



**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:  
<https://recovery.texas.gov/>

- 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: <https://recovery.texas.gov/>

- 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: <https://recovery.texas.gov/>

- 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 <https://recovery.texas.gov/>

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

We are requesting all interested parties and individuals to regularly check our website <https://recovery.texas.gov/> 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 <https://recovery.texas.gov/>

- 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 [CDR@Recovery.Texas.Gov](mailto:CDR@Recovery.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 <https://recovery.texas.gov/>. 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 <https://recovery.texas.gov/>

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 <https://recovery.texas.gov/>

- 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 21<sup>st</sup>.**
- 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 <https://recovery.texas.gov/> 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.**

- 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 21<sup>st</sup> at 2:01 PM and October 22<sup>nd</sup> 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.**
- 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 21<sup>st</sup> and closes at 5:00 PM on October 22<sup>nd</sup>.**

#### Questions and Answers for the Week Ending 09/14/2018

- Will a New Construction Application submitted at 2:01 pm on Sept. 21, 2018 be reviewed prior to a New Construction Application submitted at 2:02 pm on Sept. 21, 2018 or are all applications received on Sept. 21, 2018 then reviewed based on section 4.1.7 of the RFA? **No, it will not. All applications submitted up to 5:00 PM on any particular day, will be evaluated according to the guidelines established in the Request for Applications and the appropriate tie breakers applied should they be needed.**

When does The GLO expect to update the county-by-county grant allocation chart on the Texas Rebuilds website? Our company plans to submit a GLO Multifamily App for a New Construction project. The last thing we want is to waste both of our time by creating an app only to find out that there is not enough funding available. **The funding allocation chart is currently up to date on our new website at <https://recovery.texas.gov/>**

- Is there an ETA on when an application submission log will be published for the rehabilitation applications that have been submitted? **The log will with all applications submitted will be uploaded to the website at the close of the Application Acceptance Period on or about October 22, 2018.**
- We are a housing authority, on the reference (Section 5.2 of RFA) side we have not done any development in the past 3 years. How do we proceed on this front? **Although recent**

experience in developments may be advantageous to the applicant in terms of their own performance, there is no requirement that a housing authority must have done any development in the past 3 years. Housing Authorities are welcome to apply equally with all other applicants.

- If we are able to get interim financing for FEMA funding, how do we handle the application regarding the 10% gap financing that FEMA will not cover? **Conditioned on application acceptance, CDBG-DR money can be used for the 10% GAP that FEMA does not cover.**
- The accessibility certification form included with Part A of the application requires that 20% of unit types that are normally exempt from fair housing be designed so that at a minimum, at least one bedroom and one bathroom is located on the ground floor of the unit. TDHCA has adopted the new “visitability” rule found in 10 TAC 10.101(b)(8)(B) which is in conflict with the certification requested. Are we to assume it is acceptable for us to comply with the new visitability rules adopted by TDHCA? **Visitability rules established in 10TAC 10.101(b)(8)(B) will be the rules that the GLO will follow for the Affordable Rental Program. The GLO is committed to ensuring that the administration of all CBDG-DR programs remain in accordance with all applicable law.**
- Regarding previous comments for tie breaker costs, we are still not clear as to the methodology to be used. The RFA states *“followed by the lowest CDBG-DR funds requested per unit repaired, reconstructed, or newly constructed within the relevant construction type”*. Is the intent to divide the CDBG-DR funds requested in an application by the amount of the unit construction hard costs within such application and then compare that ratio to any other application? The intent being that the more efficient use of the D-R funds on a per unit basis within an application as compared to another would win the tie breaker? **GLO staff will go into each application submitted and look at the CDBG Funds Requested column on the Project Cost Schedule tab of Part B. The totals for Hard Construction Cost, Contractor Profit, Contractor Overhead and General Requirements will all be added together and then that number will be divided by the total number of units in the projected development. The applications will then be ranked according to the lowest cost/unit number in accordance with the formula discussed above.**
- I have a question about paragraph 3 of the RFA. It states, “at least 80% of the funds spent in each region must go to the HUD-designated most impacted counties and zip codes.” For the CAPCOG there is only one zip code that is considered “most impacted” and for AACOG there are no counties or zip codes. If there are no application received for the most impacted areas how will the GLO treat other application in the region? Will the GLO obtain from awarding a deal until the most impacted areas soak up 80% of the funds or will it still be a 1<sup>st</sup> come 1<sup>st</sup> served? **All of the funding requirements have been**

satisfied by the established allocation of funding to each COG region as outlined in the Action Plan and approved by HUD. There are no other funding requirements. If the property is located in one of the 48 Harvey designated counties they property is eligible to apply for the CDBG-DR funding that has been allocated for that area.

