

**Questions regarding the Request for Application for Multi-Family Rental Housing  
Development Funding Released on Tuesday, June 16, 2015**

\*QUESTIONS RECEIVED AFTER THE 4:30PM DEADLINE ON WEDNESDAY, June 30, 2016 ARE NOT PROVIDED A RESPONSE PER SECTION 009 - RESTRICTIONS ON COMMUNICATION OF THIS RFA.

1. Under the Self-Score tab of the application, how would the applicant know “Amount of HOME Subsidy per HOME assisted unit” to input?

- Once the applicant has populated all the required data for this tab, the “Amount of HOME Subsidy per HOME assisted unit” calculation will automatically calculate.

2. Within the application, some forms require submission to GMA. Should these forms be submitted to GMA or with the completed application to the City Clerk’s Office?

- Within the application, the Discretionary Contracts Disclosure form tab and the Conflict of Interest: Form CIQ tab state “THIS FORM SHALL BE SUBMITTED TO DPCD (GMA) WITH THE APPLICATION PACKAGE. DO NOT SUBMIT TO CITY CLERK’S OFFICE”. This is incorrect information and will be corrected in the next funding application.
- Please submit the Discretionary Contracts Disclosure form and the Conflict of Interest: Form CIQ with the completed application to the City Clerk’s Office, no information should be submitted directly to DPCD (GMA).

3. Under the Self-Score tab of the application, there is no drop down selection for “Years experience with this specific type of project” and “Years experience utilizing HOME funds”. Also these are new additions to the application, as these questions were not on last year’s application.

- Yes, these are new questions to this year’s funding round. No there is not a drop down selection for “Years experience with this specific type of project” and “Years experience utilizing HOME funds”. Applicants will need to input the total number of years of experience for each question.

4. Has the Section 3 Utilization plan been updated on the GMA Website?

- Yes, the Section 3 Utilization Plan is located under Resources, and Forms and Applications. In addition an email was sent out to everyone on the RFA Distribution List on June 20, 2016 with the correct Section 3 Utilization Plan.

5. Can a CHDO who is receiving CHDO Operating Funds fulfill their contractual agreement by completing a multi-family project that is not receiving CHDO Set-Aside funds?

- Yes, as long as the applicant is a CHDO and is completing a CHDO eligible activity.

6. If an applicant has multiple sites under consideration for their multi-family development, will the applicant have to submit an application for each individual site under consideration?

- Yes, the current application was created to obtain information for one site not multiple. Please submit a separate application for each site under consideration.

## 7. Is there a tie break for scoring done with the application?

- There is no official methodology for “Tie-Breaking”. The scoring committee may base decisions regarding which projects are selected for funding based on a number of criteria with application score being the primary selection criteria. In the event of a tie, the board may decide to fund both projects, either project, or neither project.
- Other selection criteria may include, but is not limited to:
  - Available funding relative to requested funding
  - Total available funding
  - How ready is the project to proceed
  - Needs of the citizens of San Antonio
  - Financial capacity of the applicant
  - City’s prior experience with the applicant
  - Various information requested in the application
  - Any other factors the members of the board deem pertinent

## 8. How are awarded funds divided between selected projects?

- Once the selection board has decided which projects to fund, level of funding is typically based on total available funding and available funding relative to requested funding. It has been our experience that the board usually tries to award the full requested amount if possible.
- When there is inadequate funding to fulfill the requests of all selected applicants, different boards have historically utilized different methods to determine what they feel is the most equitable distribution. They may choose to fund the highest scoring application(s) fully until there is insufficient funding to fully award another project and offer the final project whatever funding remains. They may choose to award the funding proportionally. Funding amounts may be adjusted according to the needs of the areas in which the projects are to be placed. They may choose to utilize a hybrid method combining two or more of the previously mentioned methods. Or, they may choose a methodology different from any of those previously listed.
- Reprogrammed HOME funds may become available later this year. Typically, reprogrammed funds are utilized to increase awards for projects that the CITY was unable to fully fund. Reprogrammed funds may also be awarded to applicants that responded to this RFA for projects that were not initially funded due to lack of resources.

## 9. Within the RFA, Section 3 – HOME Program Requirements under Development Team Capacity and Development Plan it mentions “Personal credit reports for development sponsors, Developer fee recipients and those individuals anticipated to provide guarantee(s).” Is this a requirement for non-profit organizations? If so, from which members of the development team would you like to see a personal credit report from?

- Non-profits are exempt from this requirement.

10. What is the timeline for housing committee and city council and award?

Timeline		Activity
June 16, 2016	Thursday	Request for Applications Released
June 30, 2016	Thursday	Pre-Submittal Conference
July 15, 2016	Friday	Request for Applications Due
August 1, 2016	Week of	Evaluation Panel Meetings/Scoring
August 24, 2016	Wednesday	Housing Committee Recommendations
September 15, 2016	Thursday	City Council Meeting

11. Does the first lien holder want to see programmatic or loan terms. Can GMA provide templates to lien holders?

While we cannot be certain what another lien holder may wish to review, the following information will doubtless be of interest to them. Once chosen as an applicant, the City will gladly provide any information other lenders may require.

