

## 2012 NOFA Questions and Answers

1. What format should we use to discuss the NOFA's equity requirements? Also, does our response count against the 10 page narrative limit?

Responses to the NOFA's equity requirements should be incorporated in the body of the narrative. Proposers may want to use the criteria from the NOFA scoring to guide their discussion. PHB encourages proposers to add attachments of relevant equity items, e.g. a contracting plan, to their proposals.

Only where proposers address equity questions/criteria in the narrative will that count against 10 page limit.

2. Is there a market study requirement for the NOFA? Does it have to be by a third party consultant? Can we just use comparables that we research?

Proposers are not required to submit a market study as part of their NOFA application.

Should a proposer decide to submit a market study, PHB encourages the use of a generally accepted industry standard. The National Council of Housing Market Analysts provides one such standard which can be found here:

[http://www.housingonline.com/Documents/Model%20Content%20Standards%20\(Dec%202007%20Final\).pdf](http://www.housingonline.com/Documents/Model%20Content%20Standards%20(Dec%202007%20Final).pdf)

3. What counts as developer equity; cash only; deferred fee; other?

Refer to criteria 1.9 in the NOFA scoring which says "Sponsor proposes to provide their own cash/property equity (not, e.g. LIHTC or SDC waivers) > 2% of TDC." Meeting this criteria would give the proposer one point. However, PHB investment guidelines count several other sources as equity, e.g. system development charge waivers, deferred developer fee, cash grants. Criteria 1.9 is more restrictive than PHB's guidelines. The intent is to signal the additional desirability of the two forms of equity enumerated in the criteria, not to contradict PHB investment guidelines. PHB investment guidelines remain unchanged and PHB will use traditionally accepted forms of equity during underwriting.

4. The requirement for a resident services plan, is that just for PSH units, or is that for all residents in the project?

It is an industry best practice to have a resident services plan for affordable housing properties. Specific to this NOFA where resident services are proposed, proposers are encouraged to include discussion of those services in the narrative. If proposers have a resident services plan, that should be included as an attachment. There is no specific format for a resident services plan.

5. Why doesn't PHB align its developer fee requirements with Oregon Housing and Community Services (OHCS)?

PHB has posted its current developer fee guidelines on the NOFA website. PHB is actively reviewing those guidelines in consultation with OHCS. If PHB makes changes to its guidelines prior to or during underwriting, PHB would apply the revised guidelines to the project. In the meantime proposers, should assume the fee guidelines as posted on the NOFA website while also insuring the budget and proforma are robust enough to accommodate possibility higher fees in the future. See also question 16 below.

6. What constitutes substantial rehabilitation: percent of total costs, percent of PHB funding for project?

For projects that include acquisition, "substantial" would be approximately 50% of total development cost. For rehabilitation only projects, PHB does not have a standard for "substantial," however, questions PHB would consider include: is the rehabilitation necessary? does the rehabilitation provide significant benefits to the residents/tenants? what level of improvement over current conditions will be made? what is the current condition of the building? Would the rehabilitation extend the life of the project for at least 15 additional years? These standards would be applied to acquisition/rehabilitation projects as well.

7. Is a level 1 environmental site assessment (ESA) required as part of the NOFA application?

A level 1 ESA is not required as part of a NOFA application. However, in most cases a level 1 ESA (or better) would be required at some point during the underwriting process.

8. Would PHB partially fund a HOME request (e.g. if the NOFA is offering only \$2M in HOME, what if three proposals requested \$3M total, would PHB reduce all equally)?

PHB reserves the right to adjust award amounts as necessary.

9. Equity glossary: what is the geographic area that PHB is using as reference area?

The neighborhood and surrounding community of a project location e.g. Eliot neighborhood in northeast Portland.

10. Will PHB require an appraisal if the transaction is between two related parties? Will PHB require an appraisal as part of the NOFA application?

It is likely that PHB will require an appraisal during the underwriting process of the transactions is between two related parties.

11. PHB's "Greening Affordable Housing Standards" are unclear relative to rehabilitation. They seem to be geared more to new construction. What are PHB's rehab standards, e.g. energy efficiency? Windows?

This is a broad question that requires project specifics to answer. PHB can provide guidance to proposers on individual standards as requested.

12. Is PHB addressing the issue of workforce housing. It seems as though what constitutes median family income has been decreasing while rents are increasing. This may be creating a gap that's above what's called 60% MFI?

