

**Summer 2018 NOFA**  
**Mandatory Information Session –**  
**Questions and Answers**

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08/16/2018

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**Permanent Supportive Housing (PSH) / SRO demonstration**  
**Project Questions**

**Q1. What was the Medicare Waiver referenced by Marc Jolin on PSH?**

Oregon has received a renewal to its [Medicaid-1115-Waiver](#) from the federal government, allowing our state's Coordinated Care Organizations to use Medicaid funding to better integrate activities that promote behavioral, physical and oral health, with a focus on social determinants of health. This includes the option to use funding to support housing stability and may include covering staff to provide in-home care services to individuals.

**Q2. Are the County funds eligible for use outside the City of Portland?**

Technically, County funds could be used outside the City; however, since they are paired with Portland Housing Bureau (PHB) funds, in practice, County funds will only be used inside the City.

**Q3. What is the vision behind an SRO demonstration project with PSH that does not include vouchers?**

There are no project-based vouchers for any project under this NOFA, that is why PHB has teamed up with the County and Joint Office to provide the service dollars. This is not the traditional way that PSH units have been funded. The PSH Project is to serve as a "demonstration" to determine potential alternatives that can then be replicated across the City and potentially the State. The funders are providing as much flexibility as possible to development teams which is one reason smaller sized projects are being allowed. There is the need for tighter operations to keep operating costs down and leveraging the applicant's knowledge and experience in managing supportive housing.

**Q4. Can you make any PSH operations pencil at \$500 a month of rent without vouchers? Is \$500 a month of rent sufficient to cover operating expenses associated with a PSH project?**

The expectation is that the proposer leverages other ongoing service support funds. The funding partners are aware that the \$7,000 per unit per annum for services that is being provided by the Joint Office may not be sufficient. It is uncertain whether rent of \$500 per month per unit would be sufficient to cover operating expenses of a PSH project; that is the reason there is no expectation that any proposed project must be able to service any debt.

**Q5. Is the assumption that the occupant will be expected to pay \$500 in some form?**

It is expected that the tenant will pay not more than \$500 per month for rent; the total amount tenants are required to pay may be lower if the development team is able to leverage other sources. If the development team comes up with a services package that does not require the full \$350,000 per annum (for 50 units), they could propose to use some of that remaining amount as operating support.

**Q6. Will PHB be open to capitalizing an operating reserve or maintenance reserve or sinking fund as part of the capital costs?**

Yes, PHB is open to proposals that include capitalized operating or maintenance reserves or a sinking fund. But applicants need to show their financial projections and assumptions including other sources that may be available to fill funding gaps.

**Q7. To be clear on the entire project being PSH – is it ok to have a mixed building with other affordable units?**

A mixed building will be allowed, however, the PSH project funding is tied only to PSH units.

**Q8. Do you have a policy preference for an entire building to be PSH?**

See Q7

**Q9. If it is a scattered site development, do you have any objections on one building being entirely PSH and the others not?**

See Q7

**Q10. Can shared housing qualify as SRO? For example: a two-bedroom unit with two bathrooms but shared kitchen and other common areas.**

The goal was to achieve smaller affordable units, but the funding partners are open to other proposals. However, the housing proposed must fit the targeted tenants needing PSH and shared housing may not be the most suitable long-term arrangement.

**Q11. Can you bring in a project that has no SRO?**

It is preferred that at least 50% of the units be SRO. If you are proposing a project that has no SROs, please include in the project narrative why it does not have any SROs and how it meets other requirements.

**Q12. In an effort to try to maximize the different capital dollars including using the OHCS funds and to leverage more services, are you limiting severe mental illness (SMI) to 25%?**

The minimum is 25% SMI with the OHCS funds but it can be more than 25%.

**Q13. Is the \$500 the most you can charge the tenant or the most you can collect in rent?**

\$500 per month is the maximum that can be charged to a tenant.

**Q13. Project-based vouchers (PBV) come with a preference for studio units, as opposed to SROs. In addition, they pay rent in the excess of \$500, so if vouchers were introduced to the project, would that create conflicts?**

There are no project-based vouchers for this project from PHB, JOHS/County or OHCS. The intent of the PSH project is to create a cost-effective development and operational model which can be replicated and is not dependent on vouchers including any tenant-based vouchers. Projects without vouchers are preferred. If two projects are identical on all other things except that one does not have vouchers and one has vouchers, the former (without vouchers) will be prioritized. That said, vouchers are an acceptable resource that can provide leverage to a project.

If vouchers are proposed, PHB expects applicants to describe the reason why vouchers are being recommended, including a clear description to ensure the priority population will be served, how the project will provide equitable access and opportunity for prospective applicants who do not have access to vouchers, and the extent to which the project can be successful without the vouchers.

