HARRIS COUNTY
PY 2016 REQUEST FOR PROPOSALS
APPLICATION GUIDEBOOK

FOR:

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

TABLE OF CONTENTS

Application Fact Sheet 3

Introduction
- Consolidated Plan 4
- Annual Action Plan 4
- PY2013-2017 Consolidated Plan Measurable Objectives 4

Application Process
- Limitations of the RFP 6
- Available Funds 6
- Eligible Applicants 6
- Tax Policy 6
- Conflict of Interest 7
- Disbursement of Funds 7
- Conflict of Interest 7
- Minimum Criteria 7
- Fair Housing and Equal Access to Housing 9
- Review Criteria 9
- Monitoring Reviews 10
- Recordkeeping 10
- Access to Records 11
- Design Criteria 11
- Application Details and Scoring 13
- Program Specific Requirements 13

Frequently Asked Questions (FAQs) 19

Attachments
- A: Harris County Opportunity and Community Development Target Areas Map 22

Application Fact Sheet

The Harris County Community Services Department (HCCSD) invites qualified organizations with eligible projects to apply for HOME Investment Partnerships Program (HOME) funding. Harris County seeks organizations that can demonstrate the capacity to assist the Department in meeting the priority needs (Measurable Objectives) of the Program Year 2013 – 2017 Consolidated Plan and the timely expenditure of Harris County HOME funds.

Prior to responding to the application, each qualified organization is urged to review the Guidebook and read the instructions carefully. Before submitting the application, review the Application Checklist, check all calculations and review the package to ensure that all sections are complete and required forms are included. Inaccuracies, omissions and use of application forms from previous competitions will be grounds for rejection. All proposals will become part of Harris County's official files, and if awarded, will be incorporated by reference into an Agreement with Harris County.

For additional information see the Harris County CSD's website at www.csd.hctx.net/ps_rfp.aspx.

Application Submittal

- Please visit our website at www.csd.hctx.net under the Funding Opportunities page or email rfp@csd.hctx.net for additional information and to check for updates.
- Submit no more than three (3) proposals in response to the Affordable Housing RFP. If submitting more than one proposal, prioritize each application (Priority 1, Priority 2 or Priority 3). Indicate the Priority on the first page of each application.
- Insert labeled tabs for the sections as outlined in the Application Checklist. Do not use sticky notes as a substitute for tabbed dividers.
- Bind only with binder clips. Insert labeled tabs for the sections as outlined in the Application Checklist. Do not use sticky notes as a substitute for tabbed dividers.
- **Submit three (3) hard copies (one original and two copies) and an electronic copy of the complete application and budget forms on disc or flash drive in their original format.** Indicate whether the proposal is an original or copy on the first page of each paper application. All proposals must:
  - ✓ Include all attachments in their entirety as outlined on the Application Checklist.
  - ✓ All applications must be signed by the organization's Board Chair/Executive Director/President or Designee. Unsigned applications will not be accepted.
  - ✓ **Include "Harris County Open HOME RFP 2016" on the outside of its sealed envelope. Each copy of the proposal must be in an individually sealed envelope and be clearly marked as "Original" or "Copy."**
  - ✓ Copies should NOT have any form of binding or be submitted in a folder or binder, but held together with binder clips only.
  - ✓ All originals **must** be signed in **blue** ink and clearly noted *Original*.

Application Submission:
Harris County Community Services Department
8410 Lantern Point Drive, Houston, Texas 77054
DUE BY: 2:00 PM CDT on April 27, 2016

Introduction

Consolidated Plan and Annual Action Plan

The U.S. Department of Housing and Urban Development (HUD) requires all participating jurisdictions to submit a long-range strategic planning document called the Consolidated Plan. The PY2013-2017 Consolidated Plan describes the housing and community development needs of Harris County for this five-year period. The document represents Harris County's vision for improving the quality of life in the low-income areas of the County. It also gives specific details on what will be accomplished and how it will be done. It is through the Consolidated Plan that Harris County determines its funding priorities each program year.

The Annual Action Plan (AAP) is the annual update to the Consolidated Plan. The AAP describes resources available, how those resources are to be utilized, including funded projects, and the geographic distribution of those resources. The AAP process has been specifically created to assist in mapping one-year actions for community development and making good use of available federal, state and local resources.

