



CITY OF HOUSTON

Housing & Community Development Department

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Date: October 10, 2024

Subject: Letter of Clarification (2) for 2024 Multifamily Notice of Funding Availability (NOFA) – N091824

To all prospective Applicants:
This Letter of Clarification is issued for the following reason:

- To provide responses to the questions received from prospective Applicants prior to the deadline to submit questions:

	Question	Answer
1.	There does not appear to be any tiebreaker provisions in the NOFA. What deals will be prioritized in a tiebreaker situation?	Applications will be prioritized by the following criteria in the event of a tiebreaker: <ol style="list-style-type: none"> 1. The highest scoring application in a Choice Neighborhood with a commitment from the Houston Housing Authority 2. Applications that have received a 9% HTC award from TDHCA or 4% HTC applicants with a current active bond reservation (that can demonstrate closing before expiration) 3. Permanent Supportive Housing 4. Applications that include commercial generator for critical functions 5. Locations in CRA 6. Applications that include quality onsite educational program
2.	Could you please clarify what type of generator will qualify for the additional funding request?	Any commercial generator that you will be able to operate during electrical failure that will support critical functions.
3.	Will you please explain and describe what we need to include in the Electrical Failure Plan?	There are currently no specific requirements; However, the plan should outline protocols in the event of an electrical failure and detail how critical functions (elevator, water, fire-suppression pump, etc.) will be supported in the case of a power outage. HCD may request updates or changes to

		the plan during the underwriting and negotiation process.
4.	Where can we find the insurance requirements?	The letter of intent will include insurance requirements.
5.	Are we able to receive a waiver for the census tract poverty requirement if our development is over 25%? What is the proper website you are referencing in verifying this information?	Census tract poverty rate for new construction cannot exceed 25% or must be mitigated by CRA designation or permanent supportive housing. This is stated on page 5 of the NOFA under threshold requirements T2.
6.	Can you provide clarity on why a project would not be eligible if the applicant already closed on construction financing?	All funding including the COH investment must close at the same time before any work on the property can take place. There are certain compliance requirements that must take place before closing. This requirement is also stated on page 10 of the NOFA under Documentation of Agreement.
7.	If we elect to show the over 12.5% HOME Match for scoring priority, how can we show that in the application?	HOME Match can be shown on the sources tab.
8.	What are the High HOME and Low HOME rent requirements? Is that determined at Underwriting?	For high home and low income units, the dispersion is 80% for high and 20% for low of the total units that are being required. The units are then decided upon at the point of completion so that an equitable dispersion of units can be achieved.
9.	On the Unit Mix tab, it states we can add or delete rows to accommodate additional designations, but the Excel spreadsheet is locked, and I am unable to add a row for our 70% AMI units. Could you please advise how I could include those units?	Combine the 70% and 80% units in the 80% AMI category. Include a notation memo in the file with the submission explaining the combination with a copy of the below chart.
10.	If the guarantor is different than the borrower (the borrower entity has not yet been created), can the guarantor be the NOFA applicant?	Yes
11.	Is the \$30.00 HCDD Annual Compliance Fee per home unit?	The number of HOME units that the City requires is determined upon underwriting. Once the number of home units is determined during the underwriting process the \$30 fee will apply to only those Home units.
12.	Page 3 of the 37-page NOFA requires the Applicant to show a minimum of 12.5% in "Match" funds. Is this a COH requirement or does it stem from a match requirement from HUD?	HOME Match is not a threshold requirement; however, applications that provide match will receive 2 points.
13.	Scoring Criteria S2. – Site Location Information – Access to Local Transit requires evidence that the site is located within a ¼ mile of a high frequency Metro Stop that provides service arriving every 15-minutes on average from 6 am to 8pm seven days	Yes, but for this NOFA an application can only receive 2 points for proximity to jobs.

	a week. Can we support this scoring category by showing compliance with the requirements of TDHCA?	
14.	Who should the \$1,500 application fee check be made out to?	The City of Houston
15.	What is the department's timeline for making an award?	The department expects to have decisions made by mid to late November 2024
16.	If a project is scheduled to receive HUD funding and will go through HUD's environmental review will the City consider utilizing HUD environmental review as a supplement to the City of Houston environmental review?	If a Part 50 Environmental Review is completed as part of their application process to HUD, HCD federal funds can be included within that environmental review and would be listed within the AUGF from HUD. However, the timing would have to work out such that HCD funds could be listed within the review, public notice(s), and AUGF. We recommend consulting with the HUD representative on best procedures. If the review is completed prior to us awarding our funds, HCD would have to adopt that review and complete some aspects of the Part 58 review (HCD public notice period, RROF and AUGF). HCD would need to consult with our HUD representatives as to whether any other procedures would be appropriate to achieve compliance. Regardless, if an environmental review under Part 50 or Part 58 has been completed on the project in the past, it is always helpful to send it to HCD to see if the process can be streamlined.
17.	When will the loan payments commence?	Loan terms will be negotiated during underwriting.
18.	Will the loan payments be subject to Net Cash Flow, defined as revenue and less OPEX, deposits, replacement reserve reimbursement or deposits, insurance proceeds, social and residential services and deferred developer fee?	Loan terms will be negotiated during underwriting.
19.	Is the \$30.00 HCDD Annual Compliance Fee per home unit?	The number of HOME units that the City requires is determined upon underwriting. Once the number of home units is determined during the underwriting process the \$30 fee will apply to only those Home units.
20.	Page 3 of the 37-page NOFA requires the Applicant to show a minimum of 12.5% in "Match" funds. Is this a COH requirement or does it stem from a match requirement from HUD?	HOME Match is not a threshold requirement; however, applications that provide match will receive 2 points.
21.	What satisfies a match contribution in the form of "time", ?	Donated time for professional services converted to monetary value.
22.	Scoring Criteria S2. – Site Location Information – Access to Local Transit requires evidence that the site is	Correct.

	located within a ¼ mile of a high frequency Metro Stop that provides service arriving every 15-minutes on average from 6 am to 8pm seven days a week. This is a point category and HCDD will apply its standards. Those that satisfy the TDHCA requirements will not receive the 2-pts. Is this correct?	
23.	Scoring Criteria S2. – Employment – Proximity to employment and/or training centers. HCDD is requesting a map reflecting the name and proximity to employment/training opportunities. Will the On the Map evidence of job proximity that is required by TDHCA satisfy this scoring criteria?	Yes.
24.	Given these are HOME funds, please clarify if there is scoring associated with nonprofit CHDO status?	No points are given for CHDO status, because the department is currently using HOME CHDO funds for single-family.
25.	What is the proposed term of the loan, i.e. 30 years, 40 years, etc?	20 years for new construction and 15 years for rehabs
26.	Is a market study required for existing multifamily requesting funding for rehabilitation?	Yes, the market study may be provided during underwriting

This Letter of Clarification will be considered part of the solicitation referenced on the first page of this document.

It is the responsibility of the Applicant to ensure that it has obtained all such letter(s). By submitting application on this project, Applicants shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into their applications.

Thank you,

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