CITY OF HOUSTON
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT
REQUEST FOR PROPOSAL (RFP)
NOTICE OF FUNDING AVAILIBILITY (NOFA) – 2021
DISASTER RECOVERY (DR-17) MULTIFAMILY PROGRAM – ROUND 3
SOLICITATION NO.: T29924

Date Issued:	June 4, 2021
Pre-Proposal Conference:	**June 11, 2021@ 1:00 PM** **Housing and Community Development Department** **2100 Travis, 9th Floor Community Room** **Houston, TX 77007**
Pre-Proposal Questions Deadline:	**June 18, 2021@ 3:00 PM**
Solicitation Due Date:	July 2, 2021 @ 3:00 P.M., CST
Solicitation Contact Person:	**Tywana Rhone** **tywana.rhone@houstontx.gov** **832-394-6204**

Project Summary: The City of Houston, Housing and Community Development Department (HCDD) seeks to procure proposals from owners and developers of multifamily housing to finance construction, reconstruction, rehabilitation or acquisition of multifamily properties. The purpose of this program is to provide affordable housing opportunities to Houston residents that may have been impacted by Hurricane Harvey. Applicants must demonstrate a capacity to construct, or rehabilitate, and operate multifamily housing that benefits low-income individuals. Bid proposals will be reviewed, underwritten and scored to select awardees based on a predetermined set of criteria outlined in the NOFA. Proposals are due no later than Friday, July 2, 2021 by 3:00pm

Jerry Adams June 1, 2021

Jerry Adams, Chief Procurement Officer

City of Houston Build It Forward Housing Recovery Program

2021Notice of Funding Availability DISASTER RECOVERY (DR-17) MULTIFAMILY PROGRAM – ROUND 3

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Introduction

Through our recovery programs, the City of Houston is committed to building a resilient and equitable city after Hurricane Harvey. Our housing recovery programs seek to build safe and affordable homes across our city, in communities where people can thrive. This means investing in homes – rebuilding existing housing stock and constructing new homes in areas safe from future flooding – as well as in community amenities, economic engines, and resilience activities. We will use data to design and evaluate the success of our program and will be transparent about how the recovery is unfolding. Recovery from Hurricane Harvey presents a historic opportunity to build forward into a Houston that's stronger than ever before.

Program Funds

The Disaster Recovery (DR-17) Multifamily Rental Program (Multifamily Program) is intended to assist eligible City of Houston (City) applicants whose affordable housing units were directly impacted by Hurricane Harvey. The Department of Housing and Urban Development (HUD) appropriated $5,024,251,000 in Community Development Block Grant-Disaster Recovery (CDBG-DR) funding to the Texas General Land Office (GLO). The City of Houston has received a direct allocation from the Texas General Land Office of $1,175,954,338 for development and implementation of programs. Of this amount, the City of Houston Housing and Community Development Department (HCDD) has identified a total of $450,050,472 to be directed into the Multifamily Program. Subject to receipt of applications, this Notice of Funding Availability (NOFA) will administer up to $28,000,000 within this round. HCDD's contract with the GLO expires August 31, 2024 and any development funded with this grant must meet all close out conditions by this date. It is imperative that applicants show a readiness to meet the close out timeline and demonstrate an ability to commence construction within four months of a recommendation of an award.

Applicable Laws, Regulations and Program Guidelines

Applicants are encouraged to review the applicable disaster recovery federal registers found at the links below and the HCDD Multifamily Guidelines posted on our Harvey Disaster Recovery website http://recovery.houstontx.gov.

Federal Register (FR)	Date of Publication	Public Laws	Location:
83 FR 5844, Vol. 83, No. 28	02/09/2018	P.L. 115- 56	https://www.federalregister.gov/d/2018-02693
83 FR 40314, Vol. 83, No. 157	08/14/2018	P.L. 115- 123	https://www.federalregister.gov/d/2018-17365

Development Eligibility and Thresholds

Please review this section carefully. Applications that do not meet these requirements will be rejected

- Development must meet Disaster Recovery (DR-17) Multifamily Program eligibility requirements

- Development must be located within the city limits of Houston
- Multifamily rental development must have eight (8) or more rental units under common ownership
- Development within the floodway is prohibited
- New construction located in the 100-year floodplain must comply with 24 CFR Part 55
- Developments must meet the minimum affordability requirements outlined within these guidelines
- All units to be occupied by LMI households must have similar finishes and access to the same amenities as any non-LMI units
- Developments must make all units available for rent to Section 8 Housing Choice Rental Voucher holders during the compliance period
- Federal flood disaster assistance will not be provided to owners which were required to have obtained flood insurance under applicable Federal law and subsequently failed to obtain and maintain coverage
- The project must comply with all applicable federal and state requirements
- The project must address identified impediments to fair housing choice
- Developments determined not suitable for rehabilitation[1] are prohibited
- Developments projected to close its financing after March 1, 2022 will not be accepted

Priorities

Funding priorities have been established for applicants with proposals to finance new construction, reconstruction, renovation and acquisition activities within the following areas and housing types:

- Meet the unmet needs for public housing and affordable households outlined in the Needs Assessment and Local Action Plan for Disaster Recovery: Hurricane Harvey.
- Rehabilitate or reconstruct damaged affordable multifamily properties resulting from the storm's impact.
- Concentrate financing for new construction within the following areas that promote higher standards of environmental and economic resiliency:
    - Complete Communities and other Community Reinvestment Areas (CRA) (e.g. Tax Increment Reinvestment Zones)
    - Areas of low poverty concentration and high performing schools
    - Areas experiencing high rental costs that cause displacement of Low and Moderate Income (LMI) households
    - Transit Oriented Developments (TOD) that promote access to mass transportation options
- Permanent Supportive Housing (PSH) and/or housing serving special needs populations that include, but not limited to homeless housing, housing for people with disabilities and Section 811.
- Preservation of existing affordable multifamily housing.

Meeting one or all prioritization criteria does not guarantee an award as funding and program timelines are limited.

Eligible Applicants

Applicants acting individually or as participants in a limited partnership (LP) or limited liability corporation (LLC) that may be owned by the following:

- For-profit developers/ borrowers
- Public housing authorities
- Not-for-profit developers/ borrowers

[1] HCDD defines "not suitable for rehabilitation" as (1) do not meet the Multifamily Program's rehabilitation standards, and/or federal, state, local code requirements and (2) residential properties that have experienced repetitive losses under FEMA's National Flood Insurance Program.

Applicants under this NOFA are limited to submit only one (1) application.

Good Standing

Applicants and Applicants' team members must be in good standing with HCDD on all previous grants, loans, or loan commitments. In addition, Applicant must affirm that there are no defaults or negative collection actions relating to any financial obligation, either to the City of Houston or any other public agency or private lender. Any Applicant, Developer or general contractor who is on the federal debarment list will not be allowed to participate as cited on federal and state debarment lists in accordance with 24 CFR 570.609, as well as other applicable laws. No applicant, developer or contractor with management or compliance issues outstanding with HCDD or other public agency will be allowed to participate.

Applicant business identification numbers

An applicant business must provide a Data Universal Number System (DUNS) number associated with the business's tax identification number before any award can be finalized. A DUNS number is a unique nine-digit identification number for each physical location of your business. It is provided without cost to all businesses required to register with the U.S. federal government for contracts or grants.

An applicant business can obtain a DUNS number within one (1) business day by applying online at http://fedgov.dnb.com/webform/pages/CCRSearch.jsp.

The applicant business must be actively registered in the System for Award Management (SAM) and have an assigned CAGE Code in order to receive an award. Neither the applicant business nor any principal owner (20% or more) may be debarred on the SAM electronic roster of debarred entities (active exclusion).

Applicant businesses can register for SAM at https://www.sam.gov/SAM/.

During the SAM registration process, an applicant business will be assigned a new Commercial and Government Entity Code (CAGE Code) if one does not already exist for the business. If there is an existing CAGE code, the applicant business's information will be updated. For more information on this process, applicant businesses may visit https://cage.dla.mil.

Conflict of Interest Policy

All programs administered by HCDD are subject to the department's Conflict of Interest policy. The policy assures that no persons who are in a position to participate in a decision-making process or gain inside information with regard to HCDD's programs and activities, may obtain a financial interest or benefit.

Covered persons include employees, agents, consultants, officers, or elected or appointed officials of the City of Houston or its subrecipients or vendors. Immediate family members or business partners of covered persons are also covered under this policy.

Immediate family members include (by blood, marriage, or adoption) the spouse, parent (including stepparent), child (including stepchild), sibling (including stepsibling), grand parent, grandchild, and in-laws.

Applicant must submit a complete and signed Conflict of Interest form with the application. If a potential conflict of interest is detected, no benefits may be given to the participant until a HUD waiver is attained.

It is the responsibility of the developer to disclose any potential conflicts, including those with city officials at the time of application submission, or as soon as a potential conflict is identified.

Experience

Applicants must have a documented capacity to construct, or rehabilitate, and operate multifamily housing that benefits low-income individuals. Applicants must provide a complete Real Estate Owned Schedule listing, with addresses, of multifamily properties developed or rehabbed, owned or managed by Applicant or Applicant's team. Applicants with excessive or unpaid nuisance citations may be ineligible to participate in this program. Additionally, there must be no outstanding tax liens on any properties owned or managed by the Applicant. Furthermore, the City will perform background checks and seek references from other lenders, partners, or public agencies with which the Applicant has recently done business.

Compliance with Fair Housing

Applicants must not discriminate based on ethnicity, race, color, creed, religion, gender, national origin, age, disability, marital status, sexual orientation, gender identity, or Veteran's discharge status.

Eligible Activities

- **Rehabilitation** of properties damaged from Hurricane Harvey and properties not damaged by the event
- **New construction** of properties
- Demolition as part of rehabilitation and **reconstruction** which will serve to reduce density, if appropriate, making the property more manageable.
- **Acquisition** of existing multifamily properties to preserve or create affordable units.
- **Refinance** - Loans for refinancing existing debt are eligible under CDBG if determined that this type of assistance is necessary to achieve local community development objectives. This refinance must be part of a rehabilitation project and continued affordability. As an eligible activity, HCDD will evaluate applications for awards to designated to refinance existing debt secured by the property. To be eligible for this activity, the application must be able reflect the following:
    - Identify the existing source of funds that will be refinanced
    - Demonstrate the existing source is secured by a deed of trust to the property
    - Confirm the proposed property is currently undergoing rehabilitation or proposed rehabilitation
    - Illustrate how the refinance reduces housing costs and improves the affordability at the property

Affordability Restrictions and Financing Terms

As a policy, the City desires to provide enough funding to each approved transaction to increase the availability of affordable units, or substantially improve the quality of existing units, without over-subsidizing the development or increasing the risk of too much debt for the restricted rents to support.
The City reserves the right to determine award and financing terms based on its financial evaluation of the transaction in tandem with the program requirements and availability of funds.