The Consolidated Plan and Annual Action Plans can be viewed on our website at www.csd.hctx.net

Harris County Service Area

All projects, excluding homeless projects, must benefit low-income residents of Harris County's service area, which includes unincorporated Harris County and the 12 cities within the County that have signed cooperative agreements. Presently, the County has cooperative agreements with the following cities: Deer Park, Galena Park, Humble, Jacinto City, Katy, La Porte, Morgan's Point, Seabrook, Shoreacres, South Houston, Tomball, and Webster. Houston, Baytown and Pasadena utilize their own community development resources and are not within the Harris County service area. Homeless housing projects may be located throughout Harris County, including Houston, Baytown and Pasadena. Homeless housing projects within Houston, Baytown or Pasadena must have a significant contribution from the city to an eligible project under HUD HOME regulations. Applicants must provide documentation of the significant contribution such as a grant allocation, waiver of fees, or other contribution of monetary value.

Review the included Service Area Map for guidance. If your organization is unsure or cannot determine its project location or service area relative to Harris County's Service Area, please contact CSD staff via phone or email to request a verification by our Planning Section.

PY2013-2017 Consolidated Plan Measurable Objectives

Measurable Objectives are developed following an analysis of existing conditions and an extensive citizen participation process. The following chart illustrates the measurable objectives outlined in the PY2013-2017 Consolidated Plan that are applicable to the Affordable Housing RFP. *High* priority indicates that Harris County will expend entitlement funds on the activity. *Medium* priority indicates that entitlement funds may be expended on these activities, if available. *Low* priority indicates that minimal funds will be allocated for that particular need.

TABLE 1: PY2013 – 2017 CONSOLIDATED PLAN OBJECTIVES

PRIORITY	OBJECTIVE
Housing	
	OWNERS
M	**Objective 2 : New Construction-** To provide financial assistance to aid in the construction of 50 affordable housing units within the Harris County service area by February 28, 2018 for the purpose of supplying decent housing for low-and moderate income owner occupied households. Harris County places a high priority on projects serving seniors, the disabled, and persons with HIV/AIDS.
	RENTERS
H	**Objective 5: New Construction-**To provide financial assistance to aid in the construction of 300 affordable multi-family housing units within the Harris County service area by February 28, 2018 for the purpose of supplying decent housing to low- and moderate–income renter households. Harris County places a high priority on projects servicing seniors, the disabled, and persons with HIV/AIDS.
H	**Objective 6: Acquisition and/or Rehabilitation, Multi-Unit**- To provide financial assistance to aid in the acquisition and or rehabilitation of 50 multi-family, affordable housing units in the Harris County service area by February 28, 2018 for the purpose of supplying decent housing to low-and moderate-income renter households. Harris County places a high priority on projects servicing seniors, the disabled, and persons with HIV/AIDS.
H	**Objective 7: Rental Assistance-**To provide tenant based rental assistance to 50 extremely low- and low-income Harris County families and individuals, by February 28, 2018 for the purpose of supplying decent housing for low-income renter households. Programs should partner with a local Housing Authority in providing assistance.

APPLICATION PROCESS

Limitations of the RFP

HCCSD reserves the right to accept or reject any and all proposals received. In addition, Harris County reserves the right to negotiate with all qualifying organizations or to cancel in whole or in part an application if deemed in the best interest of Harris County as it relates to the Consolidated Plan. Organizations may participate in negotiations and resubmit any proposed expenses, technicality, or other revisions of their proposal as requested by HCCSD.

Available Funds

The information below provides an estimate of how funds will be distributed based on the PY2016 allocation of HOME funding. While Harris County anticipates receiving similar levels of funding annually, these estimates may vary based on allocations from the U.S. Department of Housing and Urban Development (HUD). Budgets may be proportionally increased or decreased from estimated funding levels to match actual HUD allocation amounts.

The following list provides a breakdown of *proposed* available funds for PY2016:

HOME Affordable Housing		$1,643,841
HOME (General) -	$1,203,201	
HOME CHDO Set-Aside -	$440,640	

Harris County reserves the right to reallocate funding between categories to insure funding of the most qualified projects that best address community needs as reflected in the Consolidated Plan's Measurable Objectives.

Eligible Applicants

Non-profit organizations (including faith-based organizations providing services in a secular manner), for-profit developers of affordable housing, municipalities and local governments who deliver services to low-income clients within Harris County's service area may apply for funding. All non-profit organizations **must have non-profit status with supporting documentation from the IRS at the time of application** to be considered for funding through Harris County. Applicants for Tenant Based Rental Assistance must be partnered with a local housing authority. Applicants must be in good standing with all housing authority programs. Harris County will verify debarment status through the System for Award Management (SAM) and the Office of Foreign Assets Control's Specially Designated National and Blocked Persons List. Applicants listed as debarred in either system may not be considered for funding through Harris County.

