



**Texas General Land Office
Community Development and Revitalization
FAQ: Affordable Rental Program**

**FAQ:
\$250 million Hurricane Harvey Affordable Rental Program**

Questions and Answers for the Week Ending 07/13/2018

- I am unable to attend any of the workshops — is the information available elsewhere?

All information regarding the Affordable Rental Program will be on the GLO website:
Texasrebuilds.org

- Can you tell me when the RFA and application will be published or, if it has already been published, can you provide me with the link where I could locate the information?

The RFA is currently on the GLO website: Texasrebuilds.org

- I have a question regarding the GLO program that will be discussed at the Beaumont workshop tomorrow. Does the program cover only those multifamily (apartments) that are low income housing, or does any multifamily complex qualify?

Any multifamily complex will qualify, but the property will be restricted for low income housing for 20 years after the repairs are completed. The multifamily complex will need to be at least eight units under common ownership.

- We are unable to make any of the meets that you have scheduled for South Texas, but we are in need of help to rebuild. How else can we learn about the program or what's available?

All GLO Hurricane Harvey programs will be listed on our website: Texasrebuilds.org

- I tried pulling up rent limits for Galveston County on PDF link but Galveston County is not on the PDF link, so can you direct me as to where else to search for rent limits and possibly income limits?

Please see the link below for all rent and income limits through HUD's website:
<https://www.hudexchange.info/programs/home/home-rent-limits/>

- Will LMI tenants be required to provide security deposits as required by all prospective tenants. If so, is there a limit to amount of security deposit or an algorithm used to figure amount of security deposit?

The Affordable Rental Program administered through the GLO will not have security deposit requirements on LMI tenants; this requirement is solely at the discretion of the owner; however, it should be noted that some jurisdictions do impose security deposit limitations and those should be followed accordingly.

- Will the meeting address plans for building affordable housing for Section 8 recipients? I noticed that the fund allocation includes those needing affordable rents and homelessness prevention. Will the meeting address plans for the funds and how someone can apply?

The Affordable Rental Program will be for the benefit of all potential and current low- and moderate-income individuals, not just Section 8 recipients. If you own eight or more multifamily units under common ownership and your property was affected by Hurricane Harvey, you can go to the website texasrebuilds.org

- Please add me to list for updates on this program.

We are requesting all interested parties and individuals to regularly check our website texasrebuilds.org to obtain any updates on the Affordable Rental Program.

- Any materials or information from the Conroe workshop that can be shared will be appreciated.

All materials shared at the Conroe workshop are currently on our website texasrebuilds.org

- We are interested in submitting the 2018 Multifamily Uniform Application. This is the Housing Authority of the city of Ingleside. We received damage from Hurricane Harvey that our insurance is not going to cover. We are located in San Patricio County. Will we be eligible to apply for the Hurricane Harvey disaster recovery funds?

If your property is in a federally designated disaster area and any multifamily structure that is at least eight units under common ownership suffered damage from Hurricane Harvey, you are eligible to apply for Affordable Rental Program funds.

- After reviewing the Affordable Rental Program Brief and RFA it looks like the GLO has created a fairly fluid and streamlined process. I will direct all future questions to the email below but was wondering if you could provide any addition information regarding the timing of the grant approval and commitment issuance process.
 - Construction Timeline — It looks like the project must be completed within 18 months of the effective date of the “contract.” Is this referring to the contract between applicant and the chief clerk of the GLO? Is this a hard deadline, or would there be any extension options for larger projects?

- Priority 1 — We plan to comply with the August 22 deadline. Do you have any estimation of (i) how long the GLO will take to review applications and issue a Notice of Award; (ii) how long it may take to secure the contract terms with the chief clerk of the GLO; or (iii) how long it will take for funds to be issued after an agreement between applicant and the GLO is executed? We understand that 100 percent of this information will vary by application and is subject to change; we are simply trying to get a rough idea on timing so we can structure our purchase contracts accordingly.