Affordability Covenants

A Land Use Restriction Agreement (LURA) requires that the rents charged to low-income tenants are based upon the renter's income as a percentage of Area Median Income (AMI) established annually by HUD. The LURA also defines the number of units which to be restricted to low-income and very-low-income tenants ("restricted units"). These covenants must be in a lien position superior to all other liens, including existing debt, and will require any existing lender to subordinate to the rent restrictions.

Affordability Period

All awards will be subject to a minimum 20-year Land Use Restriction Agreement (LURA) period to commence the acknowledgement by HCDD and the General Land Office of Texas (GLO) of successful completion of the project. HCDD will prioritize applications and proposals that subscribe to a 40-year loan term and LURA. Developments must accept Section 8 Housing Choice Rental Vouchers for all restricted and unrestricted units during the affordability period.

Rent Restrictions

The number of restricted units for properties receiving CDBG funds, 51% of all units in the property will be restricted regardless of the share of CDBG funds in the project. A minimum of 51% of the total units will be rent restricted based on the following criteria:

- 10% of the restricted units restricted at households and rents at 30% AMFI
- 20% of the restricted units restricted at households and rents at 50% AMFI
- 40% of the restricted units restricted at households and rents at 60% AMFI
- 30% of the restricted units restricted at households and rents at 80% AMFI

Rents will be based on IRS Section 42(i)(3)(A) housing tax credit (HTC) rent and income limits for HUD sourced Extremely Low Income (30%), Very Low Income (50%) and Low Income (60% and 80%) limits. HCDD has included the 2019 income limits as **Exhibit B**

Tenant rents will be net of the utility allowance. HCDD will utilize the most recent utility allowance standard provided by the Houston Housing Authority . Other affordable housing subsidies (e.g. Housing Tax Credits) may be layered in the financing structure that may require additional rental restrictions. In these cases, the most restrictive rental restrictions will be applied.

Applicants will use its best efforts to distribute the restricted units among unit sizes in proportion to the distribution of unit sizes in the Property and to avoid concentration of restricted units in any area or areas of the Property. Below is an example of an affordability breakdown 100-unit property that includes CDBG-DR restricted units and unrestricted market rate units.

Unit Affordability	One Bedroom	Two Bedroom	Three Bedroom	Total
30% AMFI	2	2	1	5
50% AMFI	4	4	2	10
60% AMFI	8	8	4	20
80% AMFI	6	6	4	16
Total Affordable Rents	**20**	**20**	**11**	**51**
Unrestricted Market Rate Units	19	20	10	49
Total Units	**39**	**40**	**21**	**100**

Award Amounts

Applicants should make a specific loan request to the City. The request should represent the difference between (a) the total project cost and (b) commercially available debt, grants, tax credits, owner equity and other capital contributions. Maximum award for any individual transaction secured under this NOFA will be limited to **$15,000,000.**

Duplication of Benefits

Applicants must disclose documentation of insurance, FEMA, SBA, and any other type of funding received for disaster relief for the site or property. The City will also determine if insurance was required under the terms of the applicant's mortgage or required as a condition of prior federal assistance received. Applicants who failed to secure required flood coverages will be ineligible.

Leveraging

Transactions secured under this NOFA must demonstrate leverage of a minimum of 1:1 of CDBG-DR proceeds with other sources, whereby the amount of CDBG-DR funding will not amount to greater than 50% of total development costs. Permanent supportive housing (PSH), homeless housing or other housing serving special needs populations may be sole sourced and not subject to the leveraging requirement. Transactions reflecting higher amounts of leverage will receive priority in the scoring.

Award Structure

Awards will be structured as non-amortized loan commitments and fully payable in the event of noncompliance or default over the life of the agreement. Loans will have a 20-year minimum term and subject to repayment at maturity under a partial recapture agreement with HCDD during an event of sale or a cash-out refinance. Loans with an extended 40-year loan term will be prioritized in the scoring and possibly not be subject to repayment requirements. Awards for PSH or other transactions for special needs housing may be performance-based loans with no repayment requirements.

Interest Rate

Interest rates will vary based on the level and type of investment by the City and the program funding, however to be underwritten at a minimum rate of 1.00%. PSH and other transactions without senior permanent debt will not be subject to payment terms. Determination will occur during underwriting review, and the City will establish a final loan structure to meet financial feasibility and program regulatory requirements. The loan will be structured with annual interest only payment beginning at the end of the construction period and continuing for the loan term.

Loan Position

The City's Land Use Restriction Agreement (LURA) will be superior to all other liens. In most cases the City loan position will be junior to Senior Debt, however the City reserves the right to have a position senior to other sources of financing.

Fees and Third-Party Costs

Applicants will be subject to an application fee of $1,500 due at the time of submission. Also, subsequent to the construction period and throughout the affordability period, awardees will be subject to an annual Compliance Monitoring Fee of $30 per restricted unit.

Applicants will be responsible to meet all third-party expenses (signage, third party-attorney, plan and cost review, appraisal, accessibility review … etc.) incurred by HCDD, whether or not the loan closes. HCDD recommends budgeting a minimum of **$75,000** for applicable HCDD costs to be paid at closing. Modification of HCDD loan terms after loan closing may be subject to modification fees no less than $25,000 and determined at the request of the loan modification.

Evaluation Criteria and Process for Selection

All applications that will be evaluated for financing must meet HCDD's threshold review to be eligible for CDBG-DR funds. Applications that meet threshold review will be reviewed internally by a panel of HCDD and other city personnel based on the information provided. The panel will evaluate the applications against a set of predetermined scoring criteria outlined in this section. All applications will receive an overall score and ranked based on the merits of the submission.

It is to be noted that an application's score and ranking does not solely determine award status. An application must clearly demonstrate the development meets one or several of the priorities outlined in the guidelines and NOFA that will be determined by the panel. The panel will finalize and itemize a list of applications recommended to receive an award of CDBG-DR funds. The list of recommended transactions will be presented to the Mayor's office for approval. The Mayor's office will have eligibility to approve or deny applications that meet HCDD's threshold review and are in line with the administration's priorities. HCDD will announce the transactions recommended for an award at Housing Committee and prior to council approval.

Nonprofit Capacity Building
Organizational Capacity
Location Information
Project Information
Financial Analysis

Nonprofit Capacity Building

HCDD is committed to investment in the effectiveness and future sustainability of nonprofit organizations to support affordable housing efforts. With this NOFA, HCDD intends to support nonprofit organizations (NPO) to achieve their next level of operational and financial maturity, so it may more effectively and efficiently advance missions of supporting affordable housing.

1. NPO applicants that individually developed and owns 2+ multifamily properties or 50+ units but no greater than 15 properties or 1,500 units.

   -or-

2. Joint-venture support with a for-profit and non-profit agency that demonstrates material partnership which the non-profit receives economic benefits, has outlined duties and has certain functions of control within the partnership. The joint venture agreement must demonstrate the following:
   a. The NPO must have some combination of ownership interest in the General Partner of the Applicant, Cash Flow from operations, and 75
   b. ee which taken together equal at least 50% and no less than 5% for any category. For example, a NPO may have:
      - 20% ownership interest in the General Partner
      - 25% of the Developer Fee
      - 5% of Cash Flow from operations

      For HUD 202 Rehabilitation projects which prohibit for-profit ownership, the total percentage must still equal 50% even if it is only attributable to one of the two categories.

   c. The NPO must also materially participate in the development and operation of the development throughout the affordability period and must have experience directly related to the housing industry, which may include experience with property management, construction, development, financing, or compliance. Material participation means that the NPO is regularly, continuously, and substantially involved in providing services integral to the Development Team; providing services as an independent contractor is not sufficient.

To be eligible for these points, NPOs and for-profit organizations will be required to provide the following:

- A written summary from the NPO outlining its resources including access to third party organizations that can be leveraged to meet its objectives
- If joint-venture relationship, verification a principal of the NPO is not a related party to any other principal of the for-profit participant
- If joint venture relationship, the for-profit development firm providing a summary of the roles, responsibilities and areas of mentoring for the NPO.

Organizational Capacity

1. **Personnel**
    a. Company resume detailing development and construction experience, as well as involvement in affordable housing transactions.
    b. Resume(s) of key personnel
    c. A list of at least three references who have financed recent transactions for your developments, including organization name (e.g. bank, public agency, CDFI); contact name; phone number; development name, type and location of transaction(s) financed.

2. **Real Estate Experience**
    Applicants' prior experience with development of properties similar to the location, size, scope of the proposed project. Applicants to provide Real Estate Owned Schedule of all owned and managed properties dated no later than six months of application.
    a. Name of Property
    b. Location
    c. Scope of Work (new construction, renovation, reconstruction, purchase)
    d. Total Units
    e. Total Affordable Units
    f. Type of property (e.g. market rate, income restricted, mixed use.. etc)
    g. Total development Costs
    h. Occupancy Rate
    i. Net Operating Income
    j. Debt Service Coverage Ratio

    If the applicant has developed a similar project but no longer owns and/or manages the development, a description of the project should be included with date of when the property was sold or transferred.

3. **Successful History with Federal and Local Financing by HCDD**
Applicants who demonstrate successful completion and good standing status of at least 1 project financed by HCDD. Application should provide an account of the company or key personnel's experience receiving and administering governmental allocated proceeds including, but not limited to, HOME, CBDG and TIRZ etc.

4. **Financial Capacity**
    Overall financial condition and the developer, sponsor or any key personnel providing a development guaranty. Applicants to provide a **minimum three years** of audited or company prepared operating statements that including:

i. Balance sheet
ii. Income statement
iii. Tax returns

Additional documentation may be requested by HCDD

Site Location Information

HCDD will prioritize scoring of applications with site(s) based on the following criteria.