- Assuming the grant is structured as a forgivable loan, when would that be forgiven? Is there any other conditions required to for it to be forgiven? Each transaction may be structured differently and it is up to the applicant to proposed that structure for approval within the program. Typically, 1/15th (15 year loan period) or 1/20th (20 year loan period), depending on the type of construction, of the grant/loan will be forgiven each year the property is in compliance with the restrictions placed on the property by the applicable program and those restrictions found in the Land Use Restriction Agreement.
- Other than a forgivable loan, are there any other alternative ways to structure this grant? No, these are grant funds and treated as such.
- Will the funds be distributed up front or as costs are incurred and draws are submitted? Reimbursements requests will be submitted just like the draw requests with a lender. All draw requests must meet program specific documentation requirements and must be approved by program staff before funds are distributed.
- Can you tell us what data source you are using to determine the poverty rates for High Opportunity Areas? The most current census data that is available is used for the poverty rates for High Opportunity Areas.
- Section 4.1.1.3e of the RFP states that evidence is required establishing damage from Hurricane Harvey. Is this a requirement for a new construction application? If so, what is acceptable documentation regarding damage? No, needs assessments have been done that indicated that units were destroyed by Hurricane Harvey and they will not be rebuilt in their current location so new construction developments will help meet that need. New construction applications will not need to supply any evidence of damage.
- Is there a checklist of minimum required items for the initial application submission? Page 31 and 32 of the RFA – Submission Checklist - <https://recovery.texas.gov/>
- The application mentions engineered drawings submission. Are we to assume that preliminary concept drawings are sufficient for initial application and that an engineered



drawing packet can be provided at a later date as the project continues through the approval process? **No engineering or architectural drawings will be required for the application, only once a Conditional Commitment Letter is issued and the Due Diligence period has begun.**

- Is it too late to submit a bid for affordable housing in Port Aransas? I notice your deadline was August 22, but sometimes deadlines are extended if there is a paucity of bids. We have seventy acres in the city limits of Port Aransas zoned for tourist and multi-family residential with all utilities at the highway. **The final date to submit an application for Hurricane Harvey Affordable Rental funding is 5:00 PM on October 22<sup>nd</sup>. The other deadline dates were for priorities for rehabilitation and reconstruction properties. And as stated in previous questions, any application submitted up to the last day will be evaluated and placed in the proper region and tie breakers applied should they need to be and if a region is over-subscribed, a waiting list will be developed.**
- Regarding the Multi-family Application Word document - It states not to submit the "Applicant Unique Identifier Number" with the electronic submission - should we leave the entire form blank when submitting the word format electronic version; and then upload the completed form separately as a PDF file? May we upload the Financials as a PDF file in lieu of using the Excel spreadsheet format Part C? **For any and all sensitive information, it can be submitted by mail but just note in the application that the hard copies are coming and that will suffice for the application acceptance.**
- Our affiliate non profit plans to submit an application to the GLO-CDR - Does the application require a government sponsor to be the applicant? We have the support of the city to be impacted but *we are preparing the application for the non-profit to be the applicant. Is this correct?* **A government sponsor is not required.**
- I am having trouble finding the language related to Project Delivery Costs. This is what I have from the GLO-DCR RFA. Project Delivery costs are limited to 10% of the Subrecipient's contract amount. Is the information on Project Delivery Costs still 10% of the Applicant development costs? Do I show this calculation Project Delivery Cost in my project construction breakdown? **There are no project delivery costs associated with the Hurricane Harvey Affordable Rental Housing program. This is a state administered program and the GLO will be contracting directly with Applicants that are proposing to rehabilitate, reconstructing or building new affordable rental housing. This program is different from previous disaster fundings and reference to prior programs will not be helpful.**