The term of the grant is for 18 months, but the GLO may elect to extend this at its sole discretion. We will review this on a case-by-case basis, but you should make every effort to make the 18-month deadline with your certificate of occupancy for your project.

As for the timeline on reviewing the application and receiving the conditional award letter, it's tough to nail down a specific timeline. After you receive the conditional award, you will need to close within 120 days; during this time, our team will perform an environmental review of the subject property, and also perform an Affirmatively Furthering Fair Housing (AFFH) review.

The funds will be available upon execution of the contract and closing documents. If you have any other questions, please submit them to harveysupport@glo.texas.gov so that we can post these questions together with our answers on our FAQ page; this fosters program transparency and benefits all. harveysupport@glo.texas.gov so that we can post these questions together with our answers on our FAQ page; this fosters program transparency and benefits all.

Questions and Answers for the Week Ending 07/20/2018

- We have a general question unrelated to any specific article or paragraph. How do we approach the application with a property that has two separate ownership entities (with the same GP, SLP, investor and developer) that we are operating as one property on the same site?

If there are two ownership entities then there has to be two properties as two groups cannot own the same property. This type of scenario would require two separate applications broken down along the same lines as the legal description

- Our property has 204 total units made up of 120 units and 84 Units. They are on the same site and operated as one. Are we able to submit one application?

As with the question above, if this is a 204-unit apartment complex under common ownership then all is required is one application. It is unclear why it is described as a 120 unit and an 84-unit apartment but if there is a legal difference, then you must submit two applications. It should be noted, however, that the submittal of one application for these two separate property areas does render those properties as one for the purposes of Fair Housing Law. In sum, any mandated percentages for affordable units would have to be spread among the two areas of units in accordance with Fair Housing Law.

- With the rehabilitation, the contingency is typically 10 percent, but when I reviewed the Excel sheets it is showing 5 percent. Will the application be allowed to provide a 10 percent contingency if it is a rehabilitation?

Contingency is not allowed in the program. While it is understandable why you would want a contingency fee, our thought would be to go ahead and include it in the Hard Construction cost line item because that is where the contingency funds will eventually go

Questions and Answers for the Week Ending 07/27/2018

- For new construction under the CDBG-DR grant funding, can you please identify the allowable flood zone designation? If the property is within a 500-year flood zone (i.e., Zone B), is that allowed or do all locations need to be in Zone X?

There are two types of designations that an applicant should be aware of with regards to flood areas. The first is a designated “floodway.” CDBG-DR funds cannot be used to rehabilitate, reconstruct, or build any new multifamily units inside a floodway even if they are elevated above base flood elevation. As for a floodplain, the property may be located within the boundaries of a 100-year floodplain but the living units themselves must be elevated at least 2 feet above base flood elevation. For more information, please consult the Federal Register requirements associated with this allocation.

- Are there any construction-related costs that can be incurred prior to the issuance of the environmental clearance and the issuance of the Authority to Use Grant Funds (AUGF)?

There has been some confusion on this issue as it was stated in the workshops that costs incurred prior to the issuance of the AUGF cannot be reimbursed. That is an incorrect statement. The official rule is that under [24 CFR 58.22](#), NO FUNDS (local, other federal, etc.) can be committed for this project until environmental clearance has been achieved, with the EXCEPTION to the activities listed at [24 CFR 58.34](#). Those exempt activities include:

- (1) Environmental and other studies, resource identification and the development of plans and strategies;
- (2) Information and financial services;
- (3) Administrative and management activities;
- (4) Public services that will not have a physical impact or result in any physical changes, including but not limited to services concerned with employment, crime prevention, child care, health, drug abuse, education, counseling, energy conservation and welfare or recreational needs;
- (5) Inspections and testing of properties for hazards or defects;
- (6) Purchase of insurance;

(7) Purchase of tools;

- (8) Engineering or design costs;
- (9) Technical assistance and training;
- (10) Assistance for temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair, or restoration activities necessary only to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration;
- (11) Payment of principal and interest on loans made or obligations guaranteed by HUD; and
- (12) Any of the categorical exclusions listed in Section 58.35(a) provided that there are no circumstances which require compliance with any other federal laws and authorities cited in Section 58.5.

