attachment.

Declaration of Principal Owners, Officers & Directors [All applicants must complete this section.]		
Please answer the following questions as they may apply to the applicant entity, each officer, each director and each owner of 20% or more of the applicant entity. For each "yes" answer, attach a separate signed exhibit as Attachment B-7 providing a detailed explanation.		
1. Are any involved in any legal claim or lawsuit?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are any federal, state, or local taxes delinquent?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Are any liable under any contingency agreements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Have any ever been involved in bankruptcy or insolvency proceedings?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Do any have any outstanding judgements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Have any ever had property foreclosed upon or given title or deed in lieu of foreclosure?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Have any ever been denied any government financing?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Have any ever been banned or debarred from doing any business with HUD or the City?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Have any ever been charged with or arrested for any criminal offense other than a minor vehicle violation?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10. Are any presently under indictment, parole or probation?	Yes	No
11. Have you ever had a loan or received a grant from the City?	Yes	No
12. Does organization have prior history with City entitlement funds?	Yes	No
13. Has organization received Federal, State, County, City or other public funds?	Yes	No
14. If yes to 11, 12 or 13 above, identify all projects by name, year, funding amounts and status under separate cover.	Yes	No

72. For the purposes of this application, does a single asset entity need to be created?

We do not require it.

73. I am writing to clarify the third party report timing and requirements for the DRII RFP. The RFP states that all required documents not listed as a part of the "Application Threshold Requirements" must be submitted before a commitment may be awarded.

All requested items must be submitted or some response must be provided informing us as to why a document is not being submitted.

Note: A Phase I Environmental Site Assessment will be required for every project, so please provide one, even if it is dated. If a Phase II was performed as a result of a Phase I, please provide that as well. Please provide a brief narrative of any action taken on a site as the result of a Phase I or Phase II finding(s).

If it makes sense for an Applicant to obtain a Phase I ESA even if a project does not receive funding, it would be wise to order one now.

74. Does this mean that all third party reports must be submitted by February 7th or that they can be ordered once an award is announced?

Yes, any necessary reports can be ordered after award.

75. Is there a specific process or timeline for third party reports?

If HCDD determines that a needed report(s) does not exist or is not satisfactory, an Applicant will be notified and given the opportunity to provide any such report(s).

76. Lastly, is there a timeline or step-by-step process from award through commitment to closing?

Yes, but, similar to any real estate transaction, it may vary slightly depending upon project specifics. Once HCDD decides to proceed with a project, the Applicant will be contacted and a meeting will be scheduled to discuss specific requirements and timing.

77. In order to answer the question on whether we received technical assistance from HCD staff in preparing our application—was HCD answering our previous questions considered technical assistance?

Answering questions is not considered technical assistance.

78. Will we have any flexibility in changing the development team as submitted in the application after we are awarded funding?

HCD must approve any and all changes.

79. On Page 3 – Application Threshold Requirements, #1 states that all of the required fields in the application for download must be complete. Then it lists all the attachments that from the excel workbook that must be provided. Is #1 on page 3 simply referring to Tab 2 – exhibit A from the excel workbook or the entire workbook? I guess I am confused because not all the listed excel spreadsheets in the workbook are requested to be printed out

Please print out all sheets in workbook.

80. If our ownership entity has not been formed, what are we required to provide regarding items B-3 and B-4?

If the applicant applying for funds is a to-be-formed Limited Partnership, please provide all available information about the partnership including the general partner, anticipated limited partners, anticipated structure etc. You may apply under the Parent company or the to be formed SPE. The City will have the right to approve the final partnership. The specifics of Tab 3, Exhibit B, Attachment B-1 may be provided closer to closing.

81. All lot of the cells in the workbook, wont expand to print out the narrative needed to adequately explain. Are we better off putting an asterisk in the cell “*see attached” with a full description in word, or letting it be.....

Yes, please attached the narrative in a Word document.

82. On page B6, Question 13 asks “ Has organization received Federal, State, County, City or other public funds?” Is this question referring to Housing money only or all public funding?

This question is referring to any and all public funding.

83. Regarding the Market Survey to be included as Attachment C-7, can you confirm that the report is to be compiled by a licensed appraiser? Secondly, for an existing property at full occupancy, is a Market Survey truly needed?

A market study by a licensed appraiser would be sufficient, but not absolutely required for the Application. We anticipate that Applicants will be able to provide us with some information regarding the area of their proposed project which justifies the need for the project. If a full appraisal is needed at a later date, HCDD will request that the Applicant provide one.

84. There are two items listed under “Tab 7” of the application checklist for which I find no reference; (1) Financing Sources and (2) Custom Loans. Neither of these items are included as tabs in the spreadsheet nor are they referenced in the RFP.

These are references to the financing structure and capital stack which you anticipate using to finance your proposed project. We are asking that Applicants explain the general financial terms of all sources of funds which will be used as they effect project performance, e.g. interest rate, term, tax and/or insurance escrows, replacement reserves, principal payments.

The pro forma in the application is limited in its ability to calculate floating rate or other type loan structures, so the custom loan line item may have to be used by some Applicants to correctly reflect some payment obligations in the pro forma.

85. Is it allowable to use some funds on improvements that will prevent future flooding?

Yes.

86. For existing projects, does the 100 year flood plain requirement apply?

Properties located in the 100 year flood plain are not eligible.

87. The attached financial information forms are from the TDHCA application. We are requesting to use these instead of the forms in the City application for the financial information, operating budget, proforma, development costs, etc. Please advise.

For initial consideration, yes. Be advised that if your Application meets Threshold and moves on to underwriting, you may be asked to complete and submit HCDD's forms.