Tax Policy for all Applicants

Pursuant to TX Local Government Code 262.0276, Harris County requires that all applicants' taxes be current to be eligible for assistance. Whether or not an applicant's taxes are delinquent will be determined by an independent review of the Tax Office records. Applicants who believe a delinquency is reflected in error must contact the Tax Office to correct any errors or discrepancies prior to submitting their proposal in order to ensure that their proposal will be considered. Tax records are available online at the Tax Office website found at www.hctax.net. Delinquent tax status of organizations and property

can be found at http://www.hctax.net/Property/DelinquentTax. Prior to submitting a proposal, applicants are encouraged to visit the Tax Office website, set up a portfolio of their accounts and make their own initial determination of the status of their tax accounts. Furthermore, if during the performance of this contract, an applicant's taxes become delinquent, Harris County reserves the right to provide notice to the Auditor or Treasurer pursuant to Texas Local Government Code §154.045.

Disbursement of Funds

Harris County funds are provided to awarded organizations **on a reimbursement basis only,** except in the case of acquisition projects where funding may be provided at closing. This means that funds will be available to the organization ***after*** it has paid for eligible project costs; however, no costs incurred prior to contract approval may be reimbursed. Harris County requires that organizations provide documentation that they will have at least three months of working capital (see p.20) or have an open line of credit through a financial institution to cover project costs. Working capital must be in the form of liquid assets. Future funding through donations, capital campaigns, fundraising or other grant sources are not considered working capital. Organizations must follow the applicable standards in OMB Super Circular (2 CFR 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) to receive reimbursement.

Conflict of Interest

The standards in OMB Super Circular (2 CFR 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), provide that no employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when an employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. All organizations must complete and submit the Conflict of Interest Disclosure section of the application to document any perceived or actual conflict of interest.

Minimum Criteria

The proposed project must:

- Provide housing that benefits low-to-moderate income or homeless persons/families of Harris County or one of the twelve cooperative cities.
- Meet a Consolidated Plan Measurable Objective (rehabilitation of affordable housing units, new construction of affordable housing units, multi-unit acquisition, or rental assistance for homeless persons/families).
- Document meeting one HUD National Objective.
- Provide match in an amount equal to no less than 25 percent of the total requested amount that the applicant is requesting from Harris County for HOME funding.
- For homebuyer projects, comply with applicable HUD Existing or New HOME Purchase Price Limits for Harris County (https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/).

Low-income is defined as earning less than 80 percent of the median family income (MFI). The 2015 MFI for the Houston, Texas, Primary Metropolitan Statistical Area is $66,600 for a family of four. The table below denotes low-income limits for PY2015. Please note that these limits are updated annually.

Table 2: HUD 2015 Median Family Income for Houston MSA

Income Levels	Household Size							
	1	2	3	4	5	6	7	8
Extremely Low Income 30 % of Median	$14,600	$16,650	$20,090	***$24,250***	$28,410	$32,570	$36,730	$40,890
Very Low Income 31 – 51%	$24,300	$27,750	$31,200	***$34,650***	$37,450	$40,200	$43,000	$45,750
Low Income 51 – 80%	$38,850	$44,400	$49,950	***$55,450***	$59,900	$64,350	$68,800	$73,200

- **Source: U.S. Department of Housing and Urban Development (Effective Fri., March 6, 2015) http://www.huduser.org/portal/datasets/il/il2015/2015summary.odn**

Those seeking funding in RFP should fill out the application found on the County's website at www.csd.hctx.net/ps_rfp.aspx. All applicants must complete the application in a professional manner, with all sections completed in their entirety, as well as demonstrate knowledge and experience in the area of the program proposed. Applicants must also retain any required licensing and other qualifications needed to carry out the proposed program. **Housing developments must comply with the Harris County Affordable Housing Standards**, which can be found on the Harris County CSD website at **www.csd.hctx.net/housingpolicies.aspx**.

Organizations must demonstrate financial viability and capacity to operate a federally-funded program strictly on a reimbursement basis. A financially viable organization is one that is able to:

- Operate for three to six months pending reimbursement without financial hardship
- Demonstrate an existing and consistent cash flow
- Have a separation of duties for personnel, time allocations, etc.

