

City of Houston Housing & Community Development Department

Neighborhood Stabilization Program

Notice of Funding Availability

Open-ended

Note: Multi-family Housing Development Only

1. Summary

The City of Houston's Housing and Community Development Department (HCDD) invites proposals for funding under the Neighborhood Stabilization Program (NSP). Proposals are being accepted for existing available NSP funding, the anticipated NSP program income and in the event that HCDD receives additional NSP funding from the U.S. Department of Housing and Urban Development (HUD) and/or the Texas Department of Housing and Community Affairs (TDHCA). Applications will be evaluated and scored individually, and prioritized for funding based on competitive scoring and the amount of funding available. 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 NOFA is released. As funds become available, they will be announced on HCDD's website. The NSP funds were authorized by the Housing and Economic Recovery Act of 2008 (HERA) as an adjunct to the Community Development Block Grant (CDBG)

Applicant can be a for-profit or non-profit entity with documented success placing low-income families into permanent housing. In order to have maximum impact in neighborhoods, HCDD anticipates that the minimum award amount to an eligible entity will not be less than \$1,000,000 and a maximum award to be based on the needs of the project and funding availability.

In an effort to meet the objectives of the HCDD NSP program to acquire and rehabilitate multifamily properties that have been abandoned or foreclosed upon within target neighborhoods, this NOFA is requesting only proposals for Multifamily Housing.

The NSP Multifamily program will offer project subsidies through performance-based, zero-percent (0%) interest loans and a variety of other financing mechanisms depending on specific nature, costs and needs of each individual proposal.

The availability and use of these funds is subject to the NSP regulations as outlined in the NSP *Federal Register* Notice (Docket No. FR-5255-N-01). Other state and federal regulations may also apply such as, but not limited to 24 CFR Part 58 for environmental requirements; 24 CFR Parts 84 and 85, as applicable, for such issues as Procurement and Conflict of Interest; 24 CFR Part 8 for accessibility, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794)0; 24 CFR Parts 100-115 for fair housing and Section 3 of the Housing and Urban Development Act of 1968, as applicable. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules and program guidelines that govern the HCDD program.

New Applicants and current NSP subrecipients and developers who are meeting current benchmarks are encouraged to apply. Awards under this NOFA may not be used to re-finance

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

or replace first-round NSP awards. Terms and conditions of any new NSP awards will not apply retroactively to previous NSP awards.

2. Allocation of City of Houston NSP Funds

HCDD will coordinate activities in accordance with federal NSP guidelines including the purchase and rehabilitation residential properties that have been abandoned or foreclosed, removal of blight, and the redevelopment of demolished or vacant properties. Households directly assisted with NSP funds must be income eligible and be at or below 120% AMI, as defined by HUD. At least 25% of each award granted must benefit households with incomes less than or equal to 50% AMI.

Existing Available NSP Funding	\$TBD
NSP Program Income Reallocation	\$TBD
Future Federal and State grants	\$TBD

3. Definitions

As stipulated in the *Federal Register* Notice (Docket No. FR-5255-N-01) for the NSP, there are certain terms used in HERA that are not used in the regular CDBG program. Certain terms may be used differently in HERA and in the Housing and Community Development Act of 1974, as amended. When in conflict, definitions published in the *Federal Register* Docket No. FR-5255-N-01) and any subsequent HUD Errata Notice are controlling for NSP.

4. Eligible Activities

The use of NSP funds must constitute an eligible use under HERA. Eligible activities are limited to NSP Eligible Uses (B), (D), and (E).

- a) NSP Eligible Use (B) – Purchase and Rehabilitation
§2301(c)(3)(B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
- b) NSP Eligible Use (D) – Demolition
§2301(c)(3)(D) demolish blighted structures
- c) NSP Eligible Use (E) – Redevelopment
§2301(c)(3)(E) redevelop demolished or vacant properties

5. Eligible Applicants

- a) Applicant can be a for-profit or non-profit entity with documented success (such as completion on time and under budget) placing low-and moderate-income families into permanent housing. The City of Houston will designate the selected applicant(s) as developer(s) as the term is defined under the NSP regulations.
- b) Subrecipients and developers with current HCDD NSP Agreements must have successfully met all contract milestones and thresholds as of the date of application, in order to be eligible for additional NSP funding.
- c) Applicants and Applicant team members must be in good standing with HCDD on all previous loans or loan commitments. There may be no defaults or negative collection

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

actions. No team members may be listed on a federal or state list of “debarred” contractors or other professionals. There may be no significant management issues outstanding.