There is a strong preference in seeing an SRO project or a project that includes SRO units because there is something to learn from that process, especially if the project is a new development.

**Note:** Applicants will do better the closer they match what is in the NOFA.

**Q14. Can PHB share its assumptions for costs per unit per year on operating expenses?**

PHB ran preliminary projections assuming lower than average operating expenses due to small-sized SROs units. Approximate annual operating costs of PSH units ranges \$6000-6300 per unit and approximate annual service cost of PSH units are \$10,000. With the JOHS service subsidy of \$7000 per year and the estimated annual rental of \$6000 per year (or \$500 per month), the estimated gap is \$3000-\$3500 per year or about \$250-300 per month per unit which the proposer would need to leverage from somewhere else.

**Q15. Will there be a preference for projects that serve 0-50% Area Median Income (AMI) vs 0-60%? In the past PHB has had preference points for lower AMI.**

No.

**Q16. Is there a square footage minimum for the SROs?**

The minimum square footage for SROs in Portland is 100 sq. ft. further described in [City Code 29.30.290](#) and OHCS' minimum requirement is 175 sq. ft.

**Q17. How are you defining significant rehab? Why would it need to have major rehab to qualify?**

PHB is flexible in terms of what is needed for the building and the population. The project can be new construction, acquisition or acquisition/rehab.

**Q18. Are you available for additional questions?**

Yes, but because this is a NOFA, any question that gets asked must be distributed to the public for transparency purposes. As stated in the NOFA, PHB will not provide one-on-one advice to individual proposer.

**Note:** All questions, including those about the services component and the County's funding, should be addressed to PHB. PHB will communicate questions involving the County, directly to the County.

**Q19. is there a deadline for the questions?**

There is no official deadline for the asking of questions, however, questions submitted close to the deadline for proposals may not receive a response prior to that deadline.

**Q20. When was PSH established as a project priority?**

City/County has a long history of PSH in the community, the last count was about 3,700 units. In November the City and County adopted a resolution targeting the creation of another 2,000 PSH units over the next ten years. With the adoption of that resolution the City and County started looking at opportunities to increase PSH inventory in the community. There were also conversations about braiding funding and how to deliver these resources differently. It's been an on-going commitment and a renewed commitment in the last nine months to dramatically expand supportive housing.

**Q21. Are City and State funding also available County wide?**

PHB funding is only for the City of Portland projects.

**Q22. Is the \$350,000 from JOHS would be available County wide?**

See Q2.

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## HOME Project Questions

**Q23. Can you talk a little bit more of what you envision for creative art spaces (under the HOME and CES Projects), it's never been included in the NOFA before, what is the thought behind this? Is creative art space something that can potentially be served through community space?**

Refer to the [Affordable Art Space Report](#) which was passed by City Council.

**Q24. Regarding the Equity Plan; what metrics are you using for equity, what are you looking for, as far as documentation, and how will this be enforced?**

Equity Plan metrics are stated in the NOFA and see [Appendix G](#) for possible Equity Plan component. PHB has 24% goal for Minority, Women and Emerging Small Business (MWESB) certified subcontractors for the hard cost construction. There is also a goal of 20% for MWESB for professional services.

The Workforce Program applies to all projects estimated at \$200,000 or more and to each subcontractor having a subcontract of \$100,000 or more on projects. Borrowers and their general contractors shall also ensure that 20% of labor hours in each apprenticeable trade performed by the General Contractor and applicable subcontractors are worked by state-registered apprentices as outlined in the Workforce Program requirements. In addition, projects with federal funding are required to comply with the Section 3 policy. This policy establishes a goal that 10% of the total construction dollars be awarded to Section 3 businesses and that 30% of new hires are Section 3 residents.

Expectations around these and other criteria are all spelled out in the NOFA documents. See especially Appendices E, F and G. Additional information of PHB's Equity in Contracting is found [here](#) and the City's Social Equity Contracting is found [here](#).

**Q25. How did you arrive at the 60 unit minimum for the HOME Funds?**

PHB is funding roughly 20 projects currently that are either in design, construction or that have recently been completed. Very roughly these projects have averaged \$100,000 - \$125,000 in gap funding, though some projects require more and some much less depending on the project and the other funding sources it has access to. \$7M equates to a PHB subsidy of approximately \$115,000/unit, in the range of these example projects.

**Q26. Since this is envisioned to be leveraged with Low Income Housing Tax Credits (LIHTC), on the lower affordability requirements – can the 50% be achieved?**

The HOME program requires that some units serve 50% AMI households. PHB has included a HOME subsidy calculator as Form H (accessible [here](#)). Proposers should use the calculator to determine requirements, including the 50% AMI requirements. Different capital can be layered, if it meets the HOME requirement. With regard to the 30% AMI requirement, PHB would like to see 5% of all units with 30% AMI in all buildings going forward.