Organizations that are current subrecipients **must be in good standing** with the County (i.e. have no outstanding reporting delinquencies, monitoring findings, or program capacity issues) to be considered for funding.

Financing Terms for Housing Developments

Harris County financing terms are described in the Harris County Affordable Housing Standard, which can be found on the Harris County CSD website at www.csd.hctx.net. The County 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 (enriching) the development or increasing the risk associated with over-leveraging the development (too much debt for the restricted rents to support). The County reserves the right to determine award and financing terms based on the financial evaluation of the transaction in tandem with the program requirements and availability of funds. When securing other financing after the application for HOME funds, owners, developers and sponsors must ensure that awards and commitments, even those of non-HOME or non-HUD funds, are conditioned upon receipt of HOME funds. Applicants may not transfer ownership of the asset, or refinance its debt, throughout the affordability period except with the express consent of Harris County CSD Executive Director.

The County's Land Use Restriction Agreement (LURA) must be superior to all other liens. In most cases the County's loan position will be junior to Senior Debt; however the County reserves the right to have a position senior to other sources of financing. A LURA requires that the rents charged to tenants are based upon the renter's income as a percentage of Adjusted Median Income (AMI) established annually by HUD. The LURA also defines the number of units which must be restricted and to which income groups ("restricted units"). These covenants must be in a lien position superior to all other debt, including existing debt, and will require any existing lender to subordinate to the rent restrictions.

Fair Housing and Equal Access to Housing

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transaction, and provides equal access to housing. As required by the U.S. Department of Housing and Urban Development (HUD), Harris County must produce and implement a Fair Housing Plan that includes an analysis of Impediments to Housing Choice. Harris County's Fair Housing Plan can be found on the CSD website at http://www.csd.hctx.net/PYConsolidatedPlan.aspx. The Fair Housing Plan sets several strategies to improve housing choice in addition to elimination of housing overt discrimination, these include strategies to improve the quality of community amenities and services. CSD encourages all organizations to review the Harris County Fair Housing Plan and the HUD Fair Housing Planning Guide at http://www.hud.gov/offices/fheo/images/fhpg.pdf and create strategies for your organization to encourage Fair Housing in Harris County.

On February 3, 2012, HUD published a final rule in the Federal Register entitled Equal Access to Housing in HUD Programs regardless of Sexual Orientation or Gender Identity. The rule creates a new regulatory provision that generally prohibits considering a person's marital status, sexual orientation, or gender identity (a person's internal sense of being male or female) in making housing assistance available. Now lesbian, gay, bisexual, and transgender people are guaranteed equal access to all housing for all types of housing (affordable, permanent, transitional and emergency) funded through HUD.

Review Criteria

At the time of submission, all applications are reviewed by Harris County staff for eligibility based on a number of threshold factors. While evaluating applications for initial eligibility, reviewers use the following established criteria:

- Does the project meet a National Objective or applicable program objective?
- Does project address a Measurable Objective outlined in the PY2013-2017 Harris County Consolidated Plan?
- Is project located within the Harris County service area and/or serve Harris County service area residents?
- Does project include the required eligible match?
- Is the application complete, and is all of the requested information included in the application?
- Has the organization been debarred or owe outstanding taxes (see p. 6)
- Is the organization listed with the Office of Foreign Assets (OFAC) as engaging in terrorist activities?

The second phase of the review process addresses the specific projects being proposed. The following criteria are used in making project recommendations:

- Priorities of the Consolidated Plan
- Completeness of proposal
- Diversity of funding base
- Prior history with federal funds
- Availability of working capital
- Need and community impact
- Measurable goals and objectives
- Program administration and operational expenses
- Submission of Schematic Design plans, if a construction project
- Organizational capacity
- Financial capacity/underwriting
- Duplication of services
- Geographic distribution of projects
- Past and current performance/Risk Assessment
- Projected outcomes
- Reasonable projected costs
- Leveraging or matching funds
- New or renewal project

If applicable:

- Construction work descriptions, plans, schedules, photos and cost estimates
- Relocation policy
- Marketing plans
- Sales plan (homebuyer projects)
- Other program required information (i.e.: Davis-Bacon Labor policy, Affirmative Marketing Plan, participation of a homeless or previously homeless person in policy and decision making, and Minority Outreach Plan, Lead-Based Paint, etc.)
- HCCSD will use its discretion to select projects that will be visited during the RFP process. Site visits should accurately reflect the descriptions provided in the application.