- d) Applicants must provide a complete listing with addresses of multifamily properties currently owned or managed. These addresses will be cross-checked with the Neighborhood Protection Service and the FAST team. Applicants with excessive or unpaid nuisance citations will be ineligible for participation in this program.

6. Program Requirements

a) General Requirements

i. Geographic Targeting

Acquired properties must be within one of the three Target Zones as identified on the attached map (Appendix A).

ii. Income Targeting

All NSP activities must benefit low, moderate, and middle income persons as defined in the NSP Notice ($\leq 120\%$ of AMI). At least 25% of each grant award must benefit households with incomes less than or equal to 50% AMI. Applicants must demonstrate their plan to affirmatively market units to NSP eligible households for participation in this program.

iii. Minimum Property and Rehabilitation Standards

Applicant will perform all needed repairs to bring properties into compliance with HCDD’s Minimum Property and Rehabilitation Standards and federal Housing Quality Standards (HQS). These standards are posted on the HCDD website at: <http://www.houstontx.gov/housing/rfp.html>.

iv. Discount

All NSP assisted property acquisitions must attain the statutorily-required minimum 1% discount from the market appraised value at the time of purchase. The discount is proven by an appraisal that meets NSP guidelines.

v. Appraisals

Appraisals that conform to the requirements of the URA at 49 CFR part 24 and the requirements set forth in the NSP Notice will be required for the purposes of determining the statutory purchase discount. The appraisal must be completed within 30 days of the final offer made for the property by a developer.

vi. Environmental Review

Developers must complete HCDD environmental review procedures and receive release of funds prior to purchase of any property or commencement of construction. Activities conducted prior to environmental review and clearance will be ineligible for federal NSP funds.

b) Multi-family Acquisition and Rehabilitation

HCDD anticipates funding multiple projects with the funding that becomes available. As additional funds become available for multi-family projects, they will be announced on HCDD’s website.

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

- i. Applicants must provide an architectural or engineering evaluation of any proposed major rehabilitation showing that the proposed improvements will significantly extend the useful life of the property.
- ii. The property will remain subject to a lien in favor of the City. The Applicant will remain liable for the loan throughout the affordability period.
- iii. Either payment and performance bonds, or a satisfactory letter of credit, will be required. See specific directions on page 10 of this NOFA.
- iv. The post-rehabilitation *pro forma* financial statements must make adequate provision for replacement reserves, affordable rents, and the anticipated number of rent-restricted units as estimated by Applicant as defined in 24 CFR Part 92. The City of Houston will publish a definition of affordable rents and provide such information to all prospective respondents. For higher rent levels for units between 80 percent and 120 percent of median, the City may set rents based on tenant household income not to exceed comparable unassisted rents in the neighborhood or may set a fixed rent based on 30 percent of household income.
- v. Leverage of Federal dollars with equity (including sale of tax credits), and private bank loans for both interim and permanent financing is encouraged. Projects that will bring varied sources of funds to invest will receive higher priority.
- vi. Applicant must complete a Phase 1 Environmental and Property Condition Assessment within 30 days of selection by HHCD.
- vii. 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 so that it may be restored to its natural value. Applicant is advised to check property address against the most recent flood maps which can be accessed at www.tsarp.org.
- viii. Section 504
Multifamily housing assisted with NSP funds must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) and covered multifamily dwellings, as defined at 24 CFR §100.201, and the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).
- ix. Rental units acquired with NSP funds must be inspected prior to occupancy and the plans must reflect that the property will be brought up to HUD Housing Quality Standards (HQS) in 24 CFR 982.401 and City of Houston building construction and rehabilitation standards.
- x. Multi-family properties will be restricted under a Declaration of Land-Use Restrictions, or other such instrument as determined by HCDD for long term

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

affordability per HOME Program regulations. Among other restrictions, the Declaration may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of HCDD in order to preserve the property as affordable housing on a case-by-case basis.