1. **Concerted Revitalization Area** Sites located within a distinct area that was once vital and has lapsed into a situation condition requiring concerted revitalization. In 2020, HCDD recognizes the following areas noted in **Exhibit A** as Concerted Revitalization Areas that will include:
   a. Complete Communities - Acres Homes, Third Ward, Second Ward, Near Northside, Gulfton, Ft Bend, Kashmere Gardens, Alief, Sunnyside and Magnolia Park/Manchester. Maps, plans and other information may be found on the city's planning website located at https://www.houstontx.gov/completecommunities/
   b. TIRZ - The city of Houston holds 27 separate areas created to facilitate economic investment in areas of the city. Additional information that includes maps, budgets, plans agendas and other documents may be located at https://www.houstontx.gov/ecodev/tirz.html

2. **Deconcentration of Poverty**
   Sites located in census tracts with low levels of poverty concentration. Sites in census tracts with > 25% poverty levels will not be recommended, unless located within a Concerted Revitalization Area.

3. **Urban Concentration**
   Sites located within 4 miles of Houston City Hall located at 901 Bagby St.

4. **Access to Local Transit**
   Sites located within a ¼ mile to high frequency Metro stop. High frequency transit service is defined as service arriving every 15 minutes on average from 6 am to 8 p.m. seven days a week.

5. **School Performance**
   Elementary, Middle and High School Ratings issued by Children at Risk for schools zoned to the site. Sites for family properties zoned to schools that are rates Improvement Required will not be recommended. Developments providing housing to special needs populations, senior populations, is a rehabilitation or located within a Concerted Revitalization Area are not subject to this requirement.

6. **Neighborhood Amenities**
   Proximity within 1 mile to neighborhood amenities including grocery stores, public park, pharmacy, health facility and public library.

Equitable Distribution Policy

Additionally, HCDD is implementing a policy to equitably disperse multifamily developments throughout the City of Houston to create greater housing choice.

Each Council District will allow a minimum of two affordable housing developments per year. This designation will apply for funding affordable housing transactions financed directly by HCDD (via HOME, TIRZ, CDBG, CDBG Disaster Recovery) and/or a request for a Resolution of Support or No Objection to be financed with HTCs.

To the extent the minimum number of applications are met in each council district, HCDD will limit additional approvals for funding or resolutions. To manage multiple applications in each district, HCDD will impose prioritization criteria outlined in its Multifamily Priorities that is updated annually. Note that while a resolution of support or no opposition is no guarantee a project will eventually be funded, it will be treated as a funded transaction until HCD is notified the project will ultimately not receive HTCs.

When a Council District reaches the minimum number of transactions either directly funded by HCDD or a resolution is provided, HCDD will prioritize one (1) additional application for consideration within underserved Council Districts for that year.

- Council Districts C, E, F, G, I, & J will receive one additional transaction based on the below average number of existing affordable units within the district.
- In Council Districts A, B, D, H, and K, endorsements will be given in CRAs with approved Concerted Revitalization Plans (CRP).
    - B and H, due to barriers, will be allotted one deal per geographic region

Proposed rental projects that target a specific population such as the disabled, homeless, women, and transitional housing will not be included in the disbursement policy.

Project Information

The following information to be outlined in the project application.

1. **Housing for special needs populations**
   Applicant must specify housing will be provided for special need populations that may include permanent supportive housing, previously homeless, section 811, etc.)

2. **Housing Types**
   Applications for housing types that promote resilient flood design that may protect resident life and property during flooding events. Examples include raised podium construction, pier and beam foundation for single family or development with no ground level units. The project narrative should provide a description of the project design.

3. **Project Readiness**
   Applicants are required to demonstrate project readiness to reflect a readiness to close and commence work within of award. The following information needs to be provided to determine a project's readiness:
    a. A defined scope of work including preliminary design plans and site plans
    b. Timeline for project scope including design, permitting, arranging third party financing, general contractor selection and closing
    c. Submitted applications for additional financing that may include 9% Housing Tax Credits, 4% Housing Tax Credits, tax exempt bonds or public funds administered by a separate agency. Commitments other source must be provided within four months of a recommendation of an award.

4. **Extended LURA**
   Applicants who subscribe to 40-year affordability

5. **Market Rate Composition**
   Properties demonstrating a mixed-income approach with a percentage of units reserved as unrestricted market rate

6. **Resident Services**
   Properties that demonstrate resident services provided at no cost to the resident

7. **Local Support**
   Demonstration of community support that the applicant has sought, received and implemented (if needed) views and recommendations from members of the community regarding the proposed development.

Financial Analysis

HCDD will review each proposal to determine whether the development is feasible in terms of cost, sources and uses and other financial thresholds.

1. **Proforma Analysis**
   Revenue and expense reasonableness

2. **Debt coverage**
   Applicants to note debt coverage ratio of any must-pay loan should reflect a DSCR of 1.15 – 1.20, but trend no greater than 1.50 during the first 20 years. Applications without permanent debt to reflect an income/expense ratio of 1.05.

3. **Cost Analysis**
   Comparison of Construction Cost per unit and Total Cost per unit relative to similar properties submitted under this NOFA and in the marketplace. Considerations will be made for certain high-cost designs that include podium style, single-family or land costs for high opportunity or urban core areas.

4. **Leverage**
   Applications that reflect a lower leverage of HCDD proceeds will be prioritized. Leverage a minimum 1:1, where by the amount of DR funding will not be no greater than 50% of total development costs. Transactions eligible to receive an award of 9% Housing Tax Credits will be prioritized in the selection process.

PLEASE NOTE: The Director, at his/her sole discretion, can either waive any of the requirements contained herein, or reject any application to this NOFA.

Financial Evaluation and Underwriting

After selection of an application, awardees will go through an underwriting process which will evaluate the ownership structure, property operations, the sources and uses of funds, and the financial statements of the owner and guarantor.

Proforma Evaluation

HCDD will review the underlying proposed debt and operating pro-forma of the property to determine the development's feasibility during the affordability period (i.e. demonstration of debt service coverage ratio of at least 1.15). For properties such as those for special needs population, which demonstrate that they cannot carry any debt service, income should exceed expenses by a margin of no less than a 1.05 income/expense ratio. The pro-forma operating statement will make adequate provisions for the anticipated number of rent-restricted units, vacancy rate (no greater than 10% stabilized), and replacement reserves of no less than $300/unit/year.

Experience and Financial Capacity

HCDD will review qualifications and experience of proposed staff and strength of the development team. The City reserves the right to refuse funding to a project if prior experience with the City was unfavorable on previous transactions. Applicants are expected to have sufficient liquidity to cover any funding shortfalls or delays that may occur during construction, lease-up and operation of the property. Three years of audited financial statements and/or company prepared statements and tax returns of all Applicants and guarantors are required.

Construction Guaranty and Cost Overruns

Developers will personally guaranty or provide a guaranty from a viable entity that is satisfactory to HCDD the loan until rehabilitation or construction is complete and all buildings receive certificates of occupancy (Completion Guaranty). Upon completion, if the development complies with applicable HUD requirements, personal liability of the guarantors will be released except for losses due to fraud, theft, failure to pay taxes, failure to maintain insurance and similar acts or omissions ("bad acts exceptions").

Site Control

Applicants will be either the current owner of the property or, at the time of application, have a binding contract to purchase the property. Once an application has been received by HCDD, no moneys may be expended to alter the property until City Council approval is received. If the Applicant spends any funds on the property – either to close on the acquisition or begin construction – from the time of application until HCDD's loan has closed, the commitment may be nullified.

Third Party Reports

Applicants will be required to submit third party reports at the time of application or during underwriting. If third party reports become "stale," updates will be required.

1. **Survey** – Submitted at the time of application
2. **Property Condition Report** (for rehabs projects only) – Submitted at the time of application. The project scope of work to identify all needs outlined in report. If any needs addressed in the report is not included in the scope of work, need justification why acceptable.
3. **Phase I Environmental report -** Submitted during underwriting unless available at application. If report recommends a Phase II to be completed, it must be done before closing.
4. **Appraisal -** Submitted during underwriting unless available at application.
5. **Market Study** - Submitted during underwriting unless available at application.

Project Readiness

Applicants may receive conditional awards subject to securing other project sources (e.g. 9% Low Income Housing Tax Credits) with final awards issued upon appropriation. Applicants will be required to demonstrate an ability to close on the city and all other financing sources by providing a timeline of the closing process. Applications that demonstrate a readiness to close within 6 months of notice of a final award and city council approval will be prioritized. If an applicant has not closed on HCDD and all project financing within a reasonable time period after notification of award, HCDD reserves the right to reallocate an applicant's award to a separate transaction. All projects must be ready to meet close our conditions by no later than August 2024. Any project anticipated to close after March 2022 will not be considered for an award.

Cost Reasonableness

Project costs must be “reasonable and customary” as determined by an acceptable, independent third-party report. During construction, HCDD will engage the same third-party to provide monthly inspections and confirm work in progress. If the Senior Lender or Tax Credit Investor uses a third-party inspection firm, the City may rely on these inspection reports if the City is included as an addressee of the report. HCDD will analyze costs relative to similar properties submitted under this NOFA and in the marketplace. Considerations will be made for certain high-cost designs that include podium style, single-family or land costs for high opportunity or urban core areas.

Insurance

Title Insurance (both Loan and LURA coverage), Property Insurance, Flood Insurance, Wind Insurance, Builder’s Risk Insurance, and Worker’s Compensation Insurance will be required. Other insurance requirements may apply and will be more fully described in the loan documents.

Payment and Performance Bonds

The general contractor shall furnish a Payment and Performance bond for the full amount of the construction contract, which requires the contractor’s full performance of the contract. The contractor shall also furnish a 1-year Maintenance bond to secure the warranty required under the construction contract between the owner and the contractor. Bonds shall be made payable to the City and the owner, in a form approved by the Director of HCDD. The surety issuing the bond to be on the current list of accepted sureties on federal bonds published by the U.S. Treasury Department and/or on the State Board of Insurance list of authorized insurance companies in Texas.

Other Liens

After closing, Borrower will NOT be permitted to place subsequent liens against the property either in priority or subordinate to City’s lien. No additional debt is allowed without prior written approval by the Director of HCDD. The City’s lien (debt) position can be junior to an existing lender, but the LURA covenants must be superior to all other debt and liens including existing debt and will require the existing lender to subordinate to the rent restrictions. Refinancing of senior debt will be allowed only with approval of the Director.