Monitoring Reviews

Upon funding of an awarded project, monitoring becomes an important component of the Grants Management process. It is critical that Harris County and subrecipients maintain the appropriate documentation to support their activities in accordance with federal guidelines and Harris County Community Services Department reporting requirements.

In conducting performance reviews, Harris County will primarily rely on information obtained from the subrecipient's performance reports, records from on-site monitoring, and audit reports. Performance monitoring reviews typically result in a formal written report from Harris County summarizing the monitoring review and indicating whether or not the subrecipient was found to be in compliance with all applicable regulations or requirements.

Due to federal requirements related to the expenditure of funds, Harris County will require monthly reporting for all public service projects. A regular review of expenditures will be conducted for public facilities, infrastructure and affordable housing projects to ensure timely use of funds. Delays in the use of funds as compared with the submitted expenditure plan will result in the possible de-obligation of awarded funds.

Recordkeeping

Accurate recordkeeping is crucial to the successful management of grant-funded activities. Insufficient documentation will likely lead to monitoring and findings. Please pay careful attention to guidelines outlined within the eligible activities section of the HCCSD website. If it is determined that the

supporting documentation is incorrect or insufficient, reimbursement will be denied for costs associated with the ineligible expense.

Access to Records

HUD and the Comptroller General of the United States, or their authorized representatives, in addition to Harris County Staff have the right to access Grantee and subrecipient program records.

Design Criteria

Submission of design plans are critical to understanding the proposed project and allowing for a thorough review. All applicants submitting a construction oriented proposal are required to submit a minimum of Schematic Design unless the previously awarded activity for the program year is to complete design plans. Applications shall include but are not necessarily limited to the following items provided or conducted by the project Architect or Engineer:

1. Visit the Project site to assess the impact of utility availability to the site (water, sewer, electrical power and telephone). Apply for and receive utility data outlet statement from CenterPoint or other electrical service provider.
2. Provide appropriate recommendations for the design of proper drainage and erosion control.
3. Provide soil and foundation (geotechnical testing) investigations or any special surveys and tests which may be required for design.
4. When necessary, field-verify existing conditions, improvements and utilities for continuity or coordination with the Project to be constructed.
5. Identify and secure all design and construction requirements for approval from all governmental/utility agencies and departments having jurisdiction over this project, including but not limited to: TPDES (See Number 5A and 5B below), TEXAS DEPARTMENT OF LICENSING AND REGULATION (TDLR), HARRIS COUNTY FLOOD CONTROL DISTRICT, CITY OF HOUSTON OR LOCAL CITY, CENTER POINT ENERGY, CORPS OF ENGINEERS, HARRIS COUNTY CENTRAL TECHNOLOGY. Provide contact person(s) and telephone numbers from each agency.
    a. <u>SWPPP:</u> For projects that will disturb one acre or greater of land (or be part of a larger common plan of development with the potential to disturb one acre or greater) the Architect shall include in specifications, a Storm Water Pollution Prevention Plan that is in accordance with state and local regulations. The SWPP shall include the necessary forms required in obtaining coverage under the Texas Pollutant Discharge Elimination System (TPDES) General Permit TXR150000 for storm water discharges associated with construction activities.
    b. <u>SWQMP:</u> For projects meeting the definition of “new development” or “significant redevelopment” as defined by the local storm water regulations and/or ordinances, the Architect shall develop a Storm Water Quality Management Plan and procure a Storm Water Quality permit from the local regulating authority prior to advertising for bids.
6. The Architect shall prepare for approval by the County, electronic Schematic Design Documents consisting of drawings and other documents illustrating the scale and relationship of Project components in Adobe (pdf) format with mark-ups and comments enabled.
7. Architectural Design/Documentation responding to program requirements:
    a. Site plan
    b. Floor plans at 1/8” – 1’-0” scale for each level
    c. All elevations at 1/8” = 1’-0” scale
    d. Two or more building sections at 1/8” = 1”-0” scale