- c) Removal of Blight or Demolition
 - i. Clearance is intended to address areas of greatest need, where developers can prove that blighted structures are affecting property values in the area and pose a threat to human health, safety, and public welfare. Funds to complete demolition activities will be provided as a grant.
 - ii. This activity cannot be utilized to target the 25% requirement for 50% AMI, but may be used in conjunction with other eligible activities. Blighted structures to be removed must be located in eligible census tracts, in which 51% or more of the households are at or below 120% AMI.
 - iii. Developers may use demolition funds to remove blighted structures on properties they do not own, provided they are granted authority under law.
 - iv. For the purposes of this NOFA, demolition of structures as a part of the project (for example to reduce density or to eliminate any portion of a property located within the 100-year flood plain) shall be considered as a part of the rehabilitation costs and is not subject to the NSP demolition requirements. However, demolition activities as a part of rehabilitation are not exempt from environmental review requirements.

7. Eligible costs and Activity Delivery/Soft Costs Limitations

- a) NSP funds may be used to fund direct acquisition price, closing costs, cost of rehabilitation (if required), and related activity delivery costs which may include, among other items, costs related to the purchase of the property.
- b) Activity delivery costs represent the costs incurred in implementing activities for specific housing units, separately from the general administrative costs. Activity delivery costs are soft costs that are directly related to and identified with a specific housing unit (property). Eligible project-related soft costs must be reasonable and consistent with industry norms. Specific eligible activities include:
 - i. preparation of work write-ups, work specifications, and cost estimates;
 - ii. architectural, engineering, or professional services required to prepare plans, drawings, or specifications directly attributable to a particular project;
 - iii. inspections for lead-based paint, asbestos, termites, or septic systems;
 - iv. interim and final inspections by the construction inspector;
 - v. financing fees, credit reports, title binders, and insurance;
 - vi. recordation fees, transaction taxes;
 - vii. legal and accounting fees;
 - viii. appraisal fees;

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

- ix. architectural and engineering fees, including specifications and job progress inspections;
 - x. relocation costs;
 - xi. site specific environmental reviews; and
 - xii. lead hazard evaluation and reduction costs.
- c) For all activities, Activity Delivery costs must be reasonable and consistent with industry norms and will be restricted to a percentage of the non-administrative NSP costs per housing unit or property. The related Activity Delivery costs maximum will be based on the activity in a range from 5% to no more than 20% of the non-administrative NSP costs (hard costs).
- d) Activity Delivery costs for specific properties that are not ultimately acquired by the subrecipient may be reimbursed. Costs must be reasonable and consistent with industry norms, and may not exceed the maximum amount established for the related eligible activity.
- e) Activity Delivery costs may not exceed the forgoing limits without prior written approval by HCDD.
- f) Developers must certify that the amount being disbursed for activity delivery is for the actual amount of costs, and must provide documentation to support such costs.
- g) Eligible Costs are limited to those listed in §570, Subpart C, or as otherwise identified in the NSP *Federal Register* Notice. No duplicate disbursement of costs is allowed. Additionally, costs may only be disbursed once per occurrence when providing both acquisition and construction assistance to the same Project or Activity.
- h) Reasonable developer's fees are an eligible cost under NSP. HCDD will pay a developer's fee, not to exceed 15%, as will be determined in the agreement entered into between HCDD and successful Applicants.

8. Additional Requirements

a) Program Income

Any entity operating as subrecipient is subject to program income requirements. Revenue received by a subrecipient (as defined at 24 CFR 570.500(c)) that is directly generated from the use of CDBG funds (which term includes NSP grant funds) constitutes program income. To ensure consistency of treatment of such revenue, the definition of program income at 24 CFR 570.500(a) shall be applied to amounts received by subrecipients. However, Section 2301(d)(4) imposes certain limitations and requirements that necessitate an alternative requirement, as defined in the *NSP Federal Register* and *NSP Federal Bridge Notice*, to govern the use of program income generated by activities carried out pursuant to Section 2301(c).