- When I attended the workshop in Austin, you mentioned that the new construction applications could come in after the Reconstruction applications. Does that period begin at 2:01 pm on September 21st? I believe you mentioned that the first come, first serve was based on the day the email of the application was received, but not necessarily the time stamp of the receipt during that day. Is my understanding of that correct? **All applications submitted prior to 5:00 PM of any particular day will be evaluated accordingly and if the tie breakers should be required, they will be applied at that time.**
- The Property Condition Assessment, I assume that has to be handled by a third party, is there any particular company you work with? If not I'll start looking for a company to do it. **We don't have a list of preferred or expected companies, you are free to procure your own.**
- Will there be any additional future insurance required such as flood insurance? Presently we just carry standard property insurance. **The contract and the grant documents will dictate what insurance coverages will be required and for what period of time along with where the property is located. Certainly if the property is in a flood zone, flood insurance will be required and some sort of wind insurance may be required as well given the location of the property.**
- Property site plans, building, floor plans and specifications. That's a tall order and will take time and considerable investment for a full set of architectural blue prints, or is a simple set of plans all that's required? I could handle those myself. Does a paper set need to be submitted? The overall plan is a partial refurbishment of existing units without any modifications such as new appliances, windows, doors, air conditioners, etc., so we haven't had any type of architectural plans drawn up. **We don't expect you to provide a new set of plans and specification for a rehab property. We do, however, need to see the accessibility plan so that we can predetermine whether the property is meeting accessibility requirements and make adjustments to ensure those requirements are met before the project moves any further in the process. If there is an older set of plans, site plans, etc., (that meet accessibility requirements) they will be good for us.**

### Questions and Answers for the Week Ending 09/28/2018

- If there are insufficient monies still available in this cycle of CDBG-DR grant application funding for new replacement apartments, will there be additional CDBG-DR monies available in the next \$600 million dollar phase of funding? When next year will this next phase of Hurricane Harvey multi-family funding open up? **It has not yet been determined if there will be any additional CDBG-DR funding and if there is, then how much will be allocated to multifamily or how that money would be allocated to projects. Please keep checking [www.recovery.texas.gov](http://www.recovery.texas.gov) for any update to the Affordable Rental Program**
- Many housing and apartment units were taken out of circulation when the eye of Hurricane Harvey went through Rockport/Fulton. When submitting a CDBG-DR grant for new replacement apartments, do we need to document the number of previous apartments in Fulton/Rockport that have become non-operational or have been destroyed? What type of documentation is required by Texas GLO if any to justify new replacement apartments? **No, a statewide needs assessment was obtained and it was determined that a large number of apartments were destroyed and will not be rebuilt and new construction will help meet that need so there is no evidence of damage required.**
- As per current Census Bureau ACS (2016) reporting, both Rockport and Fulton census tracts have poverty rates below 20%. Is the Census Bureau ACS 2016 survey the proper data source for us to utilize to prove in the Grant application that our project meets the “High Opportunity Zone” Qualification Criteria? (Rockport (**Census Tract 9503**) has a 2016 ACS poverty level of **7.5%**. Fulton (**Census Tract 9501**) has a 2016 ACS poverty level of **14.4%**.) **That would be one appropriate source.**
- Chapter 5 of the CDBG-DR Technical Manual covers Grant/Loan Closing. Throughout this section of the Technical Manual the words “Loan, Interest Rate, Payment Terms, Promissory Note, etc.” are mentioned. Is the CDBG-DR Grant Award in essence a loan (promissory note) with payments, interest rate and amortization? If not then why are these loan type references mentioned in the Grant/Loan Closing steps in Chapter 5? Our LLC partners are assuming that there are no interest/principal payments associated with the Multi-Family CDBG-DR Grant Funding for Hurricane Harvey. Is this correct? I remember in our phone conversation you said Texas GLO would in essence be the “Bank” for the project if requested by the applicant. Are the assets that are constructed through the Grant Funding considered collateral for a promissory note from Texas GLO? Can you help us better understand the financial obligations of the Grant as an award or a loan? **The CDBG-DR funds can either be a federal grant or a 0% deferred forgivable loan. There are financing structures (tax credits) that would rather the funds be structured as a forgivable loan, hence the reference in the Technical Guide. There are**

no interest/principal payments required. If the financing is structured as a loan, the interest rate is 0% and principal payments will be accrued until the end of the term where they will be forgiven. The GLO will not establish a lien on the property. The only restriction is the affordable deed restriction created by the Land Use Restriction Agreement (LURA)