Documentation of Agreement

This NOFA is a framework upon which requests may be submitted. The *Loan/Grant Agreement* will be negotiated and signed by all parties before a financing request is taken to City Council. All documents required by the City and its attorneys including without limitation, the Deed of Trust, Promissory Note, Intercreditor Agreement, LURA, and Assignment of all contracts, leases and rents, will be negotiated and presented as appendices to the Loan/Grant Agreement. Final documents will be executed prior to closing.

Closing on the Loan shall be concurrent with closing on any superior liens and any other sources of funds determined to be necessary for the long-term financial feasibility of the Development. All due diligence determined by the Department to be prudent and necessary to meet and to secure the interests of the Department and of the City of Houston to be complete prior to closing.

Standard HCDD Construction and Design Standards

All financed developments will be required to meet HCDD’s Minimum Property Standards (MPS) found here https://houstontx.gov/housing/multifamily/documents/Final_Draft_HCDD_Minimum_Property_Standards-021920.pdf. **Note: As of the date of this NOFA, HCDD is in the process of updating the MPS standards to be**

released prior to expiration of this NOFA. Applicants will be responsible to ensure all proposals meet HCDD''s standards.

HCDD's MPS will be applied to new construction, reconstruction, rehabilitation, and maintenance of multifamily housing facilities that receive federal assistance as required by 24 CFR §200.925 and §200.926. The primary objective of the MPS is to establish the criteria for the life, health and safety of the residents at the property.

The MPS supplement local building codes by requiring properties to meet minimum standards of workmanship, durability and performance of various components of the multifamily property during the period of affordability. These components would include doors, windows, gates, stairwells, wall coverings, kitchen cabinets, carpeting, etc. of the property that would be maintained in good and safe working condition that ensures the life, health and safety of the residents at the property.

Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, ordinances, and rehabilitation standards, at the time of project completion. Housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C.§794) and covered multifamily dwellings, as defined at 24 CFR §100.201, and must also meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. §3601-§3619).

HCDD will conduct a final inspection of the development. Common areas and units are subject to a Uniform Physical Conditions Standards inspection. Any deficiencies identified in that inspection must be corrected before final retainage is released.

Accessibility

All properties receiving federal funds from HCDD must be in compliance with UFAS, ADA 2010 Standards (with exceptions), and Fair Housing Accessibility Guidelines. HUD has established rules explaining Section 504 as it applies to housing. They are found in the 24 CFR Part 8. Code of Federal Regulations at Section 504 requires that 5% of all units (or at least one unit) must be accessible to persons with physical disabilities. An additional 2% of all units (at least one) must be accessible to persons with visual or hearing disabilities. These costs must be reflected in the Development Budget. The architectural drawings will be reviewed by a third-party consultant for compliance with these regulations. In addition, the property will be inspected by an accessibility expert at approximately 50% completion and upon full completion and must be deemed in compliance before retainage will be released. Accessible units must be spread across all unit types, and evenly distributed across the property.

Access must be available to all dwelling units with one or more elevators and to all ground floor units for buildings without an elevator The Fair Housing Act contains seven basic requirements that must be met to comply with the access requirements of the Act. These requirements are outlined in the Fair Housing Act, as amended, 42 U.S.C. 3604(f)(3)(C) and include the following:

1. An accessible building entrance on an accessible route
2. Accessible common and public use areas
3. Usable doors (usable by a person in a wheelchair)
4. Accessible route into and through the dwelling unit
5. Light switches, electrical outlets, thermostats and other environmental controls in accessible locations
6. Reinforced walls in bathrooms for later installation of grab bars
7. Usable kitchens and bathrooms

Additionally, the project must comply with the Architectural Barriers Act of 1968 (42 U.S.C. Sec. 4151 et seq.), including use of telecommunications device of deaf persons (TDDS) or equally effective communication system.

Additional Disaster Recovery Construction Standards

The Disaster Recovery (DR-17) Multifamily Rental Program required several additional construction standards that green building, broadband and signage standards and further explained below.

Green Standards for New Construction

New housing construction and replacement of substantially damaged buildings[2] must include compliance with one of the following green standards:

- **ENERGY STAR** (Certified Homes or Multifamily High-Rise)
- **Enterprise Green Communities** - The Development must incorporate all mandatory and optional items applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at http://www.greencommunitiesonline.org.
- **LEED** - The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e., Certified, Silver, Gold or Platinum).
- **ICC–700 National Green Building Standard** - The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NGBS Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).

Green Standards for Rehabilitations (non-substantially damaged residential buildings)

For rehabilitation proposals applicants must follow the guidelines specified in the HUD CPD Green Building Checklist, including the use of mold resistant products when replacing surfaces such as drywall. When older or obsolete products are replaced as part of the rehabilitation work, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)- designated products and appliances. For example, if the furnace, air conditioner, windows, and appliances are replaced, the replacements must be ENERGY STAR-labeled or FEMP-designated products; WaterSense-labeled products (e.g., faucets, toilets, showerheads) must be used when water products are replaced. Rehabilitated housing may also implement measures recommended in a Physical Condition Assessment (PCA) or Green Physical Needs Assessment (GPNA).

Implementation of Green Building Standards

For new construction or major rehabilitation projects, applicants will identify the Green Building Standard selected and provide design phase (pre-construction) information (Green Building checklist) showing the planned project will qualify for Green Building certification.

At the completion of construction, the Applicant shall provide necessary documentation (Green Building Checklist and Green Professional certification) to the Green Building Organization to obtain the Green Building Certification which will be provided to HCDD.

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[2] all replacement of substantially damaged residential buildings. Replacement of residential buildings may include reconstruction (i.e., demolishing and rebuilding a housing unit on the same lot in substantially the same manner) and may include changes to structural elements such as flooring systems, columns, or load bearing interior or exterior walls.

Exceptions to Green Standards

For construction projects completed, underway, or under contract prior to the date that assistance is approved for the project, the Applicant is encouraged to apply the applicable standards to the extent feasible, but the Green Building Standard is not required. For specific required equipment or materials for which an ENERGY STAR- or WaterSense-labeled or FEMP-designated product does not exist, the requirement to use such products does not apply.

Broadband

Any new construction or substantial rehabilitation, as defined by 24 CFR 5.100, of a building with more than four rental units must include installation of broadband infrastructure. For the purposes of this program broadband service can either be hardwired or wireless, but it must be provided at 25 Mbps down and 3 Mbps up.

Signage

Any recipient shall be required to place permanent signage in a prominent, visible public location to be included in the development budget. The recipient will format the sign to best fit the architectural design of the building or facility but should be legible from at least three (3) feet distance.

"This project is funded by the City of Houston, the Texas General Land Office of the State of Texas, and the United States Department of Housing and Urban Development through the Community Development Block Grant Program to provide for disaster recovery and restoration of infrastructure for communities impacted by Hurricane Harvey."

Multifamily Resilience Standards for New Construction

For new construction or major rehabilitation projects, applicants will identify a minimum of 12 resilient project points as outlined by the Multifamily Building Resilience Checklist provided (Exhibit C). Applicants will provide design phase (pre-construction) information (Proposed Checklist items) showing the planned project will incorporate resilient building measures to protect residents from future disasters.
Resilient Areas are based on the Enterprise Ready to Respond: Strategies for Multifamily Building Resilience (https://www.enterprisecommunity.org/download?fid=2154&nid=4325) in the areas of protection, adaptation, back up measures and community as follows:

Protection (Minimum of 2)
1) Wet Floodproofing
2) Dry Floodproofing
3) Site Perimeter Floodproofing
4) Resilient Elevator modifications
5) Blackwater Valves

Adaptation (Minimum of 3)
6) Envelope Efficiency
7) Elevated Equipment
8) Elevated Living Space
9) Surface Stormwater Management
10) Window Shading
11) Site Orientation
12) Cool Roofs
13) Distributed Heating and Cooling

Back up measures (Minimum of 1)
14) Maintaining Backup Power to Critical Systems

15) Emergency Lighting
16) Access to Potable Water

Community (Minimum of 2)

17) Building Community Ties
18) Creating Community Resilience Spaces
19) Develop an Emergency Management Manual
20) Organizing for Community Resilience

Green Building Standard (Minimum of 1)

21) Energy Star
22) Enterprise Green Communities
23) LEED
24) ICC-700 National Green Building Standards

Solar (Minimum of 1)

25) Solar Ready Design and Construction
26) Solar

Electric Vehicles (Minimum of 1)

27) EV Ready
28) EV Charging Stations

Green Infrastructure (Minimum of 1)

29) Green Infrastructure, including bioretention, green roofs, permeable pavement, rainwater harvesting, soil amendments, urban forestry, vegetated filter strips.

While minimum points are designated to each resilient area – and understanding that there are multiple opportunities to overlap resilient measures with other requirements as set out by this NOFA – applicants are encouraged to consider applying as many resilient items as possible.

At the completion of construction, the Applicant shall provide necessary documentation (Multifamily Building Resilience Checklist and applicable documentation as well as any additional certifications that may be required, LEED Certified documentation for instance) to HCDD for verification.

Solar Ready

In addition to one of the identified Green Building and Resilient standards, new residential buildings shall be built solar-ready, thus easily able to incorporate solar energy in the future by reserving adequate roof space.

Electric Vehicle Ready

In addition to one of the identified Green Building and Resilient standards, new residential buildings shall be built EV-ready, thus easily able to incorporate Electric Vehicle charging stations in the future by reserving adequate parking space.

Environmental and Flood Zone Standards

Environmental Review

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. The environmental review process is required for all HUD-assisted projects to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users.

All properties assisted under this Program will be subject to an Environmental Review by the City prior to rehab, land acquisition, and/or new construction. CHDO Developers will be required to submit the project site address, and parcel identification number, which the City will conduct the environmental review in compliance with 24 CFR Part 58. If the project passes the Environmental Review, the city will issue a Notice to Proceed, and the developer may move forward with the approved land acquisition and new construction activity.

A commitment of funds can occur only upon satisfactory completion of an environmental review to determine whether the project meets federal, state, and local environmental standards, and receipt by the City of a release of funds from HUD under 24 CFR Part 58.35(a) or 58.36. Multifamily Developers must agree that the provision of any funds to their project(s) is conditioned on the HCDD's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review. Developers funding may be required to contract for environmental consulting services to provide the information required, which shall be an eligible project soft cost. In addition, the following regulations are applicable:

- Per 24 CFR 58.5(i)(2)(i), it is HUD policy that all properties that are being proposed for use in HUD programs be free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property.