The responsible entity will determine in writing that all activities covered by this determination are exempt and meets the conditions specified for such exemption under 24 CFR 58.34, and this document must be maintained in the ERR.

Questions and Answers for the Week Ending 08/03/2018

- Hello. My name is Lisa Headley and my property was horrifically damaged by Harvey. At the time of the flood I had one apartment rented and was trying to get a second one ready to rent. I am a retired 62-year-old with an income (Social Security) of \$621 monthly. I need my rentals to survive. At this time neither unit is ready. They both need extensive work. I received a card from you and I was hoping to qualify for assistance to get my two units rent ready. My home also needs some work. I have received some help with reconstruction on my home but there still needs to be additional work for it to be completed. Please consider helping me with some assistance. I am alone with no other income.

Unfortunately, to qualify for the Hurricane Harvey Affordable Rental program, the minimum size of a development is eight units.

- For new construction under the CDBG-DR grant funding, can you please identify the allowable flood zone designation? If the property is within a 500-year flood zone (i.e., Zone B), is that allowed or do all locations need to be in Zone X?

You mention two types of flood zone designations. A development can be located in either the 500-year or the 100-year flood zone but if you are located inside the 100-year floodplain, the living units must be elevated at least 2 feet above base flood elevation. If the property is located within the boundaries of a designated floodway, the property will not qualify, even if it is elevated.

- Sir/Madam, are you currently accepting applications for new construction, multifamily projects? If so, what is the application process?

A timeline for when applications will be accepted is located at www.texasrebuilds.org. Only developments requiring rehabilitation will be accepted in the first 30 days of the application acceptance period. Properties involving rehabilitation or reconstruction will be accepted in the second 30-day period and then finally, during the third 30-day period all projects included those involving new construction will be accepted.

- Question 1: 2.2.1(b) page 7 — Green Building Retrofit certification — this is an annual certification. The question is: once the rehabilitation is completed and receives the certification, is the development owner required to annually certify the development for the CDBG program?

Recertification will only be required if you want to keep the certification in place. The program does not require compliance with the certification beyond the construction completion date.

- Question 2: Part A of the Application, page 21, Section 2, Geographic Designations, Flood Zone Designations — is Zone B (500-year flood area) considered a Hazard Area for CDBG and therefore would require the development to build out of the zone?

A development can be located in either the 500-year or the 100-year flood zone but if you are located inside the 100-year floodplain, the living units must be elevated at least 2 feet above base flood elevation. If the property is located within the boundaries of a designated floodway, the property will not qualify, even if it is elevated.

- Question 3: Are the costs for the third-party insurance adjuster eligible costs for CDBG?

If somehow the adjuster is part of the Property Condition Assessment process, then yes, it would be. If not, then no, it would not be eligible. All insurance-related costs will be deducted from the grant amount.

Question 4: Clarification: The discussion at the Austin workshop seemed to appear that the GLO was going to award funds on an ongoing basis since this is a first-come, first-served submission, instead on waiting until the deadlines on each 30-day period. Is that understanding correct or is the GLO going to wait until August 22 to start awarding the rehab applications?

Applications will be conditionally awarded based on ‘first come-first served’ basis.

- Good afternoon, are you able to send me the PowerPoint presentation that Jeff Crozier presented at TAAHP conference?

The PowerPoint presentation is located on the Harvey Affordable Rental tab at www.texasrebuilds.org

Also, can you point me to the website that has the application information for disaster recovery funding for Affordable Housing in the counties outside of Harris? Thank you.