- In the Technical Manual it is stipulated that Multifamily Rental Housing Development assistance is typically structured as a forgivable grant or a forgivable amortizing loan. Is the Multi-Family CDBG-DR Grant Funding for Hurricane Harvey structured initially as a forgivable grant or loan? Or does this occur when certain milestones or thresholds are met? Or does this occur at the end of the 20 year Grant coverage period? Can you explain this portion of the Technical Manual and how it applies to Grant Applicants? **See the explanation above**
- Are all LLC partners of a Grant Applicant at full financial risk when signing the Multi-Family CDBG-DR Grant? In other words is each LLC Grant partner personally, individually and financially liable for any Grant Monies extended and awarded by Texas GLO? Can you describe the scope of this financial risk and how it is administered and applied at the Grant Level? Let's assume a hypothetical (but unlikely) scenario. Let's assume the Grant Application projects a 90% occupancy rate for new replacement apartments. Texas GLO Underwriting analyzes and approves this occupancy assumption when reviewing the Grant. Further let's assume the Fulton/Rockport area recovers from Hurricane Harvey impacts at a very slow, unexpected rate and the actual project apartment occupancy is only 60% to 70% causing negative and unsustainable cash flow deficits. What are the financial risk factors for the LLC partners if after 12 to 18 months, low occupancy rates can no longer be financially supported by the LLC Grant Applicant partners, especially when 70% of existing applicant rents are LMI discounted? How are these types of anomalies handled by Texas GLO? Is there Texas GLO Contract Language that addresses these types of circumstances? What options do LLC Grant Partners have to mitigate these types of events, circumstances and risks? **There will be no personal guarantees signed by any of the partners. Since the GLO does not establish a lien on the property, the LURA will be the document that guarantees affordability which is the only requirement of the program (51% LMI). It is the hope of the GLO that the partnership structures the transaction in a way that it stays feasible to the partnership, especially with no added debt service created by the GLO, and if that partnership cannot sustain affordability for a 20 year period, then the hope would be that the project would not be submitted. The GLO is very generous with loan/grant terms as long as the affordability is maintained. That is the intention of the program, to provide affordable units to families whose rental homes were damaged or destroyed by the storm for a 20 year period.**

- If a Grant Applicant wants to utilize “Serving Persons with Disabilities” as one of its Grant qualification criteria, then how does Texas GLO ascertain the Grant applicant meets this criteria? How must the Grant applicant demonstrate that their Development project increases the number of accessible (disability) units beyond the minimum required by Section 504 of the Rehabilitation Act of 1973? Is this criteria threshold calculated for the specific project site or for the area/community from a disabilities perspective? **The requirement und Section 504 is that 7% of the units be set-aside for disabled residents and 2% of the units for hearing impaired residents. The extra 10% would be on top of those numbers. The GLO will do a plan review before construction begins and then do an inspection when 50% of the construction is complete to ensure the number of units projected in the application are actually built.**
- Can you please email me a template copy of the Multi-Family CDBG-DR Grant Funding Contract that approved Texas GLO grant funding applicants agree to and sign? This would better educate our LLC Partners as to the long-term obligations and risks of the 20 year period of Grant coverage. **When it comes time to sign the grant contract, there will be sufficient time to review it on the partnership side so the GLO doesn’t provide an advance copy.**
- Rents at 30%, would that be the Low Home Rent Limit for our area? **No, Low HOME is 50% of the AMGI. Use the HUD rent charts published in many different locations to determine the 30% rental level.**
- There is a part of the application that will not be submitted electronically. Do we mail in this part, possibly by Fed X or certified mail? **Yes, we do not expect applicant to provide sensitive financial information over the internet. That may be mailed to the Texas General Land Office at 1700 N. Congress Avenue, Austin, Texas 78701 Attn: Multifamily Affordable Rental**
- Section 4.1.1.3c or the RFP states that the applicant must submit a current operating budget. My assumption is that a current operating budget is only needed for rehab/reconstructions. Is this correct or do you want an operating budget of the

