

**Bond Opportunity Solicitation
Spring 2019
Questions & Answers**

Questions submitted 4/30/19 to 5/21/19

GENERAL

Q1: What if my project only meets some, but not all, of the Investment Requirements? Should I still submit a proposal?

A1: Proposers are welcome to submit any proposal they wish. If a project does not meet all the listed requirements, a detailed explanation should be provided in the Project Narrative to explain how the project fits the overall Bond production goals and policy framework. PHB, in its sole discretion, will determine whether to consider such proposals (see Section X - General Conditions).

Q2: Is the intention that the Investment Requirements that apply “to all BOS projects” be reviewed across the entire Bond portfolio of Projects, or to each Project individually submitted?

A2: The intention is that the requirements apply to each individual project, except where “Exceptions” are listed.

PERMANENT SUPPORTIVE HOUSING

Q3: Do all projects require PSH units? The Investment Requirements state a 5% minimum for PSH units in every project, however the Application Requirements (Section 2.D.) require a PSH Services Plan “only for projects proposing PSH units”.

A3: Yes, 5% is the minimum for PSH units for all projects.

Q4: Would JOHS and PHB prefer providers to come in under the \$10K per unit for supportive services in order to stretch this resource for more units?

A4: Please refer to Section I – Available Resources and Section IV – Preferences, Leverage/Other for information on projects proposing service funding at less than the allowable maximum.

Q5: Can the supportive services allocation be used to support client assistance for eviction prevention and placement activities (i.e. portion of rent if needed, bus tickets, items for their home)?

A5: Please refer to Appendix I – PSH Guidelines, Delivery Structures and Eligible Activities for what supportive services resources can be used to support.

Q6: When should an organization apply to become a JOHS qualified vendor? Is that application due with the BOS submittal or should it be submitted to JOHS in advance of the BOS process?

A6: The JOHS vendor application must be submitted along with the Project's PSH Services Plan with the BOS submittal by June 28.

Q7: Are there additional resources to guide how to plan for and develop permanent supportive housing (PSH)?

A7: The guidelines and requirements for PSH under this solicitation are found in "Section V. Permanent Supportive Housing (PSH) Requirements and Considerations" and the associated Appendices I, J, K, L. Several other resources are available, including CSH's publications ([Dimensions of Quality Supportive Housing Guidebook](#), [Supportive Housing Quality Toolkit](#), and [Supportive Housing Integrated Models Toolkit](#)), Oregon Housing and Community Services' [Permanent Supportive/Supported Housing Resources](#) and our local A Home for Everyone's [Community Guidelines for PSH](#).

Q8: For projects coming through the bond solicitations where it indicates that referrals come through Coordinated Access (CA), does that mean the providers must take the person at the top of the CA list? Or can providers, if they have a relationship with someone, take someone with a lower CA ranking?

A8: Please refer to Section V under the following subsections for information on allowable referral processes for each property type outlined in the BOS:

- Investment Requirements for 100% PSH Projects; and
- Investment Requirements for Integrated PSH Projects.

Referrals will be from the highest scoring clients on the list that meet eligibility criteria for the project. For now, "highest scoring" refers to the VI SPDAT score. Referral sources, scoring and program delivery will be finalized through on-going collaboration with the City of Portland, Joint Office of Homeless Services, and the selected operator.

INVESTMENT REQUIREMENTS AND PREFERENCES

Q9: Are the Investment Requirements criteria listed in Section III requirements for application consideration, or will PHB consider projects on a case by case basis? Or is a waiver possible?

A9: Proposers are welcome to submit any proposal they wish. If a project does not meet all the listed requirements, a detailed explanation should be provided in the Project Narrative to explain how the project fits the overall Bond production goals and policy framework. PHB, in its sole discretion, will determine whether to consider such proposals (see Section X - General Conditions).

Q10: Did I hear that ALL of the units will need to be at 60% AMI or less or can we also mix in market rate units to get the bond funds?