All the information you would need is located on the Harvey Affordable Rental tab at www.texasrebuilds.org

- Good Afternoon, I have a few questions. I am the Property Manager for Pine Ridge Apartments in Conroe, TX. Before I start the application process for the Affordable Rental Program, I wanted to make sure we qualify. From the brief — I went to the "Rent Limits" website and Montgomery County isn't shown on this list. There is however, a "Houston, The Woodlands, Sugar Land." Are these the rent limits that we should go by?

That is correct, Conroe (Montgomery County) is included in the Houston SMSA.

- I requested to be added to the list for updates on this RFA, but did not receive the most FAQ. Further, I see that the Guidelines were updated July 30. Is the copy now available through your website show the updates via a black line or track changes?

The guidelines and the RFA are two separate documents. The RFA was finalized well before July 30, and its rules should be followed when submitting an application. As for the guidelines, they may change from time to time, so check back on our website to get the finalized guidelines. Once those are finalized, they will not be changed. Also, we don't send out notices that FAQs have changed; we say Here are the questions that have been added "for the week of XX."

- How is developer fee on the CDBG Budget in Part B being calculated? We keep getting an overage error when we have calculated a 15 percent standard developer fee. Mainly this is problematic when there is an acquisition involved.

Is CDBG only calculating a percentage of the acquisition, or is funding only available for buildings and not land?

In looking at the CDBG budget tab, the developer fee is capped at 15 percent of the eligible hard cost plus Contractor Profit (capped at 6 percent), Contractor Overhead (capped at 2 percent), and General Requirements (capped at 6 percent). Acquisition cost is not included in the developer fee calculation.

- Article VII, Part 1, Part 2, Part 3, page 31, Part 2 — MUA regarding Part A Application Question:

The Application Part A requires Signatures, Notary stamp, and Attachments. The Document is in Word, but the signature pages have to be manually signed and then scanned back into the page as a PDF. The Word Document doesn't allow scanned PDF files to be inserted, so how are we to get the email for Part 2 and Part 3 sent in Word when PDF files are not acceptable?

The document doesn't require an original signature. Printing the Word document, signing the page and scanning it back and sending to the GLO as a PDF is totally acceptable.

Questions and Answers for the Week Ending 08/17/2018

- Is a property which is age restricted for senior housing eligible for funding? Might a property which is currently not age restricted have such a restriction put in place for the future? **Yes, a seniors housing development is eligible and if at some point in time in the future it would be converted to a family development this is eligible as well.**

Is it possible to obtain a list of applications under this RFA which the GLO has received, deemed eligible for an award and the amount of funds requested per application? **Yes, but a request of this nature would require the filing of an open records request to obtain the specific documents being sought.**

- In Article 3.1, the schedule of events shows deadline for filing Rehabilitation and Reconstruction Applications as September 21 @ 2pm. In Article 4.1.7 in the first paragraph, it states "and allow for new construction Applications to be entered for consideration during the final 30 days of the period (September 22-October 22, 2018)". Will you start accepting applications for new construction on 9/21 @ 2pm or will the acceptance start on 9/22 at 8am? **The application acceptance period for new construction begins at 2:01 PM on September 21st.**
- I have property in Montgomery County and I am interested in applying for the Affordable Rental Program. I would do "new Construction". I have no units that was damaged by Hurricane Harvey. Am I eligible to apply for the program under "New Construction"

procedures? **Yes, new construction will be used to replace units that were destroyed by the Hurricane and will not be rebuilt.**

- The General Land Office’s CDBG-DR Affordable Rental Program Funding RFP does not issue guidance on appropriate sources of utility allowance determination. Since CDBG funding is HUD-sourced, do we need to provide HUD Utility Schedule Models for utility allowances? Is it permissible to use other sources for utility allowance determination, including published utility allowances from local PHAs? **The HUD Utility Schedule Model is acceptable as is the PHA Housing Utility allowance as well as the allowance determined by the local utility provider. Any other published utility allowance is also accepted with GLO approval.**
- Is the developer required to have owned rental properties that were damaged during Hurricane Harvey in order to be eligible to participate in this program? **No, properties can be purchased but there is a restriction that the transaction must close in 120 days which may prove difficult in a property that is under contract.**