    e. Outline specifications indicating major systems and material choices for the project
    f. Other illustrative materials – renderings, models or drawings necessary to adequately present the concept
    g. All drawing sheets shall be 24” tall x 36” wide maximum or larger as approved by County Engineer
8. Structural Design/Documentation consisting of recommendations regarding basic structural materials and systems, analyses, and development of conceptual design solutions for:
    a. Preferred structural system and layout
    b. Alternative structural systems
9. Mechanical Design/Documentation consisting of consideration of alternative materials, systems and equipment, and development of conceptual design solutions for:
    a. Energy source(s)
    b. Energy conservation
    c. Heating and ventilating
    d. Air Conditioning
    e. Plumbing
    f. Fire protection
    g. General space requirements
10. Electrical Design/Documentation consisting of consideration of alternative systems, recommendation regarding basic electrical materials, systems and equipment, analyses, and development of conceptual design solutions for:
    a. Power service and distribution
    b. Lighting
    c. Telephones
    d. Computers
    e. Fire detection and alarms
    f. Security systems
    g. Electronic communications
    h. General space requirements
11. Civil Design/Documentation consisting of a consideration of alternative materials and systems and development of conceptual design solutions for:
    a. On-site utility systems
    b. Off-site utility systems
    c. Fire protection systems
    d. Drainage systems
    e. Paving
    f. Traffic flow, access and impacts
12. Landscape Design/Documentation services consisting of consideration of alternative materials systems and equipment and development of conceptual design solutions for land forms, lawns, and plantings based on program requirements, physical site characteristics, design objectives and environmental determinants.
13. Interior Design/Documentation services consisting of space allocation and utilization plans based on functional relationships, consideration of alternative materials, systems and equipment and development of conceptual design solutions for architectural, mechanical, electrical and equipment requirements in order to establish:
    a. Partition layouts

b. Furniture and equipment layouts

14. Materials Research/Specifications consisting of:
    a. Identification of potential architectural materials, systems and equipment and their criteria and quality standards consistent with the conceptual design.
    b. Investigation of availability and suitability of alternative architectural materials, systems and equipment.
    Coordination of similar activities of other disciplines.

Application Details and Scoring

HOME	
Section	**Points Available**
Exhibit A - Application Information	5 points
Exhibit B - Organizational Information	20 points
Exhibit C - Project Information	30 points
Exhibit D - Project Compliance and Scope of Services	25 points
Exhibit E – Permanent Supportive Housing Services	20 points (If applicable)
Maximum Total Score	**100 points**

PROGRAM SPECIFIC REQUIREMENTS

HOME Investment Partnerships (HOME)

Forms of Financial Assistance – Harris County may provide a HOME subsidy in the form of a Pre-development Loan (CHDOs only), a low-interest loan, a deferred loan or a grant. The final decision on the type of subsidy provided will be determined by the Underwriting and Review Committee based on the type of project, applicant and proposed activities. For more information on the types of financial assistance provided applicants should review Tab V: Underwriting Guidelines of the Harris County Affordable Housing Standards.

Site Control - All applicants must be able to document site control, which may include a deed of trust or agreement of sale. Inability to document site control will result in elimination during the threshold review.

Security and Land Use Restrictions - Funding of Affordable Housing Projects is secured by Deeds of Trust to Secure Performance and Regulatory Agreements and Declaration of Restrictive Covenants (RC). The subordination of the Deed of Trusts to Secure Performance to the financing for the construction and development of the projects is acceptable. In the event that there are multiple funding sources for a project, the County's RC will not be subordinated to other entity liens, regardless of amount of funds provided. Intercreditor Agreements are required when more than one (1) entity is providing funding for a project, with the County's RC remaining unsubordinated. The Intercreditor Agreement will establish

lien position and require that senior lenders notify the County in the event a senior lender learns of a default under a senior loan for the project and require senior lenders to provide the County an opportunity to cure a default on a project loan.

Application Fee – Harris County requires an application fee for all affordable housing projects. The fee is $1,000 from for-profit applicants and $500 from non-profit applicant's payable with the application. The first installment of your application fee is due at application submission. The second installment of your application fee will be applied towards at closing if awarded funding from Harris County. The second installment of the application fee will be determined by the amount of awarded funding with a fee of $500 for every $500,000 awarded. **Example: Non-profit application is submitted with $500.00 application fee Applicant is awarded $ 1,000,000.00. At closing, the non-profit will pay a fee of $1,000.00 for a total of $1,500.00.**

Compliance Monitoring Fee – A non-negotiable, annual compliance monitoring fee will be applied to each rental project and included in the project's underwriting. The fee will be paid to HCCSD in accordance with the methods provided in the Compliance Monitoring Fee Policy. The fee will be calculated on a per unit basis on all units designated as affordable and to be monitored by HCCSD staff.