- Per 58.5(i)(2)(ii) the environmental review of multifamily housing with five or more dwelling units (including leasing), or non-residential property, must include the evaluation of previous uses of the site or other evidence of contamination on or near the site, to ensure that the occupants of proposed sites are not adversely affected by any of the hazards listed in paragraph (i)(2)(i) of this section.

- Lots to be acquired for selection cannot and will not undergo any development or other activity that constitutes a choice limiting action per 24 CFR 58.22, regardless of whether HUD or non-HUD funds are used. No HUD funds can or will be used prior to the issuance of the Release of Funds/Authority to Use Grant Funds (AUGF) and all necessary site-specific environmental review and clearance as required by 24 CFR 58.

- Regulations found at 24 CFR 58 also govern sound mitigation requirements if noise levels in a Normally Unacceptable Noise Zone (NUNZ, 65-75 decibels (dB)) or Unacceptable Noise Zone (UNZ, 75+ dB), and regulations found at 24 CFR 55 govern flood mitigation for any existing properties that reside in the 100-year floodplain.

- Hazardous materials described at 58.5(i)(2)(i) cover all forms of contamination, including but not limited to lead and asbestos that may be found in older buildings, particularly those built prior to 1978.

An ASTM E1527-13 Phase I Environmental Site Assessment (ESA), under 6 months of age, must accompany projects involving acquisition (rehab and new construction) as well as all new construction projects (with or without acquisition).

Floodplain and Floodway Development

Floodway development is prohibited. Developments with improvements within 100-year floodplain will also be ineligible unless the applicant can demonstrate flood mitigation practices to avoid adverse impacts to residents. Sites not located within 100-year floodplain, but reported flooding events within the past 10 years may be subject to these requirements.

Mitigation efforts to include Chapter 19 of the City's Code of Ordnances. Mitigation efforts may include, but not limited to, elevating building site out of the floodplain, elevated podium construction, restricting ground floor space for residential use, pier and beam foundations for single-family units, etc. Any mediation efforts will be considered on a case by case basis by HCDD. Applicants are advised to check property addresses against the most recent flood maps which can be accessed on Harris County Flood Control District website at www.hcfcd.org.

Workforce Protection Program and Employment Policies

HCDD is committed to ensuring that the construction it finances protects workers on these projects by making sure they are safe, are compensated in accordance with applicable law and have access to pathways for sustainable careers in the construction industry. Contractors who work on developments financed under this NOFA will be required to implement certain policies designed to ensure every worker on the project is safe, receives appropriate pay, and has a path toward building a career in construction. All contractors of any tier that perform work on the development, unless otherwise specified, will be required to comply with the following workforce protection program and employment measures.

HCDD acknowledges many of these provisions may require additional costs. The department will consider award requests sufficient to cover additional costs associated with the new requirements. However, HCDD will still require the limitation of CDBG-DR awards to no greater than 50% of total development costs. HCDD reserves the right to revise the requirements of the workforce protection measures on an as-needed basis before and after issuance of CDBG-DR awards.

Pay or Play

In an effort to create a level playing field for competing contractors, the Pay or Play program (POP) mandates City Contractors to offer their employees a minimum level of health benefits or contribute a prescribed amount towards "Contractors Responsibility Fund" to defray the costs of providing health care to uninsured people in the Houston and Harris County area.

This program applies to contracts for services in which the total expenditure by the City, including contingencies, amendments, supplemental terms and/or change orders equals or exceeds $100,000. This program also applies to subcontracts for services in which the total value of the subcontract, including contingencies, amendments, supplemental terms and/or change orders equal or exceeds $200,000.

All project contractors (of any tier) must comply with the City's Pay or Play policies with regard to every Section 3 worker and apprentice-level worker that they employ for work on the project. . Prior to the commencement of a covered contract, the contractor will declare its intent to comply with the Program and will submit a plan for compliance. Contractors will report to the City regarding the identity of covered subcontracts and covered employees working under subcontracts in the form and manner prescribed by the Administer (OBO).

Pay

If the contractor elects to comply by paying, the contractor will pay to the City $1 for each regular hour of work performed by covered employees, including covered employees of covered subcontractors. All payments will be deposited into the City shall be deposited in the Contractor Responsibility Fund.

Play

If the contractor elects to comply by "playing", the contractor will provide documentary proof in a form acceptable to the Administrator that it provides the requisite level of health benefits to each covered employee, and that covered employees of covered subcontractors are provided with health benefits. A contractor must contribute no less than $150 per covered employee per month toward the total premium cost; and the covered employee may not contribute more than $150 per month toward the premium. A contractor is deemed to have complied with this provision with respect to a covered employee who is not provided health benefits if the employee refuses the benefits and the employee's contribution to the premium is no more than $40 per month.

Program exceptions such as waivers and types of contracts that do not require participation can be found in Executive Order 1-7. For additional information regarding the City of Houston, Housing and Community Development Department compliance requirements you may visit:

http://www.houstontx.gov/housing/multifamily_compliance.html

Workers' Compensation

The owner and general contractor will provide workers' compensation coverage provided with either project level policy or umbrella policy provided by the owner or GC HCDD will require that the owner and GC place signage onsite to properly inform workers of their benefits under this coverage. Developer must provide the Director of HCDD or his or her designee with evidence of worker's compensation coverage at the time of loan closing.

Awardees will be subject to these terms which will be included within the loan agreement.

Safety Training and Hourly Base Wage Rate

HCDD has expanded the scoring criteria to include the developer's statement on safety training and an hourly base wage rate. Acceptable responses will be awarded 30 points towards their application.

The owner and general contractor will be required to ensure that (1) all individuals performing project work, regardless of job designation or employment status, have received OSHA 10 certification and (2) at least one (1) on-site supervisor with OSHA 30 certification is present on the job site at all times that work is being performed.

In addition, any individual performing project work, regardless of job designation or employment status, will receive a minimum hourly wage of no less than the higher of (1) $15.00 per hour or (2) the Federal prevailing wage.

If the applicant elects to include their statement on safety training, they will be required to certify within the HCDD contract they will employ contractors with adequate OSHA training. HCDD will require the construction contract with the general contractor include this provision as an addendum. HCDD will test compliance during onsite visits and payment applications.

If the applicant elects to include their statement on an hourly base wage rate, they will be required to certify within the HCDD contract they will comply with the Hourly base rate requirement of $15.00 per hour for each worker. HCDD will require the construction contract with the general contractor include the Hourly Base Rate of

$15.00 requirement along with the applicable DBRA wage scale as an addendum. HCDD will test compliance during construction.

Awardees will be subject to these terms which will be included within the loan agreement.

Employment Training and Apprenticeships

HCDD expects project contractors to commit to the development of their craft workforce and invest in skills training linked to construction career paths. A minimum of 20% of all labor hours on each project must be performed by individuals enrolled in apprenticeship or craft training programs that are certified by the U.S. Department of Labor.

Owners will be required to certify within the HCDD contract they will employ contractors that adhere to the employment and apprenticeship policy. HCDD will require the construction contract with the general contractor include acknowledgement that 20% of all labor hours will be performed by apprentices enrolled in apprenticeship or craft training programs that are certified by the Department of Labor. HCDD will test compliance during construction.

Awardees will be subject to these terms which will be included within the loan agreement.

Employment Classification

HCDD expects its awardees to hire responsible contractors who can reliably verify the proper employment classification of all individuals they engage to perform work on covered projects and provide verified reporting of wages owed and paid to employees and monthly certified payroll data to the City.

All Section 3 workers and apprentice-level workers must be directly employed by a project contractor. In addition, all self-employed workers will be subject to the same compensation standards and protections as other employees/contractors outlined in this policy.

Awardees will be subject to these terms which will be included within the loan agreement.

Davis Bacon and Related Acts (DBRA)/Labor Standards Provisions

All HCDD financed developments require compliance with the Davis-Bacon Labor Standards no matter the use of HCDD’s funds. Davis-Bacon and Related Acts require that prevailing wage rates be paid to all construction laborers regardless of job designation or employment status.

Minority Business Enterprises/Small Business Enterprises

The City of Houston Housing and Community Development Department requires MWSBE participation of at lease 34% (23%MBE, 11%WBE) of the HCDD investment for all federally and non-federally funded construction contracts in excess of $1,000,000. It is the general contractor’s responsibility to put forth measures to achieve contract goal(s) and other program requirements throughout the duration of the contract. Good Faith Efforts should be documented per the City of Houston, Office of Business Opportunity Good Faith Effort policy. For more information regarding Good Faith Efforts, visit:
http://www.houstontx.gov/obo/docsandforms/goodfaithefforts.pdf

Compliance Plan

Respondents of this NOFA will be required to provide a written acknowledgment the applicant has reviewed Clarification 3 and will be required to submit a plan for implementing these measures. An example of a compliance plan can be found as an addendum to Clarification 3. The plan is not required to have detailed procedure, but at minimum an acknowledgement that the applicant will inform general contractors that they and all subcontractors of any tier will be subject to these terms when solicited for the referenced development.

Targeted Hiring and Section 3

Section 3 is a provision of the Housing and Urban Development Act of 1968, created in an effort to direct training, employment, and contracting opportunities generated by certain HUD financial assistance to low- and very-low income persons and business concerns which provide economic opportunities to low and very low-income persons. The requirements of Section 3 apply to Housing and community development assistance expended for housing rehabilitation, housing construction, or other public construction. All contractors or subcontractors that receive covered contracts in excess of $100,000 under this NOFA are required to comply with the requirements of Section 3.

To ensure that Multifamily activities generates significant opportunities for Section 3 Residents in Houston, HCDD strongly encourages contractors to exceed minimum Section 3 requirements for targeted hiring of Section 3 Residents. HCDD will specify levels of best efforts of targeting efforts.

Minimum requirements provide that any contractor or subcontractors with a covered contract in excess of $100k are required to comply with the requirements of Section 3. Contractor responsibilities include, but are not limited to: recordkeeping, document submittals, monthly reporting, and providing documentation of efforts made to meet numerical performance goals.

The General Contractor is required to complete a Utilization Plan that demonstrates a commitment to meet Section 3 numerical goal requirements. Thereafter, any contractor with a contract in excess of $100k will be required to comply with the same requirements that demonstrate efforts to meet Section 3 requirements.

