

**RFP WORKSHOP AND EMAIL QUESTIONS AND ANSWERS**  
**As of February 20, 2013**

1. Is the Revitalization map on the website?

Yes: <http://www.houstontx.gov/housing/pdf/actionmapandplan20121217.pdf>

2. Is 15% letter of credit acceptable in lieu of P & P Bonds?

The Department will decide on a case-by-case basis

3. Is the loan cash flow only if you have a FHA loan?

The Department will decide loan terms on a case-by-case basis

4. What specific documents are required for the match if you are using in-kind, leveraging land, etc.?

Here is the link to *Building HOME*, a guidebook issued by HUD to help better explain the HOME Program. Chapter 8 gives specifics on what counts as Match as well as the documentation needed: [http://portal.hud.gov/hudportal/documents/huddoc?id=19787\\_ch08.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=19787_ch08.pdf)

- For donated land, see pages 8-10 through 8-12
- For in-kind donations, see pages 8-14 through 8-15

5. Is this a loan to be repaid?

Yes, in most cases

6. Can your project receive both Disaster and HOME funds, or will it be restricted to only one fund?

It can receive both

7. For Disaster, we could submit supplemental materials or updated materials from March 2012 application – if it is still the same site, from 2012, do we submit the entire application?

An update is acceptable

8. How much funding will be available?

Amounts are still being determined

9. If the GC uses Federal HUBZone qualified company will that be sufficient to meet the requirements of the Section 3 HUD compliance rules?

They must be certified as a Section 3 company by HCDD, and all subcontracts above \$100,000 must comply with Section 3.

10. Under cost reasonableness report, will HUD require cost to be within Safe Harbor cost control guidelines or within the parameter of HUD unit cost guidelines?

A third party engineering firm will provide an opinion on the reasonableness of the costs for the specific scope of work.

11. Is it necessary to apply for HOME funds if an application for DR2 has already been submitted?

No, as long as you request that the application be considered for this RFP

12. For clarification: The revitalization zones, according to COH, would qualify for funding projects even though there is poverty and minority concentration. How confident are you (COH) that these exceptions are going to be granted in the QAP?

The TDHCA Board will vote on this at their meeting on February 19. We have verbal assurance that staff will recommend that the plan be accepted.

13. Are those seeking 9% tax credit applications that are seeking City funding request letters required to complete a HOME application?

Only those who want to receive HOME funds

14. If yes to the above, is the City prioritizing the HOME funding in a manner that will ensure that those 9% applications allocated tax credits will receive the HOME funding assistance committed by the City at the time the 9% tax credit application as submitted for the award?

To answer in reverse - the City will not award HOME funds to those tax credit applications that do NOT qualify for the tax credits.

15. Can CDBG or HOME funds be used to demolish blighted structures that exist on the site?

Yes

16. What/where is the City's standards for environmental reports?

**Requirements for Environmental Review**

All federally funded projects and any other federal grants must receive an environmental review using the criteria and statutory authorities specified in the HUD regulations 24 CFR Part 58 ([http://www.access.gpo.gov/nara/cfr/waisidx\\_04/24cfr58\\_04.html](http://www.access.gpo.gov/nara/cfr/waisidx_04/24cfr58_04.html)) and, for more complex projects, using procedures from NEPA.

17. Would deferred developer fee meet the requirement for 12.5% matching funds?

No.

18. Will the City give preference to mixed income developments – for example: where market rate units exceed 20%?

Additional points will likely be awarded for mixed income developments

19. Can the HOME 12% match be accomplished by using 4% Bond funds?

No.

20. What is your pleasure with regard to multi-site projects?

Scattered site is generally not considered multifamily if the sites are not contiguous.

21. Can a portfolio of single-family homes qualify as multifamily?

No

22. We have a property under contract, and we would like to use HCDD funds to acquire it. Do we have to hire an architect to provide drawings of what we plan to build, when we don't know yet whether we will be given the funds to purchase the property?"

Provide at least a thorough written description of the project.

23. For the 2013 9% application RFP, what is the preferred HOME loan structure? (hard debt with debt service or is it cash flow contingent or no debt service at all)

We will determine the loan structure based on the individual project. A for-profit developer can expect to pay a minimal amount of debt service (1% - 2% range probably), and/or a recapture of proceeds that result from sale or other capital event at the end of the loan term.

24. What is the maximum allowed per unit loan amount for new construction projects?

We do not have a maximum per unit loan amount, although obviously we are bound by the HOME Investment Limits shown at the top of Tab 7 – Income Calculations.

25. I represent developers that are submitting 9% tax credit applications to TDHCA on sites in Houston, Texas. We are satisfying our Commitment of Development Funding by a Unit of General Local Government scoring category by evidencing a receipt from the City of Houston Community Development Department of a funding request by the Developer for HOME loan in the amount required to maximize the associated points.

Therefore, since the anticipated HOME loan (if awarded the tax credits) is one of the funding sources in the deal, I need to describe how the HOME loan is modeled (i.e. interest rate, term of loan, high/low HOME units). Please advise at this very initial stage how we should show the HOME loan coming into the deal, at what interest rate and preliminary terms. This is all I need at this stage of the transaction.

I would recommend using a 20-year loan term in your proforma. Typically the loan term and the Affordability Period are the same; the Affordability Period is contingent on the type of project and the amount of HOME funds per unit, and can range from 5 to 20 years.

During the underwriting process we will determine an interest rate for the loan. We have no specific guidelines on this, as each project is evaluated on its own merits. However I think a safe range to consider would be 1% to 3%. Loans will be fully repayable at the end of the loan term.

In terms of High and Low HOME rents, please follow the guidelines on pages 5 & 6 of the RFP.