88. So the Single Family rental of \$6.xMM which is mentioned in the current RFP is to be disregarded?

We are redefining the single-family rental portion of the DR2 RFP. An RFP for owners of 1 to 4 units of single-family rental housing will be published soon, and will have a timeframe separate from that of multifamily.

89. The Declarations section of the application references that all properties receiving federal, state, county, city or other funds (#13) must be listed. Does this include all properties that received 9% tax credits?

Yes

90. We have two sites under contract that we will be submitting applications for and we want each to be considered under a 9% tax credit scenario and 4% tax credit scenario (2 sites; 4 different funding scenarios). After discussing with Stedman and Susan last week, it is my understanding that it will be acceptable to submit one application for each site with Tab 7 having both the 9% and 4% scenarios underwritten (all of the other information in the application will be the same). I know we have the priority boxes but they really don't help here as the only differences will be in Tab 7. If the answer to the above is "yes" – would each of the above 2 applications require a \$1,000.00 application fee or \$2,000.00?

Each site will be one application, with one application fee; however, you will need to submit a complete set of the Excel application for each scenario. 2) I confirmed with Eta that you will not need to submit an application fee for both RFPs.

91. Per our discussion (and the RFP workshop today) my understanding is that all DR II apps will be considered for the HOME CDBG RFP as long as we submit a letter in the DR II app indicating that we would like to also be considered for such. Are we also required to submit the \$500 application fee when we submit our DR II Application?

You will not need to submit an application fee for both RFPs.

92. I know we need to include something for each item in the checklist whether it be a “NA”; “TBD” or “In Process”. For the items that we issue a placeholder and don’t have the actual item, do we check off on the checklist or leave blank

Please leave the checklist blank for items not actually submitted. You can submit a cover letter for the items missing from the checklist if you'd like.

93. I have a quick question. Can DR2 dollars also be used for the capital of an on-site senior service center?

Yes, DR 2 funds can pay for construction costs of an on-site service center

94. Per your previous email, I understand the Tax Credit and Disaster Recovery Program timings do not coincide well. That being said, if at all possible, we would request a determination regarding an early funding commitment by the March 1 tax credit application deadline.

We will do the best we can to evaluate the Apps with TC's in time to make preliminary determinations prior to March 1.

95. I am inputting the rent schedule on Tab 7 rents and income (see attached) – This one will be for our 9% tax credit application where units are designated at 60%, 50% and 30% of AMGI – these are different than but below the ranges for “High Home” and “Low Home” rents but I believe within acceptable levels. Therefore I am inputting my 60% units in the “High Home” category, 50% units in the “Low Home” category and 30% units in “other category”. Is this acceptable – I don’t know what other way to do it? So please advise if not?

Additionally, if the above is acceptable, there is nowhere for the utility allowances to be carried over for the “other unit” category. Can someone unlock this so the rental income figure is correct.

The "other" category has been giving us some problems. Either do a hand calculation and hard code it, or you can provide us with the pro forma which you might use when doing your in-house financial modeling and just explain to us why you had to use it.

96. Attachment C-11 calls for a preliminary scope of work. Is it correct to assume that this item is only applicable to rehab work and not new construction? A scope of work seems more applicable to a rehab job than to a new construction job since with a new construction the entire job is part of the scope of work.

We do want you to complete a preliminary scope of work because this will provide evidence of your capability to deliver your proposed project. If you have prepared a preliminary cost estimate internally, you may provide that in lieu of filling out our form.

97. Tab 7 – Rent and Income is limited to high home and low home. I am assuming that if we are planning on leveraging a deal with 4% tax credits that it will be acceptable to use TDHCA’s Rent and Income form, correct? The problem is that 50% and 30% AMI units are considered low

HOME but they have different rent levels in a tax credit deal so Tab 7 would be difficult to use because you cannot show the number of 30% units and 50% units in these forms unless you combined them and took an average rent between them.

If you have prepared a pro forma internally, you may provide that in lieu of filling out our form, but explain why you couldn't utilize our form.

98. The RFP mentions all pages being required to be numbered in the lower corner. Is this accurate or is it acceptable to have each section tabbed (and each attachment) by section per the application checklist.

I think the latter is fine.

99. If a property is being RE-Constructed, does a Lead Paint, Mold, or Asbestos survey need to be completed by submission of Application?

No, but you should indicate what we might expect to need by including the date the structure was originally constructed, e.g. post-1978 to cover questions regarding lead paint.

100. May we propose a project that increases the number of units currently on the site, being re-constructed. For example, it is currently 120 units, may we replace with 130 units, if it complies with all codes, etc.

We will consider increasing density on a case by case basis, but you must make a very compelling case as to why density should be increased, as most aging apartments in the City suffer from being too dense.

101. Attachment C-9 on the checklist reads "Location Map of Proposed Project" but under Exhibit C Part 3 Attachment C-9 reads "Preliminary Scope of Work" and Part 3 Attachment C-11 reads "Preliminary Scope of Work". Can you clarify what seems to be an omission or duplication error?

This duplication error has been corrected.

102. Is a preliminary scope of work required for new construction projects?

Yes

103. Is there a form required that satisfies Attachment C-4 Relocation Plan for new construction projects?

A relocation plan is not required for new construction

104. Is there a form required to satisfy Attachment C-14 Architect's/Engineer's Statement?

No form is available. We would like proposed costs to be verified by an engineer or architect.

105. Operating Expenses in the attached are not carrying over correctly to the operating proforma. Can we simply use our own projection models for the submission?

Yes

106. I am assuming under tab 2 of the workbook for organization type we are to fill in for profit or non-profit - please advise

Yes

107. I understand that HCDD has received a couple of CDBG-DR RFP responses already. Are you all considering taking recommendations on those deals to City Council early, or will you hold them for the March 15th award decision date listed in the RFP?

We will not taking anything to City Council before or on March 15th, but we may make a preliminary award prior to that date.