The following is an excerpt from the Affordable Housing Policy. The policy may be viewed in its entirety at the following link:

<http://www.sanantonio.gov/Portals/0/Files/GMA/policies/Final%20Housing%20Policy%20Guide.pdf>

- The City loan is fully repayable and the interest rate varies by the type of Borrower. The Interest rate for a qualified CHDO or a Public Facility Corporation<sup>1</sup> Borrower or Sponsor shall be zero percent (0%) simple annual interest. The interest rate for a qualified nonprofit Borrower or Sponsors shall be one percent (1%) simple annual interest. The base interest rate for all other Borrowers shall be five percent (5%). However, the 5% base rate can be reduced through a combination of one or more Borrower concessions:
  - A Borrower guarantee to make annual interest payment will reduce base interest rate by 1%;
  - Borrower agreement to limit loan maturity to 20 years or less reduces base interest rate by 1%; or
  - Borrower guarantee of annual interest and principal payments reduces base interest rate by 2%.
- The Borrower can combine a) and b) above to reduce the 5% annual simple interest base interest rate by 2% to the 3% annual simple interest floor rate. However, in no instance can the floor interest rate be less than 3% annual simple interest for a Borrower in this category.
- Repayment of multi-family rental housing loan principal and interest should be either:
  - Equal monthly installments over a period of up to 300 months, if the project does not involve housing tax credits. Subject to City review and approval, multi-family projects may have up to 24 months (in addition to the above stated maturity of 300 months) of deferred principal and interest during a construction and lease-up.
  - An annual surplus cash payment, when the project involves housing tax credits. The City's surplus cash loans funding will be structured with note provisions requiring that at

least 50% of Eligible Cash in excess of \$50,000 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis. Eligible Cash shall be defined as: Surplus cash available for partnership distribution, less any outstanding:

- Credit adjusters
- Asset management fees
- Operating reserve account replenishment
- Limited partner loans that have been approved by the City
- Deferred developer fees
- Supplemental replacement reserve deposits approved by the City
- Note: Incentive management fees have been deliberately omitted from the above list. Payment of incentive management fees shall be subordinate to repayment of the City's loan(s).
- Affordability Period Requirements for All Rental Housing Development and Substantial Rehabilitation Loans

The Period of Affordability (income and rent restrictions) applies to both single-family and multi-family rental housing projects. Affordability periods shall be set as follows, in keeping with HUD requirements.	
Under \$15,000/ Unit	Five (5) years
\$15,000 - \$40,000/ Unit	Ten (10) years
Over \$40,000 or rehabilitation involving refinancing	Fifteen (15) years
New construction of Rental Housing	Twenty (20) years

**12. Surplus cash loans, will HOME loan is a hard loan or a soft loan.**

- The City's surplus cash loans funding will be structured with note provisions requiring that at least 50% of Eligible Cash in excess of \$50,000 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis.
- *Eligible Cash shall be defined as:*
  - Surplus cash available for partnership distribution, less
  - Any outstanding:
  - Credit adjusters
  - Asset management fees
  - Operating reserve account replenishment
  - Approved limited partner loans
  - Deferred developer fees
  - Approved supplemental replacement reserve deposits
- Projects shall submit, on an annual basis, either HUD Form 93489 (HUD Computation of Surplus Cash), or the City's form, with the project audit. The City will invoice the project, allowing for repayment to occur up to the end of the current calendar year when HUD financing is involved and general HUD distribution guidelines. Otherwise, the surplus cash payment will be due within 45 days of the invoice postmark. Late payments will be assessed

a 5% late charge. The loan will be in default if payments are more than 75 days late. The default interest rate shall be 500 basis points (5%) over the note interest rate.

13. Can sidewalks be funded as part of the project?

- Site improvements: Site improvements must be consistent with improvements to surrounding standard housing projects. Eligible site improvement costs include new, on-site improvements (sidewalks, utility connections, sewer and water lines, etc.) where none are present. They are essential to development or repair of existing improvements. Building new, off-site utility connections to an adjacent street is also eligible. Off-site infrastructure is not eligible as a HOME expense, but may be eligible for match credit.
  - *Example: Infrastructure, such as sewer and water lines in a public street in front of a HOME-assisted property, cannot be paid for with HOME funds. However, the utility connections that run from the HOME-assisted property to the street are eligible HOME costs since they are essential to the property.*

14. Is site control required?

- No, however applicants with site control will earn additional points on the total score. Site control (project readiness) can also be a factor in “tie-breaking” or funding determination. *(See #7 & #8)*
  - Site Control: Agreements to obtain site control, such as an option agreement (i.e., exclusive right of the buyer to purchase a property at a specific price within a specified time period without obligation to purchase)

15. Is a completed Environmental Site Assessment (ESA) required?

- No, however applicants with a completed ESA will earn additional points on the total score. Site control (project readiness) can also be a factor in “tie-breaking” or funding determination. *(See #7 & #8)*

16. Can applicants use BCAD appraisal for appraisal information?

- Yes, an applicant can provide the most recent BCAD appraisal in their application. However, a recent (within 180 days) appraisal will be required during the underwriting phase.