Affordable Housing Standards – All affordable housing projects requesting Harris County funding will be required to meet the Affordable Housing Design Standards. The complete standards are available on the Harris County Funding guidelines page www.csd.hctx.net/housingpolicies.aspx. Review of this document is critical to ensure compliance with project specifics such as building placement, unit size and proximity to amenities. Prior to application submission, applicants proposing new construction of multifamily housing and senior housing are encouraged to contact CSD for project evaluation to ensure proper dispersal of subsidized multi-unit housing throughout the County's service area and compliance with the concentration policy.

Energy Star and LEED Certification – All projects for affordable housing are expected to meet or exceed Energy Star Standards. LEED Certification standards are encouraged but not required. Following funding recommendations, awarded projects will be expected to submit mostly completed plans (approximately 90%) reflecting details on Energy Star Certification, landscaping and all other construction specifics.

Contractor Procurement – Harris County requires the procurement of all contractors and subcontractors through an open and competitive process. Proper procurement, as monitored by HCCSD, ensures steps are taken to eliminate potential conflict of interest issues when hiring contractors. Harris County recommends contacting our office to discuss all procurement activities to ensure proper procedures are followed and documented.

Multifamily New Construction – Harris County Community Services Department has a line item for a fixed cost of $120,000 for a construction manager that will be required for all mulit-family HOME projects. The applicant is required to secure a third-party construction manager that must be approved by HCCSD.

Opportunity Areas – HCCSD prioritizes projects that are located in designated High Opportunity Areas or an area that has a comprehensive revitalization plan that sets forth a goal of increasing affordable housing and where Harris County has made significant investments in infrastructure/public facilities. Applicants should review Attachment A: Harris County Opportunity and Community Development Target

Areas Map to determine if the proposed housing development site or sites are in a high or low opportunity area. If the project is not located in a high opportunity area, include supporting documentation of revitalization plans or significant Harris County investments in the area in the application. Please note that at least 30% of total units of scattered site single family projects must be in high opportunity areas.

"Fixed" or "Floating" Units -For properties with both assisted and non-assisted units, the applicant must select "fixed" or "floating" units. When HOME-assisted units are "fixed", the specific units that are HOME-assisted are designated and never change. When HOME-assisted units are "floating", the units that are designated as HOME-assisted may change over time as long as the total number of HOME assisted units in the project remains constant. For all projects that submit a proposal that includes 26 units or more, a capital needs assessment must be submitted to HCCSD.

Project Timeline – The HOME program requires that participating jurisdictions, such as Harris County, keep projects on track and expend funds in a timely manner. HUD HOME regualtions require all HOME projects to have a written agreement that commits funding once executed by all relevant parties. Upon commitment of funds to a project, homebuyer and rental projects must start construction within 12 months from the date of commitment and have a maximum of 4 years from the date of commitment to be completed. Homebuyer projects are considered complete once the unit has been sold and rental projects are considered complete once ready for occupancy. Upon the completion of construction for homebuyer projects, applicants have 9 months to execute a sales contract on the unit or the project will convert to a rental unit. Rental projects must reach full occupancy within 10 months of project completion.

Sales Plan Requirement (Applicable to Homebuyer projects only) - In lieu of an operating pro-forma, a sales plan from all homebuyer developers is required. The sales plan should indicate the developer's anticipated cash flow and timing of when and how units will be sold.

Underwriting and Subsidy Layering – HUD requires an underwriting and subsidy layering analysis to be performed on the initial application, initial closing, or construction start, and again at construction completion or final draw. The HOME program imposes regulatory deadlines that may affect the underwriting process.

Tenant Based Rental Assistance – For the purpose of this RFP, direct rental subsidy qualifies as an eligible activity and must benefit homeless individuals or families. Applicants must be in partnership with a local housing authority to perform the project's unit inspections, rent reasonableness determinations and other applicable activities. Proof of partnership with the housing authority is also required.

Eligible Sources of Match

In accordance to HOME Investment Partnership Program (24 CFR Part 92.218), the Harris County Community Services Department is advising applicants to provide match in an amount equal to no less than 25 percent of the total requested amount. Please note that match is not leveraging but a permanent contribution to affordable housing and the obligation is created by the "drawdown" of HOME funds for a particular project. The match obligation may be met with any of the specific eligible sources listed below.