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

As will be determined in the agreement entered into between HCDD and successful Applicants, program income received from subrecipient activities may either be returned to HCDD or may be used to further housing activities benefiting low-income households. Subrecipients will be required to track and report program income. Entities designated or considered as non-profit or for-profit developers are not subject to the NSP program income requirements. Developers' loan repayments will not be considered program income to the developer but to the City of Houston.

b) Lead-Based Paint Requirements

NSP assisted rehabilitation must comply with federal lead-based paint requirements including lead screening in housing built before 1978 in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A,B,J,K,M, and R.

c) Other Contaminants/ Hazardous Material Requirements

In accordance with 24 CFR 58.5(i)(2)(i), all properties must be free of contaminants/hazardous substances that pose dangers to users of the property or conflict with the intended use of the property. This includes, but is not limited to, toxic mold and asbestos. When there might be concern that a property contains toxic mold or asbestos, the developer will be responsible for the testing and abatement.

d) Davis-Bacon Labor Standards

Developers will be responsible for adhering to all Davis-Bacon labor standards, as applicable. For the purposes of NSP, any projects containing more than eight (8) units of housing (whether NSP assisted or not) is subject to Davis Bacon and labor standards requirements. HCDD will provide a wage decision from HUD to prospective respondents.

e) Section 3

Under Section 3 of the Housing and Urban Development Act of 1968, developers will be required to provide job opportunities to low-income residents and businesses, to the greatest extent possible. Reporting of efforts and results on a quarterly basis will be required of all selected developers.

f) Affirmative Marketing

Developers must adopt affirmative marketing policies and procedures in furtherance of the City of Houston's commitment to non-discrimination and equal opportunity in housing. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, gender, religion, familial status, or disability. Records should be maintained describing actions taken by the Developer to affirmatively market units and assess the results of these actions.

g) Uniform Relocation Act

NSP requires adherence to the guidelines set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR Part 24).

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

9. Eligible Properties

- a) Eligible multifamily property types for NSP assistance are multifamily residential property including condominium units, apartment units, and cooperative units in mutual housing projects.
- b) Properties must be foreclosed or abandoned, as defined by HUD (definitions updated April 10, 2010).
 - i. Foreclosed:

A home or residential property has been FORECLOSED upon if any of the following conditions apply:

 - 1) the property's current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency
 - 2) the property owner is 90 days or more delinquent on tax payments
 - 3) under state, local, or tribal law, foreclosure proceedings have been initiated or completed
 - 4) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, contractor, subrecipient, developer, or end user.
 - ii. Abandoned:

A home or residential property is abandoned if any of the following conditions apply:

 - 1) mortgage or tribal leasehold payments are at least 90 days delinquent
 - 2) tax payments are at least 90 days delinquent
 - 3) a code enforcement inspection has determined that the property is not habitable and the owner takes no corrective actions within 90 days of notification of the deficiencies
 - 4) the property is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state, local or tribal law or otherwise meets a state definition of an abandoned home or residential property.

10. Financing Terms and Loan Limits

- a) 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.*

 - i. As a policy, the City desires to provide enough 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.
 - ii. The final loan amount will be determined during underwriting, and will reflect the amount needed to achieve sustainable affordability for the project. Loan requests may be adjusted up or down to achieve the minimum 1.2X debt to income coverage ratio (net operating income before debt ÷ debt = 1.2).

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

- b) The loan request shall be based on the project's ability to secure first mortgage financing using NSP affordable rents and the level of gap financing needed after the developer has applied conventional debt. See attached Exhibit for affordable rents established by the City in its NSP Plan.
- c) Terms
Successful Applicants will receive a commitment from HCDD for a term to be determined in the loan agreement and based on the needs of the project to make it affordable. The NSP financing will be subordinate to the conventional debt in the project and will be provided to the developer for acquisition, rehabilitation, or soft costs. Upon completion of the rehabilitation and the issuance of a certificate of occupancy, the NSP loan and/or grant will be converted in permanent financing to the project.
- d) Repayment
Repayment of the NSP funds awarded through this NOFA will be based on whether the project requires a loan to make it affordable and the terms of that financing. Notwithstanding the above, NSP funds drawn down under this program will have to be repaid if there is a default under the terms of the developer's agreement or if the units do not remain affordable for the period specified in the agreement.