To the greatest extent feasible, contractors/subcontractors with a need to hire new persons to complete covered contract activities or needs to subcontract portions of the work to another business, are required to direct their newly created employment and/or subcontracting opportunities to Section 3 residents and business concerns. The minimum numerical goal(s) are as follows:

- 30% of the total number of new hires should meet Section 3 resident criteria;
- 10% of all construction contracts should be awarded to Section 3 Business Concerns; and
- 3% of all non-construction contracts should be awarded to Section 3 Business concerns.

Contractors Good Faith Efforts to provide training, employment, and contracting opportunities to Section 3 Residents and Section 3 Business Concerns should be demonstrated throughout the duration of the project. For additional information regarding Section 3 compliance requirements you may visit: link

Monitoring and Compliance

All of the standards outlined above will be enforced by City of Houston internal monitors.

Other Compliance Requirements

Affirmatively Furthering Fair Housing (AFFH)

Developers will complete and submit an Affirmative Fair Housing Marketing Plan, found at https://www.hud.gov/sites/documents/935-2A.PDF in furtherance of the City's commitment to non-discrimination and equal opportunity in housing. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, gender, religion, familial status, or disability. The plan will provide detailed procedures and actions geared to attract eligible persons in the housing market area to the development.

Proposed plans must identify demographics of the area, including underrepresented populations least likely to have access or knowledge to the development. AFFH Marketing campaigns and staff training policies should be addressed in detail.

Beginning at lease-up, records will be maintained describing actions taken by the Developer to affirmatively market its units. The City will assess the results of these actions annually, for the duration of the funding agreement. Documentation of compliance with the Affirmative Marketing requirements in the Fair Housing Act is required.

Uniform Relocation Act

If existing tenants are required to move out of their units as a result of a project receiving federal funding, the developer must comply with both the Uniform Relocation Assistance Act and Real Property Acquisition Policies Act of 1970, as amended, (URA) as well as HCDD's Policies and Procedures for Relocation. The URA requires that the owner of the property receiving federal funding must provide notices and assistance to tenants impacted by acquisition, demolition, and/or rehabilitation/ reconstruction.

HCDD staff will assist owners in complying with the URA. Applicants to provide a Relocation Plan and budget for any proposals of developments that will require relocation of residents.
Details of the requirements for following URA regulations are also available in Handbook 1378 at the following web site: www.hud.gov/relocation.

Contractor Requirements and Construction Administration

Contractor Selection

The City of Houston is charged with making efforts to determine that Project costs are reasonable. HCDD has approved the following three methods for selecting a general contractor:

1. **Bidding Process** - The Borrower may choose to go through an open bidding process for selection of the General Contractor. This involves:
   1. Compiling plans, specs and a list of required qualifications, bonding requirements, etc. for the prospective contractor
   2. Conducting a pre-bid meeting with prospective bidders
   3. Advertising the bid process for two consecutive weeks
   4. Reviewing, evaluating and tabulating bids
   5. Obtaining clearance from HCDD's Compliance and Monitoring division to proceed with the selected contractor.

   A more complete explanation of the process will be provided by Compliance & Monitoring.

2. **Captive General Contractor** - If the owner has the capacity to complete the construction work through a related entity as a *captive general contractor*, they may do so.

3. **Hand-picked General Contractor** - The Borrower may select a General Contractor of their choosing without going through a bidding process.

Construction Contract

A Guaranteed Maximum Price contract will be required. **Any form of a cost-plus-fee contract is prohibited.** Prior to award of contract the recipient shall be approved by the Compliance and Monitoring Division. Recipient will submit a Request for Contractor Clearance form to the Compliance and Monitoring Division and obtain approval for the proposed contactor prior to execution of a contract agreement.

Construction Draws and Inspections

Prior to commencement of construction, the developer/borrower must have a Notice to Proceed to be approved by HCDD. During construction, HCDD will engage a third-party firm to provide monthly inspections and confirm work in progress. If the Senior Lender or Tax Credit Investor uses a third-party inspection firm, the City may rely on these inspection reports if the City is included as an addressee of the report. Borrowers will certify that each draw request is for actual costs expended and provide documentation to support such costs, including sub-contractor invoices. The City will only pay for completed and documented work.

Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness of all expenditures. HCDD may request that the Developer make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of funds to Developer/Owner as may be necessary or advisable for compliance with all program requirements. Any change in scope during the construction process to be approved in advance by HCDD.

Each draw request to include actual invoices for soft cost that support the requested payment. Hard cost must be supported G702 and G702 signed by the owner and general contractor.

Regardless of the use of funds (e.g. acquisition, soft costs, hard costs), HCDD will retain 10% of each draw until satisfactory completion of the development. Retainage will be held until at least thirty (30) days after completion of construction; a final inspection is completed and clearance is issued by the Department; labor standards final wage compliance report is completed; and certificates of occupancy are received for new construction or a certification of completion is received from the development architect for rehabilitation.

The final request for disbursement of retainage will be submitted to the Department with supporting documentation no later than sixty (60) days after the termination date of the Contract to remain in compliance with the Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performance rendered after the termination date of a Contract.

Post Completion Requirements

Lease Up Procedures

Multifamily developments assisted with CDBG-DR funds are required to have a Project Tenant Selection Policy (TSP), Affirmative Marketing Plan, and a schedule of leases and rents to ensure compliance with CDBG-DR requirements. The TSP must be:

- Written and displayed at the project leasing in a common area;

- Consistent with the purpose of providing housing for families making 80 percent or less of AMFI;
- Reasonably related to program eligibility and tenant's ability to perform under the lease;
- Chronological, so that tenants taken from a written waiting list are assisted in order; and
- Designed to give prompt written notice of the grounds for rejection to any lessee rejected based on income.

Monitoring

During the affordability period, HCDD will monitor each project for financial stability, status on annual payments due as well as compliance with the City's Minimum Property Standards and LURA. This will include:

- Regular review of audited financial statements
- Annual inspections of property to assure that Minimum Property Standards are maintained
- Verifying lease related documentation/actions to demonstrate compliance with Affirmative Marketing and Fair Housing requirements under local, state and federal rules in tenant selection/housing;
- Verifying income documentation and eligibility of persons certified/assisted; and
- Certifying/approving rent rates and utility allowances within limits set by local, state or federal agencies as applicable to each project.

Application Submissions

The City of Houston as a unit of local government reserves the right to reject any and/or all proposals, reserves the right to waive any formalities or irregularities in the proposal or evaluation process, and reserves the right to award contract(s) in the best interest of the City of Houston.

Due Date

Applications under this NOFA are due to the City of Houston by **<u>3:00 p.m. on Friday July 2, 2021</u>**. Late proposals will not be accepted.

Threshold Review

All applications will undergo a threshold review within 30 days of receipt of the application. HCDD staff will notify the applicant of any deficiencies within the application. The applicant will have five (5) business days to cure any deficiencies. Once an application has met threshold it may be scored by the committee.

Material Changes

Prior to application scoring, HCDD will accept amendments to the application up to 30 days after the due date. After an award is allocated, any material changes to the project during underwriting or construction must be reported in writing to the Department. Failure to do so may result in a forfeiture of the award.

Format

HCDD expects applications to be complete, and in accordance with the following guidelines:

- Provide one copy on a jump drive with tabs delineated in the Bookmark feature. The file must contain a separate Excel workbook. Workbooks in pdf format will not be accepted.
- All applications to be signed by the organization's Board Chair/Executive Director/President or Designee. Unsigned applications will not be accepted.
- All statements requiring a notarized signature must be notarized.
- Excel workbook: Complete each yellow cell of each Tab of the Application for City of Houston Funds, and provide all items listed on the Checklist.
- One flash drive with the entire application (including Excel workbook) to be provided.
- A $1,500 application fee is required. This fee is non-refundable

- Prior to the deadline, the Department will accept Applications from 8 a.m. to 5 p.m. each business day, excluding city holidays.

Applications will be accepted ONLY if addressed as follows.

Housing and Community Development Department
2100 Travis St., 9th Floor
Houston, TX 77002
Attn: Tywana Rhone

ALL APPLICATION SUBMISSIONS BECOME THE PROPERTY OF HCDD

For questions regarding this NOFA, please contact Tywana Rhone at Tywana.Rhone@houstontx.gov or 832-394-6204.

IN ACCORDANCE WITH THE ANTI-LOBBYING ORDINANCE, CODE OF SILENCE OR SIMILAR REQUIREMENTS, AFTER THE APPLICATION SUBMISSION DATE AND UP TO PANEL REVIEW AND SCORING OF APPLICATIONS, ALL COMMUNICATION BETWEEN APPLICANTS AND CITY STAFF MUST BE IN WRITING.

Appeals

HCDD's appeal process will be provided in writing to any appellant upon request or receipt of an appeal, and the same process will be clearly posted on the City's websites, including disaster recovery websites and entitlement program websites. HCDD will keep a record of each appeal that it receives and include all communications and their resolutions therein.

Applicants have the right to appeal decisions made on their program file based on the following:

- Non-receipt of award through NOFA or RFP process
- Denied services through any of HCDD's programs
- Denial of a request for resolution for tax credits
- Program eligibility determination
- Program award calculation
- Program determination of Moderate or Substantial damage leading to Rehabilitation or Reconstruction
- Procedural error where the application was not processed by program staff in accordance with the program guidelines
- Affirmatively Furthering Fair Housing

Appeals must be made in writing, and may either be in letter form, through HCDD's website, or on HCDD's Appeal Request Form (available on HCDD's website or at the HCDD office). Written appeals will be accepted either by mail or in-person at the HCDD office. To be considered complete, an appeal must contain the following information:

- Name
- Property Address
- Mailing Address (if different from Property Address)
- Phone
- Application number (if applicable)
- Email Address
- Reason for Appeal

Appeals must be made within thirty (30) days of notice of the determination on the applicant's file that generated the appeal. Upon receipt of an appeal, HCDD will respond in writing to the appellant of the program area's decision regarding the appeal and provide the basis thereof within thirty (30) days, as practicable.

Appeals Review Committee

Should the initial appeal process with the program area not achieve a resolution amenable to the appellant, the appellant has the right to escalate the appeal, in writing, to the Appeals Review Committee (ARC). The appellant may only escalate the appeal after the completion of the initial program area process.

The ARC will process the escalated appeal within thirty (30) days, as practicable. The ARC will transmit their decision to the appellant in writing.