- **Part A**

Specifications and Amenities

Q: Do we need to submit a site plan, building plans, unit plans, and elevations with our application? Under Development Attributes, Exterior, and Interior the application states, “Selections must be consistent with submitted architectural plans.” **No, that will not be needed at application but it will be required within the 120 due diligence period.**

- **Part B**

Rent Schedule

Q: If there is no other rent restriction than the CDBG-DR funding, which rent restriction would you like us to select? **The only requirement for the program, as outlined by the requirements presented in the Federal Register, is that 51% of the property should target residents with incomes at 80% or less of the AMGI (LMI residents). Rents will be capped at the High HOME rent level as established under the HOME program unless a resident has a housing voucher whereby the full voucher amount may be collected.**

30 Year Proforma

Q: Are there any specific requirements/restrictions on the lease-up costs? **No, lease up costs are not an eligible expense under the program so they can be included in the proforma or they can be omitted.**

CDBG Budget

Q: Should the CDBG Budget match our CDBG-DR request or can the Total CDBG Budget be greater than the request? **The Total CDBG Budget should be equal to or more than the CDBG-DR budget.**

- **Tie Breakers**

Q: It is my understanding that the tie breakers will be as follows; the day the application was received, the number of Qualification Criteria selected, and the cost per square foot. Regarding cost per square foot, is it based on the total development cost per square foot, the CDBG-DR request per square foot, or some other measurement of cost per square foot? **The third tie-breaker is actually hard cost per unit not square foot and the hard cost number is the direct construction cost plus contractor profit, contractor overhead and general conditions**

- Mr. Douglas R. Dowler, from Mathis Economic Development Corporation (San Patricio County) visited the Coastal Bend Council of Governments Office and requested information about Affordable rental Multi-Family housing for new Construction using Hurricane Harvey disaster funds.

Mr. Dowler asked the following questions:

1. Will Disaster funds be available for new construction of multi-Family dwelling in Mathis Texas (San Patricio County)? **Yes**
2. Is a market study required prior to new construction of multi-Family dwelling? **No**
3. Is an environmental study required during Phase I or prior to the new construction of multi-Family dwelling? **The Phase I will be a part of the Environmental Assessment that will be required prior to closing on the transaction**
4. Is there an underwriting requirement or a QAP requirement prior to construction of multi-Family dwelling? **All applications will undergo a financial review as a part of underwriting.**
5. What are “reasonable” cost standards required for new construction and what are the requirements? **Reasonable cost is determined by the scope of work. So properties may be more or less expensive depending on what is required to bring the property into compliance with local rules such as elevation.**

- Does the deadline for applications of August 22, 2018 apply to properties in Harris county as well? **No, Harris County will be administering their own program with their own established guidelines.**
- Per RFA No.. X0015648-JC, I am requesting GLO updates pertaining to the above mentioned Request For Applications. My email address, as seen above and below, would be the way I assume such updates would be transmitted to me. **All updates will be located at www.texasrebuilds.org under the Affordable Rental Tab. Please check back regularly for updates.**
- We have two developments that we would like to finance together. Currently, they have different LPs but the principals of the partnerships are the same. The new owner will be one LP and one GP. Can this be done with one application with the original owners basically being the same because the principals are the same? A quick point of clarification, there is no LP in the current org structures. The assets are owned wholly by separate LLCs with the same individual sole member. They are in the same RFA funding district. They will be refinanced with one single mortgage. **As long as the new ownership entity will be the same for both properties, then one application for a scattered multifamily site is acceptable. Please keep in mind that in order to remain compliant with Federal law the 51% LMI restriction is on a per site basis and the affordable units cannot be restricted to one site, but must be distributed among both sites.**
- Article 2.2.2(b) and 2.2.2(c)
Page 6 & 7

Section 2.2.2(b) - At least 51% of the total units must benefit low- and moderate-income persons earning 80% or less of the AMFI as defined by HUD and required under Section 105(a) of the Act.