**Q27. Do we round up or down on the 5% at 30% AMI requirement?**

Round up.

**Q28. Can a capital campaign for the arts be used? If funding is already set aside for the building, can a capital campaign raise money for the arts space?**

Yes, a capital campaign could be used. PHB is open to ideas about how the art space preference could be accomplished, and project narrative can describe proposers' experience with capital campaigns.

**Q29. For preference criteria, does PHB have a set scoring metric?**

These are PHB's general preferences and PHB will not assign specific scores to specific preferences.

**Q30. With the 5% PSH and the 5% at 0-30% AMI, it sounds like those two could overlap, so that could be 5% total as opposed to 10%?**

That is correct, the two criteria could be met by the same population as long as appropriate services are provided and that the additional costs of PSH are clearly delineated.

**Q31. In looking over the HOME portion of recently published NOFA, in FORM F, the Maximum HOME Subsidy calculation, there's a 221d3 subsidy limit required by unit type. Since the 221d3 program has been discontinued by HUD, where is this info?**

The HOME Maximum Per-Unit Subsidy for Portland is found [here](#)

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## Central East Side (CES) Project Questions

**Q32. If we meet all the PSH criteria, but the site is located in Central Eastside, is that okay?**

PHB has a preference for projects not in the URAs under the PSH Project but it is not prohibited. It is up to each development teams to determine which funding source (PSH Project, HOME Project or CES Project) is most suitable for their specific proposal.

Please note that the Interstate URA has specific requirements related to the N/NE Neighborhood Housing Strategy and any proposal in the Interstate URA seeking PHB funding must comply with the N/NE Preference Policy – even if it were involving PSH or HOME funds.

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## General NOFA Questions

**Q33. Let's say you have a proposal that is successful, and you try to replicate that model; will you contact the creator or take full ownership?**

Do you mean the development plan?

**Yes.**

PHB does not take ownership of the development plan, those are yours, but PHB does keep copies.

**We are creating a facility, with this facility that we are proposing to you guys - then it would be yours.**

If you have not worked with PHB before, then PHB will provide some background about the regulatory agreements, and loan agreements that are required in terms of affordability. PHB does not take ownership of the development; ownership for the building is expected to remain in hands of the proposer.

**Going back to what you guys said about treating all proposals like models, replicating stuff like this so that PHB can continue to do what they do.**

PHB's goal would be to find with your proposal, a potential replicable building typology, as well as operating plan and service plan, so that PHB can have a better understanding on how to continue to propose this work and do this work. PHB is asking for innovation from the development and service community to help crack this complex problem – that is what is meant by replicability.

**Right, but also with ownership.**

The ownership of the building is retained by the developer.

If you are concerned about intellectual property, PHB is a public agency and any record in PHB's possession, is potentially discoverable through a public records request.

**Q34. What was the decision process between solicitations; where with the PSH funds you can have smaller projects, and with HOME/Central Eastside you can't have smaller projects.**

PHB is making a departure from its normal minimums for PSH projects, due to what is known about how people are best served. It is not ideal as a regulator or from an operations perspective to have the smaller buildings, but PHB is willing to do that because of the focus on a complete supportive housing building. Based on best practices for individuals with severe and persistent mental illness; smaller configurations may actually be the most supportive for these individuals – in terms of their success in housing. PHB is trying to be more flexible with that particular type of funding, but PHB has not decided to expand that beyond this particular innovation pilot.

**Q35. Can you forecast when the next PHB allocation of funds or NOFA will occur?**

It is unlikely for PHB to issue another NOFA this year, likely next year but updates will be coming.

## Additional Questions

08/16/2018 – 9/7/18

**Q36. The NOFA states “All new (PSH) units must be new to Portland’s inventory of regulated affordable housing.” Does that mean transitional housing which was previously regulated but no longer receiving HUD funding for transitional housing projects cannot apply?**

The intent for the PSH Project is for new regulated affordable units for PSH clients, so an existing regulated project cannot qualify.

**Q37. Would PHB consider an Exclusive Negotiating Agreement (ENA) or a Letter of Intent (LOI) as evidence of “site control” for the purposes of the NOFA responses due October 4?**

Yes, PHB would accept an ENA and LOI. Other acceptable forms of site control include a Purchase and Sale Agreement and Development Agreement; however, the form of the provided agreement and its advancement towards a development may be used as part of determining whether a proposal is feasible.

**Q38. Can a developer who did not attend the mandatory meeting team up with another attendee to make a proposal?**

Yes, the developer is not required to attend the mandatory meeting, as long as someone on the development team is in attendance. The attendee can be the service provider, consultant or contractor.