Texas General Land Office

Should the appellant not be satisfied with the outcome determined by the ARC, they have the option to dispute the decision by sending an appeal in writing to the Texas General Land Office (GLO). The appellant has thirty (30) days to submit an appeal directly to GLO following receipt of the ARC's decision regarding their appeal.

If no word on a pending appeal is received by HCDD within the appropriate timeline from GLO, HCDD will designate the appeal decision made by the Appeals Review Committee as the final decision and consider the matter closed.

Complaint and Appeal Contact Information

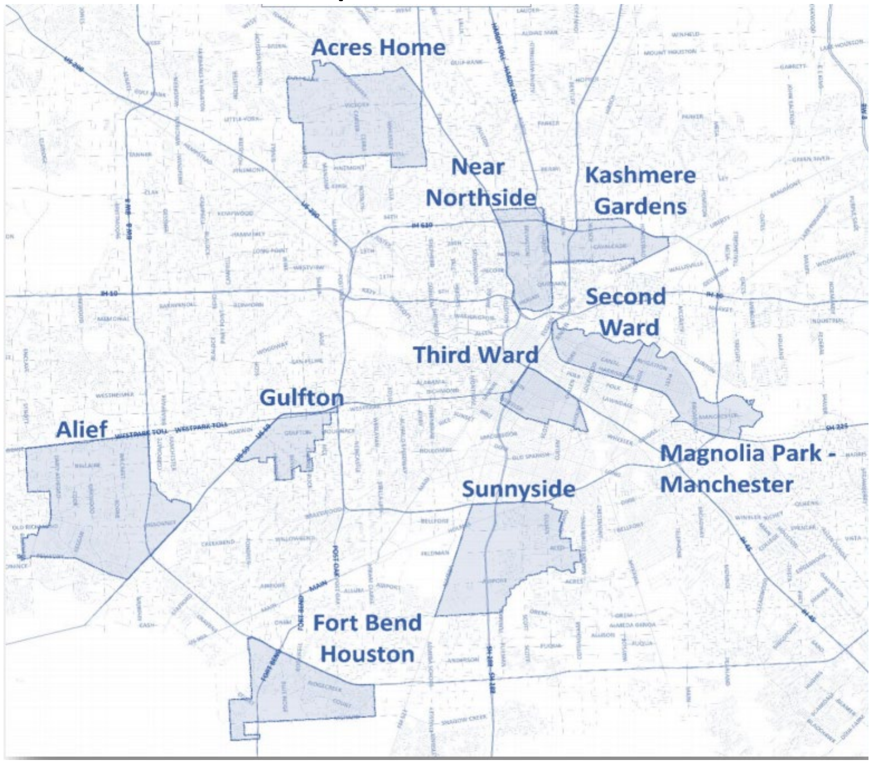
HCDD Mailing Address

Housing and Community Development Department
2100 Travis St., 9th Floor
Houston, TX 77002
Attn: Planning & Grants Management
HCDDComplaintsAppeals@houstontx.gov

GLO Mailing Address

Texas General Land Office
PO Box 12873
Austin, TX 78711-2873
ATTN: GLO-CDR
cdr@recovery.texas.gov
(844) 893-8937
(512) 475-5000

Exhibit A
Complete Communities



TIRZ

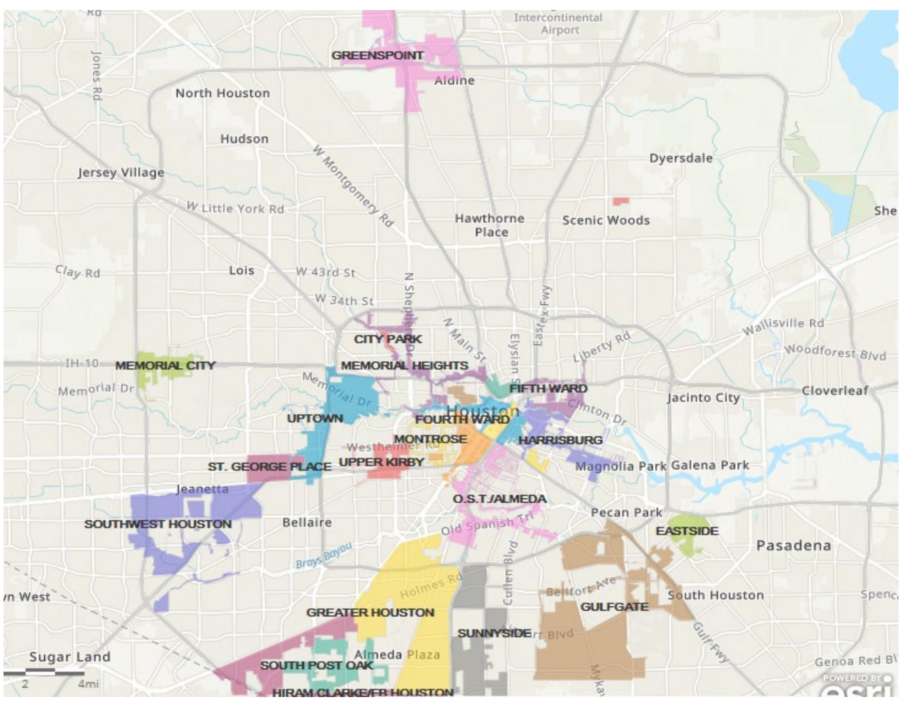


Exhibit B

LIHTC Income Limits for 2021 (Based on 2021 MTSP Income Limits)	Charts	60.00%	30.00%	50.00%	80.00%
1 Person		33,300	16,650	27,750	44,400
2 Person		38,040	19,020	31,700	50,720
3 Person		42,780	21,390	35,650	57,040
4 Person		47,520	23,760	39,600	63,360
5 Person		51,360	25,680	42,800	68,480
6 Person		55,140	27,570	45,950	73,520
7 Person		58,980	29,490	49,150	78,640
8 Person		62,760	31,380	52,300	83,680
9 Person		66,540	33,270	55,450	88,720
10 Person		70,320	35,160	58,600	93,760
11 Person		74,160	37,080	61,800	98,880
12 Person		77,940	38,970	64,950	103,920

LIHTC Rent Limits for 2021 (Based on 2021 MTSP/VLI Income Limits) Bedrooms (People)	Charts	60.00%	30.00%	50.00%	80.00%
Efficiency (1.0)		832	416	693	1,110
1 Bedroom (1.5)		891	445	743	1,189
2 Bedrooms (3.0)		1,069	534	891	1,426
3 Bedrooms (4.5)		1,236	618	1,030	1,648
4 Bedrooms (6.0)		1,378	689	1,148	1,838
5 Bedrooms (7.5)		1,521	760	1,268	2,029

Exhibit C

	Multifamily Building Resilience (New Construction)	
	Resilient Development Activity	**Points Earned**
	https://www.enterprisecommunity.org/download?fid=2154&nid=4325	
	Resilient Area: Protection (Minimum of 2)	
1	Wet Floodproofing	
	Relocate or protect equipment that cannot be exposed to water.	
	Electrical panels, mechanical equipment, gas and electric meters and shut-offs should be relocated from flood-prone areas to locations above the DFE. If that is not possible, they should be protected in place. (See Strategy: Dry Floodproofing.)	
2	Dry Floodproofing	
	Protect In Place equipment that cannot be exposed to water AND cannot be relocated.	
	Active measures require removable elements to be put into place before an anticipated flood. Permanent measures are fixtures and systems integrated into the structure itself, which do not need to be manually deployed in the event of an emergency. Effective dry floodproofing requires a design by a qualified engineer and an operations and maintenance plan, and should include: *- Sealing cracks or openings on exterior walls or the foundation.* *- Covering entry points below the DFE.* *- Protecting against and remove seepage inside the building.* *- Protecting mechanical and electrical systems.*	
3	Site Perimeter Floodproofing	
	Protective barriers may be temporary or permanent	
	Temporary barriers can include: *- Sandbags* *- Water-inflated tube systems* *- Panelized systems installed into foundations* *Permanent barriers can include:* *- Floodwalls* *- Berms*	
4	Resilient Elevator modifications	
	Consider elevators with motors and controls above the DFE	
	Consider holeless hydraulic elevators for buildings in flood zones. More common in multifamily buildings are traction elevators that hoist the elevator using an elevated machine room for the elevator controls and mechanical equipment.	
5	Backwater Valves	
	Valves that allow waste water to flow out and close if the flow is reversed	

	Backwater valves are installed where the wastewater pipe exits the building, so sewage only flows outward. Valves have a hinged flapper that remains open to allow outward flow, but seals tightly if there is backpressure.	
	Resilient Area: Adaptation (Minimum of 3)	
6	Envelope Efficiency	
	The thermal performance of a building envelope or building skin	
	A building's envelop and its performance can control the conditioned space in the event of an extended power outage making the units habitable for longer. A high-performance envelope is especially valuable during a power outage because indoor temperatures change more slowly, increasing a building's "passive survivability." Addressing the efficiency of a building a number of influences are considered - identifying and reducing moisture issues, reducing air leakage, considering the roof, wall insulation and windows to name a few.	
7	Elevated Equipment	
	Elevate critical equipment in place or moved to higher floors, the roof, or outdoor platforms	
	In general, essential building systems should be elevated to at least the 0.2-percent-annual-chance flood elevation and higher if it is practical to do so. If sufficient data is not available or if this level of protection is not feasible, utilities should be elevated to at least 2 feet above the 1-percent-annual-chance flood elevation.	
8	Elevated Living Space	
	Utilize floors below the DFE for non-residential purposes	
	Eliminating living spaces and mechanical systems below the BFE can be incorporated with wet floodproofing measures (See Strategy: Wet floodproofing).	
9	Surface Stormwater Management	
	Infiltrating water into the ground on-site reduces the need for large infrastructure	
	Containment and infiltration are the two most common approaches to managing onsite stormwater. Buildings with well-draining soil can often infiltrate rain water directly into the ground. Urban zero-lot-line sites or buildings with poorly draining soil can store rainwater on-site for slow release into a traditional storm sewer system.	
10	Window Shading	
	Exterior or interior window treatments that shade rooms can lessen solar heating	
	Exterior shades block sunlight before it reaches the window, making them more effective than interior shades and blinds. Interior window treatments are protected from the elements, less expensive and easier to install and clean, but not as effective as exterior treatments.	