Section 2.2.2(c) - Units designated to meet the Affordability Requirement must comply with the high HOME rents published by HUD under the HOME program.

We had a question regarding the rent schedule/restrictions on the GLO application. Is the property to use the max rent levels based on the HUD published 80% AMFI less utility allowance or based on the High HOME less utility allowance? I want to confirm that we are using the correct rent limits as there was confusion when reading the rules,

PowerPoint brief, and website. **Maximum rents are determined by High HOME rents less the utility allowance.**

- Our company will be applying for GLO Funds with the multifamily uniform application. I have reviewed the rules and did not see anything in regards to a market study. Will a market study not be needed for this application? **A market study is not required to be a part of this application.**

Questions and Answers for the Week Ending 08/31/2018

- When asked whether the Development Owner, Developer or Guarantor have “Previous Participation with Funding from GLO”, should any Texas Department of Housing and Community Affairs (TDHCA) project or activity be included? Further, would TDHCA’s project number coincide with the “GLO Activity ID” requested on the Previous Participation form? **Yes, Yes and Yes. Please provide us everything you can that will give the GLO the ability to assess the ability of the ownership group or the developer to carry out this rehabilitation, reconstruction or new construction project.**
- **Part A**
- Specifications and Amenities
- Q: Do we need to submit a site plan, building plans, unit plans, and elevations with our application? Under Development Attributes, Exterior, and Interior the application states, “Selections must be consistent with submitted architectural plans.” **All of this information will be provided in the due diligence period after the conditional commitment is awarded.**
- **Part B**
- Rent Schedule
- Q: If there is no other rent restriction than the CDBG-DR funding, which rent restriction would you like us to select? **This is up to the applicant. The only restriction required is 51% of the property must be for LMI residents (80% of AMGI). If the applicant chooses to do deeper targeting, then list that on the rent schedule**
- 30 Year Proforma
 - Q: Are there any specific requirements/restrictions on the lease-up costs? **No because lease-up costs are not eligible for reimbursement under CDBG so there is no requirement on this format**
- CDBG Budget

- Q: Should the CDBG Budget match our CDBG-DR request or can the Total CDBG Budget be greater than the request? **The total Budget column is exactly that, what it would take to do the entire project if there is funding in addition to the CDBG-DR funds. Then the CDBG-DR column is the amount of that total budget that will be funded with CDBG dollars. The CDBG column can be equal to or less than the Total Budget column but it should never be more.**
 - **Tie Breakers**
 - Q: It is my understanding that the tie breakers will be as follows; the day the application was received, the number of Qualification Criteria selected, and the cost per square foot. Regarding cost per square foot, is it based on the total development cost per square foot, the CDBG-DR request per square foot, or some other measurement of cost per square foot? **Actually, the third criteria is hard cost/unit, not per square foot and the hard cost number is made up of the direct hard cost plus contractor profit, contractor overhead and general requirements. The first two tie breakers you mention are the first two.**
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- To qualify for this program for 8 units or more does my property have to have structures on it or can it be vacant land that has never had structures on it. **The property can be vacant but that would be considered new construction project and applications can only be accepted on new construction projects between September 21st at 2:01 PM and October 22nd at 5:00 PM. If there were buildings on the property and they have been demolished by the storm, those would be considered reconstruction even if you don't build back exactly what was on the lots prior to the storm.**
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- I would like to know when can an entity submit an application for new construction for Harvey Multifamily GLO funding? **The application window for new construction starts at 2:01 PM on September 21st and closes at 5:00 PM on October 22nd.**