A10: All units funded with the Portland Housing Bond must serve households earning 60% AMI or less. The project can include a mix of units above 60% AMI, but only the units regulated at 60% AMI or below can be subsidized with Bond funds.

Q11: Are we required to have the 1/3 of 0-30% AMI units evenly distributed throughout the unit mix?

A11: No.

Q12: To achieve the Investment Requirement of a minimum of one third of total units for the 30% AMI units, can sponsors leverage project-based rental assistance to lower rents on the units to 30% MFI affordability? Or must the units be restricted at 30% MFI under the Bond program?

A12: One third of the total project's units must be income restricted at 0-30% AMI. A portion of these 30% AMI income-restricted units may be leveraged by Project-based Section 8 vouchers (minimum of nine per project if assuming Home Forward's PBVs offered in the BOS). All PBV vouchers will be rent restricted at 60% AMI. If you are able to leverage any additional rental assistance for the project, you may count those subsidized units towards your 0-30% income-restriction totals. Please include additional funding source(s) in your Project Narrative.

Q13: Are we required to have some 3-bedroom units in the mix?

A13: No.

Q14: Our proposed site is zoned and has an estimated capacity for 97-130 units per our architect. Would PHB prefer us to submit the smaller or larger deal in response to the solicitation?

A14: The BOS requires a minimum of 50 units and includes a preference for projects with significantly more units than the minimum requirement.

Q15: Should the average bedroom size requirement of 1.5 weigh heavily into our unit mix matrix when considering a final mix? Essentially, will the 1.5 average bedroom calculation be a key deciding factor for funding?

A15: During an open solicitation period, PHB does not provide feedback on specific proposals in order to ensure fairness to all proposers.

Q16: Would a project that is converting a building into housing by combining existing rooms to create one and two-bedroom units be considered a new project or an acquisition/rehab project? Can all the newly combined spaces be counted as "new" units for the Bond?

A16: Because this building is not currently regulated as affordable housing, all units proposed by the developer as such would be eligible for the Bond. This project would be considered an acquisition/rehab project. If requesting a higher subsidy per unit amount than the limit for acquisition/rehab projects, please explain the specific needs and circumstances in the Project Narrative.

Q17: Please clarify the December 31, 2019 closing date for site control. What is required to demonstrate site control by the closing date?

A17: December 31, 2019 is the date by which proposer must demonstrate for site control. As stated in Section III – Investment Requirements and Form B – PHB Funding Application, site control could be a signed lease, purchase and sale agreement or exclusive negotiation agreement.

PHB-OWNED SITES

Q18: If significantly more units are proposed on a PHB-owned site (upwards of over double the minimum units required), can the sponsor relocate existing residents from another site (owned by the developer/sponsor) to this new project once constructed in order to preserve another sponsor project? Would this meet the requirement that “all units must be new to Portland’s inventory of regulated affordable housing”?

A18: All residents of Portland Bond funded units must meet the requirements of the Bond which are stated in the BOS. All units developed with Bond funds on a PHB-owned site will be considered new to Portland’s inventory of regulated affordable housing.

Q19: Is the \$4MM in Multnomah County resources noted in the BOS a totally separate source available for the Westwind to assist in a project that needs to be deeply subsidized?

A19: Please refer to Section VII.2 - The maximum PHB subsidy for the Westwind is \$150,000 per unit, in PHB and Multnomah County subsidy (Maximum Subsidy available) PLUS reasonable and customary costs for building demolition (separate from the maximum subsidy per unit). As stated in Section VII.2, Proposers are not responsible for determining the split between PHB and Multnomah County funds.

Q20: Has recent pricing been considered in the \$100,000 per unit cap for the Joyce that included the cost to rehab the building to full seismic requirements?

A20: Yes, recent projects were one of many factors that were considered in determining the subsidy cap for acquisition/rehab projects, including the Joyce Hotel. Please refer to the BOS, Section VII.1 for details on all resources available for the development of the Joyce.