Loans are not transferable and are payable in full in the event of noncompliance or default that is not remedied by the borrower.

- e) Interest Rate
The lesser of zero percent interest or an interest rate determined through underwriting to be needed to make the project affordable will be charged.
- f) Affordability Covenants
All 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. This NOFA envisions the provision of rental units for households with incomes at or below 120% of AMI, as adjusted for family size. Information on allowable income: <http://www.huduser.org/portal/datasets/il/il10/index.html>. Projects funded under this NOFA, at a minimum, must meet HOME program affordability standards at 24 CFR 92.252 which relates to rental projects. The City shall use covenants running with the land or other similar deed restrictions to maintain the affordability standards.
- g) Security
- i. 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 will be required for every loan.
 - ii. **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.**
 - iii. Borrowers are advised to communicate with their commercial lenders about the higher priority of the land use restrictions for 15 to 20 years.

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

- iv. Borrower will NOT be permitted to place subsequent liens against a property either in priority or subordinate to City's lien. No additional debt is allowed without prior written approval by the Director of HCDD.
 - v. Title Insurance and Flood Insurance will be required.
- h) Subordination
- i. HCDD is willing, for acquisition or construction, to subordinate its loan to another lender's lien if required as a condition of that lender's loan commitment. Affordability covenants contained in the land use restrictions will NOT be subordinated.
- i) Payment, Performance, and Maintenance Bonds
- i. The contractor 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. Alternatively the bond requirement may be waived by the HCDD Director if the owner:
 - a. Provides an unconditional letter of credit in a form approved by the City Attorney in the amount of 10% of the construction contract.
 - b. Furnishes a certified or cashier's check, bank draft, Post Office money order or U.S. currency in an amount equal to 10% of the amount of the construction contract. The contractor shall make the checks, drafts, or money orders payable to the City of Houston.
 - ii. The contractor shall also furnish a maintenance bond to secure the warranty required under the construction contract between the Applicant and the contractor.
 - iii. Payment and performance bonds shall be made payable to the City and the borrower, and be in a form approved by the Director of HCDD. The surety upon the bond must be on the current list of accepted sureties on federal bonds published by the United States Treasury Department and/or on the State Board of Insurance list of authorized insurance companies in the State of Texas.
- j) Other Items
- Loan commitments and loans are not transferable.

Fees paid to related parties must be fully disclosed at the time of application. Fees must be customary and commercially reasonable, as solely determined by the City.

Applicant will verify that the unit is NOT within the 100-year flood plain and provide proof as a part of the application.

The applicant will obtain a Phase I Environmental Site Assessment within 30 days of notice of grant award. Applicant will comply with HUD's regulations as established in 24 CFR 58. Work may not be funded unless a 'Notice to Proceed' is obtained.

HCDD will review detailed project scope and budget projections per unit. For properties built before 1978, lead-based paint hazard reduction should be budgeted to comply with 24 CFR 92.355. Funding will be promptly provided on approved projects at least monthly, based upon work in place.

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

11. Application Requirements

- a) A complete Application with all Checklist items, presented in notebook form as specified herein.
- b) A letter of support from the district City Council Member is required prior to award. Civic club, Super Neighborhood Council, and at-large Council Member letters are encouraged but not required.
- c) Applicant or members of the development team must demonstrate substantial prior experience with the type of project contemplated in the Application.
- d) All projects are subject to Davis Bacon Wage Act rates and should budget accordingly. Refer to www.dol.gov/dol/esa/public/programs/dba/index.html. HCDD shall provide a Davis Bacon wage determination at the time of the pre-proposal meeting.
- e) **Pre-proposal meeting:** All prospective respondents must attend a mandatory pre-proposal meeting on July 9, 2010 from 10 a.m. to 12 p.m. at 601 Sawyer Street, Houston, TX.

12. Selection Criteria and Priorities

HCDD has established the priorities and scoring described below that will be used in the application review process.

All applications must meet a minimum total score of 60 points to be considered for funding. 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 NOFA is released.