Applicant's organization itself? **That is correct, it is only needed for rehab/reconstruction projects.**

- Additionally, in regards to 4.1.1.3b of the RFP, do you want the applicant to provide documentation of all previous experiences with a CDBG program or will one documentation of a CDBG program suffice? **Please provide all experience with the CDBG program**
- I have a question regarding Qualification Criteria for New Construction projects. Can the “Extremely Low Income Targeting” also fulfill part of the “Exceeding the LMI Requirement”? For example, if I have 100 units, in order to fulfill both criteria can my project make-up be:

10 units @ 30% AMI  
60 units @ 80% AMI  
30 units @ market rate  
...for a total of 70 out of 100 units at 80% AMI or less

OR does it have to be  
10 units @ 30% AMI  
70 units @ 80% AMI  
20 units @ market rate  
...for a total of 80 out of 100 units at 80% AMI or less

**Absolutely the units for residents at 30% of the AMGI will count toward the Exceeding LMI requirement**

- After a submission, how long should we expect the timeline to take for the GLO to decide on whether an award is applicable? **There is no specific time for this evaluation to take place. All applications will be evaluated to ensure that all three parts of the application were included in the original submission but since this is a first come – first served program, applications will be further evaluated according to the submission date and funding availability. If your property is being considered for funding, you will receive a Conditional Commitment letter.**
- We plan to submit an application for new construction tomorrow afternoon. Prior to our submission I am hoping I could get some clarification from your office of the Disclosure

of Lobbying Activities Form. As we have not engaged a lobbyist for the CDBG-DR funds or any of the Federal Actions listed on the form I believe that we are not required to submit the form. If this is incorrect could your office recommend how we should complete the form? **Please submit the form with NA on it. In fact if you think any form is not applicable, submit it with a NA on it. That we know you didn't forget to provide it.**

- In regards to the GLO application, the proposed project's ownership entity has yet to be formed. We have already reserved the entity name, but would like to wait until award to form the entity it so that, in the case we don't receive an award, we aren't stuck with an inapplicable company. Does the GLO have an issue with us waiting to provide the EIN and DUNS numbers of the ownership entity until we have actually received the award? **Certainly between application and closing the partnership can change any number of ways but all changes need to be approved by the GLO.**
- It is our understanding that the current action plan allows organizations to pursue CDBG-DR funds to assist in paying the 10% cost share or match that is the applicant's responsibility under the PA grant. We wanted to figure out if we can proceed with work while the CDBG-DR application is pending with the GLO. We have several repair projects that we are ready to bid and anticipate FEMA funding shortly; however, we do not want to do anything that might jeopardize the CDBG-DR funding for the 10% match. We would appreciate any guidance your office can provide. **If you receive FEMA funding you may begin work without affecting your CDBG-DR funds. In the CDBG application, you will provide the total budget and the total sources and uses of funds and it will be able to be determined what costs CDBG-DR funding will cover.**
- I am planning to build 120 unit senior housing project in Alvin, Texas. Would this project qualify for your financing? **Absolutely**
- As a Texas Architect I have been asked to provide a Capital Needs Assessment (CNA) for a client's application for disaster funds on a multifamily property. Please send me the requirements for Capital Needs Assessments for this program or where I can find them. **If you are talking about a Property Condition Assessment (which is what is required), I believe the reference will be located in the list of documents to provide which was a part of the Conditional Award. There are a lot of different forms this document can take, the purpose is to establish the amount of damage caused by the storm.**

- Please send me the details on the rate and terms on new construction **A transaction can either be structured as a 20 year grant or a 0% interest deferred forgivable loan.**
- In regards to Part A of the MUA, where should we mail the two forms that are to be left out of the electronic submission, and do you want us to title it anything specific? We have already submitted our application and just need to know where to mail the confidential documents. **The Texas General Land Office, 1700 N. Congress Avenue, Austin, Texas 78701, Attn: Community Development and Revitalization**