11	Site Orientation	
	Develop building orientation to account for thermal, lighting, visual, and other urban amenity considerations	
	Successful design orientation for a building can help lower its total energy usage and help it contribute to the vitality of the surrounding environment and provide the structure with thermal and visual comfort.	
12	Cool Roofs	
	Adaptive roof treatment to reduce heat absorbed by the building	
	Roof design to reflect more sunlight and absorb less heat than a standard roof. Cool roofs can be made of a highly reflective type of paint, a sheet covering, or highly reflective tiles or shingles. Nearly any type of building can benefit from a cool roof	
13	Distributed Heating and Cooling	
	Decentralized and high-efficiency heating and cooling systems	
	Distributed systems provide heating and cooling inside a residential unit, giving residents greater control over the temperature in their apartment and dramatically reducing distribution losses. Dedicated boilers, warm-air furnaces, window-mounted air conditioners or through-the-wall heating/cooling units can be installed in individual apartments.	
Resilient Area: Back up measures (Minimum of 1)		
14	Maintaining Backup Power to Critical Systems	
	During a power outage, backup power is vital to continue building operations	
	Larger, high-rise residential buildings are typically required to have backup power for critical functions, such as the operation of one elevator and a fire-suppression pump. Smaller buildings are not. Backup power becomes even more necessary if residents are sheltered in place during power outages.	
15	Emergency Lighting	
	Provide residents with lighting during an extended power loss.	
	Code-mandated emergency lighting, such as exit signs with emergency area illumination, are frequently designed to function only long enough for residents to evacuate. Building codes generally require only 90 minutes of emergency illumination. Different lighting strategies are necessary to keep buildings operating safely during and after emergencies.	
16	Access to Potable Water	
	Provide residents access to water supply	
	buildings with rooftop water storage have a resilience advantage since their water supply is gravity-fed and may last for days if residents know to strictly curtail water use. Standard municipal water pressure may be adequate to keep buildings up to 6 stories high supplied with water during of a power outage. Taller buildings typically either use pressure-booster pumps or pump water to a roof tank.	

	Resilient Area: Community (Minimum of 2)	
17	Building Community Ties	
	Neighbors are the most important source of support and information	
	Residents who know one another will be more likely to turn to each other for support during an emergency. This becomes especially critical if they shelter in place. *Develop infrastructure to support community engagement and interaction. Set aside common space for posting information, convening meetings and hosting parties and other group activities.*	
18	Creating Community Resilience Spaces	
	Create Community Spaces that can serve as a central location for emergency services	
	Community spaces should offer a safe and secure environment for residents and a central location for emergency services. A resilience space might be located in an existing multi-purpose area such as a dining or activity room, where residents will feel comfortable taking shelter or receiving emergency services.	
19	Developing an Emergency Management Manual	
	Develop a comprehensive document for residents to plan from in the event of emergancies	
	An effective emergency plan prepares the entire organization for an emergency, promoting three core capabilities: - ***Coordination.*** *The organization works in a unified way across departments and with organizations and people outside.* - ***Communication.*** *Staff and leadership communicate efficiently throughout a disaster.* - ***Information sharing.*** *Vital updates reach staff, residents, leadership and outside people quickly.*	
20	Organizing for Community Resilience	
	Create a well-defined process of sharing and implementation between communities	
	Collaboration with other multifamily housing organizations can make your resilience plan stronger and more effective. Organizations can share their experiences in resilience planning and emergency preparednes and can help identify local and shared resources, pool information about equipment and infrastructure pricing and the best ways to get residents involved.	

Resilient Area: Green Building Standard (Minimum of 1)		
21	Energy Star	
	www.energystar.gov	
	The Development must incorporate all mandatory and optional items applicable to the construction type- Certified Homes or Multifamily High-Rise	
22	Enterprise Green Communities	
	www.greencommunitiesonline.org	
	The Development must incorporate all mandatory and optional items applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria.	
23	LEED	
	https://new.usgbc.org/leed	
	The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain ONE OF THE FOLLOWING LEED Certifications(If Gold is identified then 3 points are awarded)	
+1	*CERTIFIED*	
+2	*SILVER*	
+3	*GOLD*	
+4	*PLATINUM*	
24	ICC-700 National Green Building Standard	
	www.iccsafe.org	
	The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain ONE OF THE FOLLOWING NGBS Green Certifications (If Gold is identified then 3 points are awarded)	
+1	*BRONZE*	
+2	*SILVER*	
+3	*GOLD*	
+4	*EMERALD*	
Resilient Area: Solar (Minimum of 1)		
25	Solar Ready Design and Construction	
	Design and construction anticipating solar application in the future	
	Design and construction of a building in a way that facilitates the installation of a rooftop solar photovoltaic (PV) system at some point after the building has been constructed making future PV system installation more cost-effective by reducing the need for infrastructure upgrades, ensuring solar technical feasibility, and planning for PV systems.	
26	Solar	
	Satisfy energy needs through the instalation of solar pannels	
	Once efficiency measures have been incorporated, the remaining energy needs can be met using renewable energy technologies. Common on-site electricity generation strategies photovoltaics (PV) and solar water heating.	

Resilient Area: Electric Vehicles (Minimum of 1)		
27	EV Ready	
	Design and construction anticipating the iclusion of electric vehicle charging stations in the future	
	Establish EV infrastructure requirements for new construction projects, including the electrical capacity and pre-wiring to make possible the future installation of EV charging stations.	
28	EV Charging Stations	
	Construction of EV Charging Stations	
	Install EV infrastructure and at minimum two (2) charging stations for every 20 parking spaces.	
Resilient Area: Green Infrastructure (Minimum of 2)		
29	Green Infrastructure	
	Infrastructure as outlined by the Houston Incentives for Green Development	
	Bioretention – Some type of buffer that removes sedimentation and other contaminants from stormwater runoff.	
	Green Roofs *– Consisting of vegetation and soil, or other growing medium, planted over a waterproofing membrane that protects the top of the building from water infiltration. A green roof can reduce the amount of stormwater runoff between 50% - 90% with absorption into the soil and by the plants and provide additional thermal resistance; keeping energy cost down during the hot summer months as well as create Additional usable space, which can increase your property value*	
	Permeable Pavement *– walking paths, parking lots, property driveways and other large surfaces to be designed to enable infiltration of stormwater runoff.*	
	Rainwater Harvesting *- Rainwater harvesting systems are recognized by the EPA as a Low Impact Development (LID) technique for stormwater management. By retaining stormwater runoff for on-site use, harvesting systems reduce the runoff volumes and pollutant loads entering the stormwater collection system, helping to restore pre-development hydrology and mitigate downstream water quality impacts*	
	Soil Amendments *–Adding a material such as Loam to a soil improves its physical properties, such as water retention, permeability, water infiltration, drainage, aeration and structure. By changing the soils' structure, roots penetrate more easily and water infiltration for the entire site improves.*	
	Urban Forestry *– Ecosystems that provide critical benefits to people and wildlife. Urban forests help to filter air and water, control storm water, conserve energy, and provide animal habitat and shade.*	
	Vegetated Filter Strips *- land areas of either planted or indigenous vegetation, situated between a potential pollutant-source area and a surface-water body that receives runoff.*	

Texas Financial incentives for multifamily housing developers and owner (2020)

1. Weatherization Assistance Program (WAP) – Texas

WAP is designed to help low income customers control their energy costs through installation of weatherization materials and education. The program goal is to reduce the energy cost burden of low-income households through energy efficiency. Energy audit (a review of your home's energy efficiency, which identifies where air leaks may be occurring, inefficient appliances, etc.)

- Installation of weatherization measures to increase energy efficiency of a home (structure must be able to benefit from being weatherized)

- The weatherization work consists of caulking; weather-stripping; adding ceiling, wall, and floor insulation; patching holes in the building envelope; duct work, and tune-up, repair or replacement of energy inefficient heating and cooling systems. https://www.tdhca.state.tx.us/community-affairs/wap/index.htm

2. Federal Income Tax Credits and Other Incentives for Energy Efficiency

The tax credits for residential renewable energy products are still available through December 31, 2021. Renewable energy tax credits for fuel cells, solar thermal, solar photovoltaic, small wind turbines, and geothermal heat pumps now feature a gradual step down in the credit value, the same as those for solar energy systems. In 2020: Owners of new residential and commercial solar can deduct 26 percent of the cost of the system from their taxes.

https://www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/tax_credits_home_builders

3. Fannie Mae Green Initiative- Loan Program

Description: The Green Rewards product feature, launched in 2015, provides up to an additional 5% of loan proceeds by including up to 50% of projected energy and water savings in the loan underwriting. The Green Preservation Plus program, launched in 2011, provides additional loan proceeds to Multifamily Affordable Housing (MAH) properties by allowing up to an 85% Loan-to-Value (LTV), lower Debt-Service-Credit-Ratio (DSCR) up to 5 basis points lower than standard rates, and access to property’s equity amount equal to investments in efficiency. Energy- and water-saving improvements must equal at least 5% of the original mortgage loan amount.

https://www.fanniemae.com/multifamily/green-initiative

4. Houston Utility CenterPoint Energy Multifamily Programs

These programs provide incentives for implementing energy efficient projects that result in peak demand reduction. Incentives, which vary by program and measure type, are awarded based on verified peak electric demand and energy reduction upon completion of project(s).

- Multifamily Direct Install Program

  Multifamily Direct Install Program provides existing affordable-housing properties access to energy efficiency updates at no cost to the developer, property owner or tenants.

• Multifamily High Efficiency New Construction Program

Multifamily High Efficiency New Construction Program promotes construction and certification of new ENERGY STAR® low-rise multifamily developments by providing incentives and assistance to Developers and HERS raters.

• Multifamily Water and Space Heating Program

Multifamily Water and Space Heating benefits multifamily developers who install non-electric water heating systems in multifamily projects.
https://www.centerpointenergy.com/en-us/business/save-energy-money/electric-efficiency-programs/for-builders-developers?sa=ho

5. PACE Financing (Local Option - Contractual Assessments for Energy Efficient Improvements)

: Property-Assessed Clean Energy (PACE) financing effectively allows property owners to borrow money to pay for energy improvements. The amount borrowed is typically repaid via a special assessment on the property over a period of years. Texas has authorized local governments to establish such programs, as described below. (Not all local governments in Texas offer PACE financing; contact your local government to find out if it has established a PACE financing program.)

https://www.texaspaceauthority.org/