Maximum Total Score = 100 Points:

1. Readiness to Proceed (20 Points)
2. Neighborhood Stabilization/ Plan of Action (20 Points)
3. Development Capacity (20 Points)
4. Management Capacity (20 Points)
5. Energy Efficiency (10 Points)
6. Quality of Life (10 Points)

a) Readiness to Proceed (maximum 20 points)

- Implementation schedule that shows readiness to proceed and ability to complete the project within the NSP obligation deadline.
- An existing pre-qualified pool of potential renters.
- The mechanism through which units will be made affordable to persons/families whose incomes are at or below 50% of the AMI.
- In recognition of the very short timeframe available for obligation of NSP funds, proposals that include contingent contracts or options to purchase will be given priority.

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

b) Neighborhood Stabilization/ Plan of Action (maximum 20 points)

HCDD will evaluate the narrative plan of action Applicant intends to take to implement the program. The Applicant's description that defines NSP-funded activities and meets the program's objectives, timetable for accomplishing the program, intended zone or zones for work, budget details provided, and other related information will be considered.

- The long-term viability of the proposed project including cash flow and ability to carry debt.
- Cost per unit relative to similar projects submitted in the NOFA
- Rent affordability
- Proposed project is located in the Target Area (s)
- Income levels the Project intends to serve
- Applicant has submitted all required information

c) Development Capacity (maximum 20 points)

The City believes that capacity is built incrementally. Accordingly, the City will look at the total number of successful projects an Applicant has completed as well as the size of these projects. The City reserves the discretion to refuse funding a project that goes above 20% more than an Applicant's largest previous project.

- Applicants' prior experience with projects similar to proposed project, including such details as acquisition of real property, rehabilitation, marketing, and rental of affordable rental housing. If proposal is serving specific target populations, the organization's experience serving that population must be stated.
- Demonstrated qualifications and experience or proposed staff and the organization;
- Strength of development team
- Applicant's experience in property management.

d) Management Capacity (maximum 20 points)

The City believes that property management skill is critical to the long-term success of an affordable housing project. The proposed property manager, 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 multifamily property operation. This analysis will include the financial results of Applicant's previous rental projects and a search of nuisance citation records.

- Capacity of the applicant to administer the funds; including relationships with lenders, insurance and bonding companies, appraisers knowledgeable in the Uniform Relocation Act, contractors;
- Ability to leverage additional non-city financial resources;
- The applicant's overall financial position and its ability to fund any non NSP costs which may be incurred.

e) Energy Efficiency (maximum 10 points)

Describe how you will incorporate specific energy efficient elements into your project plan. Applicant should plan to incorporate the purchase of Energy Star appliances into the project plan budget.

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

f) Quality of Life/ Green Building Practices (maximum 10 points)

Projects that take into consideration their neighborhoods and make provision for area beautification, such as caring for a landscaped median in the streets surrounding the project; or providing space for a neighborhood clinic, tutoring or other after-school program, as needed by the residents, will be more favorably received.

In addition, HCDD would also like to see Applicants incorporate environmentally friendly or other sustainable or green elements in their project plans. Examples include:

- accessibility to local transit;
- exceeding Energy Star standards;
- re-use of cleared sites as community resources, such as community gardens, pocket parks, or floodplain impoundment areas;
- salvaging and re-using materials resulting from demolition activities;
- and other sustainable development practices you describe and propose to incorporate into your project plan

While the City does not prescribe project amenities and green building practices, it does encourage consideration of items to create better neighborhoods.

13. Application Format and Submission

One original, six hard copies, and one electronic copy (on disk or jump drive) of the Application for funding should be submitted in a 3-ring binder, tabbed into sections. Tabs for each document in each Section are required.

HCDD reserves to the right to allow correction of minor administrative deficiencies (1-2 pages). ALL SUBMISSIONS BECOME THE PROPERTY OF HCDD.