Q21: For the Joyce and Westwind sites, do we need to complete and submit the Form G- Acquisition and Relocation Questionnaire as these sites are both PHB-owned?

A21: No need to provide a Form G for either site. Both the Joyce and Westwind will be empty and Westwind is to be demolished.

UNDERWRITING METRICS

A22: Will PHB be updating Form D to include 2019 LIHTC rents?

Q22: Yes, Form D has been updated to include 2019 HUD/LIHTC rents. The updated Form D can be found [here](#).

Q23: If we are budgeting less than the maximum developer fee what is the guideline for deferred fee?

A23: The maximum total developer fee, capitalized and deferred, is 15% of the Total Development Costs. See the [Underwriting Metrics](#) for how to calculate developer fee.

Q24: Would PHB consider developer fee that is contributed to the project as a source as part of non-capitalized fee?

A24: Yes, the developer fee can be contributed to the project as a source as part of non-capitalized fee.

Q25: The underwriting metrics discuss a capitalized replacement reserve – does PHB have a standard formula for how they would like this calculated, such as \$/unit or something else?

A25: Please see Appendix C- Underwriting Metrics. The maximum total reserve requirements (Replacement and Operating reserves) are \$300-\$350/per unit per year. Calculations for both reserve accounts should not exceed this per unit per year amount unless a higher amount is required by another funding source.

Q26: Different groups sometimes utilize different language or terms around Priority Payments. Can PHB please clarify:

- 1. That the term “operating reserve” in the priority payments refer to the “PHB Operating reserve” formerly called the “Cash Flow Cushion.”**
- 2. That replenishment of the Investor/perm lender required operating reserve is included in the priority payments and above the “PHB Operating Reserve”**
- 3. Which fees can accrue and that all fees can be escalated.**

A26: In general, all operating expenses above the Net Operating Income are to be escalated at 3% per annum. If replenishing an operating reserve “below” the line, PHB will evaluate the requirements including the escalation factor during due diligence.

Q27: Should we assume that our project will have full property tax abatement? If so, for 10 years or 15 years or longer?

A27: Please refer to the Inclusionary Housing Program information [here](#) and/or the Non-Profit Low Income Housing Limited Tax Exemption (NPLTE) [here](#). Contact PHB's Development Incentives team program staff if you have questions about use of the programs.

OTHER: APPLICATION, CONDITIONS, FORMS AND APPENDICES

Q28: Please clarify the General Conditions (Section X.4) that caution developers from promoting or advertising a project proposal.

A28: The condition applies to promoting a developer's proposal or promoting support for a project in connection with submitting a proposal for the BOS. General advertising of a project to the community is allowed.

Q29: Can you confirm whether or not PHB believes the URA does apply, and whether or not GIN notices and a relocation plan are actually required as part of the application?

A29: If there are no federal funds in a project, the URA does not apply ([more on URA here](#)). Portland Bond funds, loaned by PHB, do not trigger URA, including for land and buildings not publicly owned. Provided no other funds are included that trigger URA, PHB recommends proposers complete and submit Form G without the GIN notices until all funding sources have been committed.

Q30: Form G uses the following terms. Can you please provide a definition of these?

A30:

- **"low/moderate income dwelling units"**
 - This is 80% AMI or less per HUD's definition.
- **"low income tenants"**
 - This is 60% AMI or less per HUD's definition.

Q31: Appendix C, it states: a "Resident Services Plan" (RSP) must be submitted when the cost of resident services is an operating expense. Is this plan required in the application or only after award?

A31: Yes, a Resident Services Plan is required as part of the submittal application.

Q32: Are we able to draw PHB funds down during construction to offset construction loans, or do PHB funds come in when the project is complete and placed in service?

A32: Draw schedules are based on project need and are negotiated with PHB during underwriting.