Proposers may submit NOFA applications that include units above 60% MFI. PHB will not provide direct subsidy from the NOFA for such units.

PHB is sensitive to housing affordability problems experienced by households earning more than 60% MFI. PHB has an ongoing dialogue about such issues, however, given its very limited resources, the Bureau has chosen and will likely to continue to choose to focus on households earning 60% MFI or less.

13. Are 80% MFI units allowed in a project if they are not subsidized by PHB?

See question 12.

14. Can you clarify how you will score the Equity section?

There are 50 total Equity points available in the NOFA. Proposals will receive one point for each sub section in the Equity scoring section. Sixteen points would mean a project has met the Equity section threshold. Twenty-five or more points would mean a project has achieved the maximum score for the Equity section.

15. Are the 20% MWESB and 30% MWESB criteria additive? Do you get two points if you're above 30% MWESB participation?

See also question 14. above. NOFA scoring criteria 5.3 provides for one point if "for all projects 2008 or after, [the] MWESB participation rate exceeds 20%." The criteria provides for one point if "for projects 2008 or after, aggregated [the] MWESB participation rate exceeds 30%." Projects that exceed the 30% rate would receive one point for exceeding 20% and one point for exceeding 30% for a total of two points.

16. Developer fee: are the figures shown on the NOFA website percentages of the PHB award amount, hard cost, total development cost? Are the figures the percentage of the developer fee that PHB funds can pay for? Does the percentage assume inclusion of deferred fee?

PHB calculates developer fee percentage as follows: developer fee divided by/total development cost minus developer fee. PHB does consider both cash (capitalized)

and deferred developer fees during project review and underwriting, however, the guidelines published on the NOFA website apply to the cash fee only. Deferred fee is not included in the percentages. During underwriting, PHB may also determine that developer fee calculations should also include other developer-fee-like fees with different names: e.g. “consulting.” See also question 5 above.

17. On page 3 under Threshold Requirements, under Site Control there is a sentence that says “Proposals for new construction or change of use/density must provide evidence of land use suitability including zoning, environmental assessments, and neighborhood compatibility”. Does this mean that a Phase 1 [Environmental Site Assessment] is required in order to apply to the NOFA? If not, what kind of “environmental assessment” is required? And is a Zoning Letter from the City required or is Architect input enough?

See question 7 above regarding Environmental Site Assessments. The “evidence” standard for “land use suitability including zoning, environmental assessments, and neighborhood compatibility” is flexible and for application purposes is at the proposer’s discretion. Projects awarded through the NOFA may be required to provide additional evidence during underwriting.

18. How would you score an application that proposes to convert a vacant previously commercial building that never included residential uses to a residential building?

PHB acknowledges there is a two point scoring difference between “new construction” and ‘acquisition/rehab.’ Given the unique nature of the proposed project type, PHB will make a scoring decision based on review of the application materials submitted.

19. Scoring section 5.4 is changed to read as follows:

5.4 **MWESB certified** professional services, e.g. accountant, architect, attorney, consultant, engineer, landscape architect (score all that apply)

1	Engaged <b>MWESB</b> firms on previous project	1
1	Contracting plan includes 2 or more <b>MWESB</b> professional service providers	1
1	Contracting plan includes 1 <b>MWESB</b> professional service providers or describes good faith efforts to hire <b>MWESB</b> professionals	1

20. Scoring section 5.8 is changed to read as follows:

5.8 Resident Services Plan (RSP) in sponsor owned/controlled projects (score all that apply)

1	RSP for new project reflects programming intended to improve outcomes specific to race/ethnicity of residents; funding and Provider Agreements are in place
1	RSP services and costs for new project identified, without accompanying written agreements or identified source
1	RSP for new project is appropriate for population as described in Project overview narrative
1	Resident outcomes are analyzed by race/ethnicity and utilized to update programs
1	Sponsor reports RSP outcomes by race/ethnicity
1	Data from resident services is tracked but may not be actively managed or may be insufficient to take corrective action

21. The federal Department of Housing and Urban Development (HUD) has released new median family income numbers and corresponding rents for 2013. PHB has posted those here: <http://www.portlandonline.com/phb/index.cfm?c=50010> Note that new HOME rents and incomes do not officially kick in until after HUD issues them (typically in February).