The following items are to be included in Section I of the Application Binder: and must be submitted by the application deadline of July 9, 2010

1. The Multifamily Checklist (online) is designed to help Applicants submit a complete Application. It should be checked off as each required document is placed in the submission binder, and signed by the person filing the application on behalf of the Applicant. It is a part of the application. Attach the nonrefundable \$500 application fee to this form (for-profit only).
2. The Application Forms (online):
 - a. General Purpose Application Form
 - b. Agreement and Certifications form signed by an officer of the Applicant
 - c. Notarized Indemnity Agreement
 - d. Notarized Affidavit of Ownership or Control
 - e. Form A: Fair Campaign Ordinance
3. A narrative description of the project proposed by the Applicant which meets the Program requirements provided in the RFP. It should include the following:

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

- Address of the property
 - Description of work to be done
 - Unit mix according to income categories
 - How many units and type (apartments, condos, etc)
 - Total Development Cost
 - Per unit cost
 - Total NSP Request
 - Target Area
4. A budget for the proposed project showing both per unit and total project costs, including both sources and uses of funds and indicating the amount and source of any non-City funds. Describe assumptions regarding rehabilitation costs for rental. A detailed Property Conditions Assessment (PCA) and Cost estimate based on the PCA would be preferred, if available.

The budget should make provision for all handicapped accessibility requirements under the Rehabilitation Act of 1973 (24 CFR Part 8) and 24 CFR 100.205. For properties built before 1978, lead-based paint hazard reduction should be budgeted to comply with 24 CFR 92.355. Under the Davis-Bacon Wage Act (40 USC 27a-276-a5, 24 CFR Part 70), prevailing wages must be paid on all construction and related work on projects that include more than eight (8) CDBG-assisted units in a project.

5. Proof that the property is NSP eligible
6. Evidence of site control, or at a minimum a letter of intent to purchase.
7. A rental proforma for 10 years showing debt coverage ratios and assumptions.
8. Readiness to Proceed: Please provide an implementation schedule of the proposed project showing major activities and milestones especially those ensuring that the NSP funds are obligated as defined above. Include a pipeline of prospective renters, if available and a mechanism for meeting the set-aside for persons/families whose incomes are at or below 50% of the AMI.
9. Evidence of Project Team Capacity

Consultants and Other Team Members: Development team members must show experience with 3 similar projects.

- Provide a list of any other members of the project team, aside from the lead developer including professionals such as architect, construction manager, building inspector, etc.)
- Provide resumes for key staff of the project team. If rental units are being developed, need to include detailed property management information.

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

General Contractor (if selected): Experience with 3 similar projects required. Designation of a general contractor is not required with the NOFA application submission.

Upon designation of a general contractor, the following information must be submitted as part of the RFP:

- Demonstrate experience with similar construction types, e.g. steel or wood frame, podium construction.
- If this project is unusually complex, please demonstrate experience with a project of similar complexity.
- Show experience with prevailing wage/Davis-Bacon requirements. Experience in this area is desirable. If contractor has been involved with a previous project financed by the City or Agency, previous performance will be considered.
- Show experience with local hiring programs. Experience in this area is desirable. If contractor has acted on a previous project partially financed by the City or Agency, previous performance will be considered.
- Demonstrate that the contractor has the financial capacity to take on the project.
- Show that the on-site construction supervisor has the experience required of the contractor. Provide contractor's license and insurance and standing with the CSLB.
- Information regarding any project for which the general contractor did not complete, liquidated damages were imposed, the bonding company was contacted, a claim or lawsuit were filed or a notice of default was issued.

10. Project's prior three years' actual operating results, audited or reviewed

11. Current project rent roll by unit

12. Proof of liability insurance and bonding

13. Architect's letter verifying appropriateness of hard construction costs and a statement regarding extension of the life of the property as a result of the upgrades.

14. Survey

15. Borrower's last 2 years audited financial statements and tax returns

16. Marketing Plan, including affirmative marketing components

17. Photographs of proposed project

18. Relocation Plan

The following items are to be included in Section II of the Application Binder. If available at time of submission, please include with the Original Application. ~~Otherwise, these items must be submitted to HCDD by July 18, 2010 for Application to be considered for funding.~~

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

1. Letter of Support from District City Council Member
2. Evidence of Site Control (if not submitted with original application)
3. Market Study
4. Phase I Environmental Study
5. Appraisals: As-is and As-completed
6. Engineering Soil Report if project envisions teardown/reconstruction
7. Architectural Plans used to prepare Scope of Work
8. For properties built before 1978, a lead-based paint risk assessment must be performed
9. Asbestos report prepared by a state licensed inspector for the property. Report may encompass a typical unit block building, or the entire property.
10. Title report for project by individual building address