**Q39. Under the "Equity" section of the NOFA, *Low barrier tenant screening criteria* is one of the bulleted points. Please clarify what PHB and the JOHS is looking for in particular?**

Please reference these sources (hyperlinks) on low barrier tenant screening criteria:

[A Home for Everyone Community Guidelines](#) (pages 8-9 on Permanent Supportive Housing): indicate “eligibility criteria is minimal, especially in regard to serious criminal justice” and “Given the barriers of populations served by PSH, eligibility requirements and barriers to entry are as least restrictive as possible.”

[HUD Housing First in PSH Brief](#): “*Low barrier admission policies* – Permanent supportive housing’s admissions policies are designed to “screen-in” rather than screen-out applicants with the greatest barriers to housing, such as having no or very low income, poor rental history and past evictions, or criminal histories. Housing programs may have tenant selection policies that prioritize people who have been homeless the longest or who have the highest service needs as evidenced by vulnerability assessments or the high utilization of crisis services.”

The effect locally of such low barrier admissions policies could be operationalized through alignment to [local coordinated access systems](#) for tenant referral and prioritization in partnership with the Joint Office of Homeless Services.

**Q40. The HOME Project seems intended to fund new affordable units. If the proposer has a site with 5 existing affordable units, and the plan is to demolish the building and do new construction, would the minimum number of total units to meet investment requirements be 60, or 65?**

The HOME project has a minimum investment requirement of 60 new units. Under this scenario, the required minimum number of total units to meet investment requirements should be 65.

If the proposer still wants to propose something less than 65 units, it will not meet the investment requirements and an explanation should be provided in the project narrative.

**Q41. Can ground floor commercial space in the project be included?**

Any commercial space can be included in a project; in general, NOFA funds should not be used to support the cost of the commercial space construction or operations (including those for affordable commercial space).

**Q42. During the meeting PHB stated that it wanted the entire PSH Project to be SRO or at least for any units that are requesting subsidy? I don't see it in the NOFA, which says "at least one building focused on SRO and/or studio units" and that "at least 50% of total units must be single room occupancy".**

The intent of the NOFA is to create a minimum 50 units of PSH units. Each proposal should have at least 50% of total units be single room occupancy. A proposal can be a single building or multiple buildings/scattered sites; however, only units with PSH can use the PSH Project funding. A proposal will be evaluated on how well it meets the investment requirements and preference criteria.

**Q43. The \$150,000 per unit construction cost for the PSH Project is going to be tough to hit. Are there allowances for working in higher cost neighborhoods? And does costs unintentionally play against the N/NE Preference Policy and other efforts to slow/reverse gentrification, the goal of mixed income neighborhoods, and access to transit and services?**

Cost is a consideration and there is a preference for \$150,000 per unit construction cost or less. The cost and location of a proposal will be evaluated against how well the project meets the other investment requirements of the NOFA including the capacity to reach the targeted population and the services plan for the priority population.

It should also be noted that any project in the N/NE Corridor using PHB funding must comply with the N/NE Preference Policy.

**Q44. On the HOME Project, there is a preference for a project outside of urban renewal areas. In defining URAs, does PHB include URAs that have been effectively shut down, like South Park Blocks, but are still in existence until the bonds get paid off? What about purely commercial micro URAs like NE 42nd?**

The HOME Project lists a preference for projects outside of a URA and at this time there is no distinguishing between an URA that have current funding or those that are limited in funding. Neighborhood Prosperity Initiatives (NPIs), such as NE 42<sup>nd</sup> Street, which never had tax-increment funding for housing, are not considered a URA, therefore, has preference.

**Q45. Is the provided pro forma identical to the June 18th 2018 OHCS template?**

Yes, the template is identical the 2018 OHCS template.

**Q46. Can PHB send a sample of pro formas for projects your office has approved before, as well as the pro forma used by PHB for the different NOFA projects?**

A template pro forma model that each project is required to complete is [Form E](#). Pro formas for projects approved for funding by PHB can be received from the respective project developers.

**Q47. For the HOME Project, if 60 units is total then 3 units (60 x 5%) need to be at 30% AMI and should these be spread across bedroom sizes? And can these same 3 units would count as PSH if they are leased to people experiencing homelessness and intensive supportive services are provided? For the requirement that 20% of units in the project be at 50% AMI or below, does this also mean 20% of all units or just the HOME units? And the 5% of the units at 30% AMI would count as under 50% AMI correct?**

30% AMI units should be evenly spread. 30% AMI units can serve the same population at the 5% PSH units, see Q30. For the HOME requirements, please use the HOME subsidy calculator in Form H (accessible [here](#)) to determine acceptable allocation of units.

**Q48. How many projects does PHB plan to fund with the \$7 million in HOME funds? Would PHB consider funding only 1 project?**

We are targeting a minimum of 60 new affordable, rental units with a minimum of one project being funded. If more units and more projects are proffered under this NOFA and can be met with the available funding, then PHB would consider these as well.