### Questions and Answers for the Week Ending 10/19/2018

- We submitted an application for a new construction proposed CDBG-funded development located in H-GAC EAST COG. I was curious if there was an ETA for when the application would be reviewed and processed, so we may get back with the land seller on timing? **There is no timeline as to when the GLO will inform you of a conditional award. The application acceptance period closes on October 22<sup>nd</sup> and all applications that are eligible to receive a conditional award will be notified as soon as possible after the closing date of the application acceptance window.**
- Upon review of the current applications received for Rehab and Reconstruction it would appear there are insufficient funds (assuming all applications qualify) to fund any New Construction projects. Is there any plans for additional funding or the reallocation of funds to fund any new construction. If not are there other sources of funding from the GLO to fund these projects. **There is always a possibility that additional funding may become available which is why the GLO has set up a waiting list by region. That list will be posted at [www.recovery.texas.gov](http://www.recovery.texas.gov)**
- The question is, the application asks for signatures and a Certification from the Architect that this project would meet the minimum Accessibility requirements. The final plans have not been drawn for this and thus the architect is not able to make this certification today. Will this be a problem by us submitting this application prior to the completion of the application? **No it will not. The certification is more to make everyone aware that there is a requirement and that all applicants will be held to the same standard.**
- Is the scope of the required PCA published somewhere? If not, can we please receive some guidance as to what the GLO is looking for? **As the document is titled, we are**

looking at the assessment of the overall property condition and what was damaged by Hurricane Harvey. There are many different formats the document may take but the idea is to determine the cost of repair to the property.

- Is any of the H-GAC East allocated money still available for new multifamily construction? I believe when the new construction window opened, there were still funds remaining in the HGAC East region which means at least one new construction development will receive a conditional award and then pending final underwriting on all developments, there could be others.
- Where can we find Nueces County or Port Aransas within your two links, or elsewhere, for Rent Limits and LMI information? <https://recovery.texas.gov/>  
If there is no rent and income limit for Nueces County and/or Port Aransas those area will be included under the Corpus Christi MSA
- I am very interested in providing multi-family housing in the Beaumont area. Is the program still available? If so, can you please direct me to the correct link to begin the process and when is the deadline? The deadline is October 22<sup>nd</sup> at 5:00 PM and the application materials can be found at [www.recovery.texas.gov](http://www.recovery.texas.gov)
- What is the email address for submitting applications for the 2018 Multifamily Uniform Application program? All application should be emailed to [CDR@Recovery.Texas.Gov](mailto:CDR@Recovery.Texas.Gov)
- We were wondering if the deadline is 5pm today, or is it tomorrow 10/23? The slide presentation has one date and the application has another. Are there any extensions? The deadline is 5:00 PM on October 22 and since there are more applications then funds available, the will not be an application extension
- I am interested in developing a new construction of multi family housing in my area, Beaumont, Texas. I see the deadline is October 22, 2018. Is that the final deadline for an application? I know the process is through and am eager to get started, however, there is



no way I can do this in a week. If it is the last day to have application turned in, will there be another window of opportunity? Unfortunately, there are no extensions. The program was designed to give those properties requiring rehabilitation or reconstruction a priority in the 90 day application window and the program was oversubscribed before the new construction window opened.

- Regarding the Previous Participation and Background Certification Form, the GLO Activity ID # would that be the previous TDHCA # for all other projects? As noted at the top of the form to refer to the Previous Participation Certification in the QAP, I would like to ensure I am submitting the correct information. The TDHCA number will work and the only way you would have a GLO Activity number is if you had done a previous Hurricane Ike or Rita development. It is not imperative to have the number on that form.
- We did not receive a confirmation that the application was received by you guys so I wanted to follow up to make sure you got this. Also, do you have an estimated review time as to when we may hear back in regards to award? We hope to publish the application log after the application acceptance period closes on October 22<sup>nd</sup>. This will indicate all of the applications that have received a Conditional Commitment and where a particular app is placed on the waiting list. There is no other timeline as to when you will be notified if you receive a conditional award