Page and Binding Specifications

1. Page Limit – None.
2. Page Size – 8 ½ x 11; oversized or pullout pages must be folded to accommodate this size.
3. Application must be typed and properly bound appropriate for the document's thickness. Unbounded applications will not be accepted.
4. A table of contents must be provided and tabs used to differentiate the various sections of the proposal.
5. Professional Cover Page – Not required but acceptable. If used, the cover page shall indicate the name and number of the solicitation. It shall NOT be used as a replacement for the Proposal Cover Page listed herein.
6. Original Document – Shall have original signatures and be clearly noted ORIGINAL on the cover.

Applications are due on or before 4:00 pm on July 9, 2010.

1. A nonrefundable application fee of \$500 (for-profit entities only) must accompany the Application.

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

2. Late proposals will not be accepted, and will be returned, unopened, to the proposer, at the proposer's expense.
3. Applications will be accepted ONLY at the following address:

601 Sawyer, 4th Floor
Houston, TX 77007
Attn: Ms. Deidre Rasheed
4. Any person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime, may not submit a proposal on a contract to provide any goods or services to a public entity, may not submit a proposal on a contract with a public entity for the construction or repair of any public building or public work, may not submit proposals on leases of real property to a public entity crime, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity as required by California Statutes.
5. 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.
6. ALL APPLICATIONS MUST BE SIGNED BY THE ORGANIZATION'S: BOARD CHAIR, EXECUTIVE DIRECTOR, PRESIDENT OR OTHER DESIGNATED PERSON.
UNSIGNED APPLICATIONS WILL NOT BE ACCEPTED.
7. NO APPLICANT SHOULD SUBMIT MORE THAN ONE APPLICATION.
8. CITY STAFF WILL BE AVAILABLE TO PROVIDE TECHNICAL ASSISTANCE TO PROSPECTIVE APPLICANTS FOR A SPECIFIED PERIOD OF TIME PRIOR TO APPLICATION DEADLINE. PLEASE CALL (713) 868-8429 DEIDRE RASHEED TO SCHEDULE AN APPOINTMENT FOR SUCH ASSISTANCE.
9. IN ACCORDANCE WITH THE ANTI-LOBBYING ORDINANCE, CONE OF SILENCE OR SIMILAR REQUIREMENTS, AFTER THE APPLICATION DEADLINE AND UP TO AWARD OF FUNDING BY THE CITY OF HOUSTON, ALL COMMUNICATION BETWEEN APPLICANTS AND CITY STAFF MUST BE IN WRITING. THERE MUST BE NO CONTACT BETWEEN APPLICANTS AND ANY MEMBERS OF REVIEW COMMITTEE.

14. The Conditional Commitment

Following the receipt and analysis of applications, the Director of HCDD, in consultation with senior staff, will approve the issuance of Conditional Commitments for funding to various projects. A Conditional Commitment is a letter stating that the Department recommends funding a project, subject to the development of an appropriate contractual agreement between the City and the Applicant. The Conditional Commitment is a letter that says that the City will proceed with the project in good faith, while reviewing Applicant's pro forma and complete application.

City of Houston Neighborhood Stabilization Program

Multi-family Notice of Funding Availability

Customarily, there will be some conditions attached to the proposed contract. Items, such as environmental hazard abatement, may have to be addressed. Underwriting may also reveal deficiencies in an application that will need to be addressed following the issuance of a Conditional Commitment.

Projects do sometimes fail to materialize after a Conditional Commitment letter is issued. HCDD reserves the right to rescind the Conditional Commitment and proceed to the next highest-priority project identified through the most recent application round; or to add the released funds to the upcoming funding round pool, at its sole discretion.

15. City Council Approval

Once a contract has been developed, it will be placed on the agenda of the Houston City Council. All contracts must be approved by the City Council. For this reason, a letter of support from the district Council Member has been established as a threshold requirement. HCDD strongly advises that applicants seek additional letters of support from local civic clubs, neighborhood groups, or the Super Neighborhood Council.