1. Cash or cash equivalents from a non-Federal source including:
   - Local or state general revenues
   - Housing trust funds
   - Foundations, donations
   - State appropriations;
   - The interest rate subsidy achieved by the exemption of state or local taxes
   - Present value of the interest subsidy for loans made at rates below market

   The full face value of a cash contribution can be counted if it is from non-federal funds, and the contribution is permanent. ***Permanent contributions are those where all repayment, interest, or other return on investments is made to the participating jurisdiction's HOME Investment Trust Fund***.

2. Forbearance of fees and waived/reduced taxes (HOME projects only) including:

   a) State and local taxes
      - Applies only to HOME-assisted projects
      - Value of foregone real estate taxes must be based on post improvement value
      - The value of fees, taxes or charges foregone for future years is the present discounted cash value of the amount forgiven, based on the treasury security rate closest in maturity to the number of years for which fees, taxes or charges are foregone

   b) Charges and fees
      - These are fees normally associated with property transfer or development, such as title searches, title insurance premiums and utility hook-ups or surcharges

   Waived taxes, charges or fees are not match credit if the waived fees are associated only with the HOME program. This means you cannot create a fee and waive or reduce it for the HOME project only. Additionally, developers cannot waive their own fees.

3. Value of donated land or real property
   - Permanently contributed to project
   - Property may be donated
   - Property may be sold below its market value

4. Investments in on-and off-site infrastructure
   - Must be directly related to HOME-assisted projects and directly facilitate the occupancy of HOME units.
   - Streets
   - Sidewalks
   - Gutters
   - Street lights
   - Utility lines and connections

5. Proceeds from State or Local Housing Bonds

- Home limits the amount of match to fifty percent (50%) of the face value of each loan made to HOME-assisted or HOME- eligible multi-family housing project.
- Home limits the amount of match to twenty five percent (25%) of the face value of each loan made to HOME-assisted or HOME-eligible single family housing projects may be counted.

6. Value of Donated materials, equipment, labor and professional services
    - Materials must be for site preparation and construction of HOME-assisted or HOME-eligible housing projects.
    - Materials must have been purchased with non-federal funds.
    - The full value of the contribution may be counted (that is the rental rate multiplied by the number of hours / days for which the equipment was donated).
    - The value of any donated or volunteer labor, including professional services, may be counted. HUD will provide the hourly labor rate for donated unskilled labor.
    - Skilled labor and professional services provided to affordable housing at a reduced rate as a donation by an individual or entity that has a contract to provide labor or services on a HOME-assisted project may be counted as match, provided the individual or entity agrees to accept the reduced rate.

7. Sweat Equity
    - The value of sweat equity provided to a homeownership project will be valued at the rate of unskilled labor. The value of the labor can be contributed up until the time of project completion.

8. Direct cost of supportive services
    - The direct cost of supportive services provided to residents of HOME-assisted projects, or families receiving HOME-funded tenant-based rental assistance (TBRA) may count as match if the services are:
        - Paid for with nonfederal funds
        - Provided during the period of affordability or term of the TBRA contract
        - Necessary to facilitate independent living
        - Required as part of a self-sufficiency program provided to residents or TBRA recipients

9. Homebuyer Counseling
    - The direct cost of homebuyer counseling provided to families that complete home purchases with HOME assistance.
    - The counseling may be provided as part of a program that is not HOME Program-specific (for example, a lender-run homebuyer counseling program or non-profit program).
    - Only the cost of services to families that complete purchases with HOME funds count toward match.

<u>Ineligible Sources of Match</u>

- Contributions made with or derived from federal resources or funds (including CDBG), regardless of when the funds were received or expended

- The interest rate subsidy attributed to the federal tax exemption on financing (such as bond issues by the state) or the value attributable to federal tax credits (such as the Low Income Housing Tax Credit Program)
- Owner equity or investments in a project (other than sweat equity)
- Cash or other forms of contributions from applicants for or recipients of HOME-assistance or contracts, or investors who own, are working on, or are proposing to apply for assistance for a HOME-assisted project (except for sweat equity or professional services donated by contractors who do not own any HOME projects).

CHDO

A Community Housing Development Organization (CHDO) is a private, non-profit, community-based organization with qualified, documented paid staff that is receiving HOME funds and fulfilling the role of owner, developer, or sponsor of affordable housing for the community it serves. It must have a board that complies with HOME regulations regarding board composition and at least one year experience serving the community by the CHDO or its partent organization. A CHDO must have a defined service area that includes any proposed project.

For applicants that are seeking CHDO funding, please note that review for certification will be concurrent with the Affordable Housing application review. As for ***all*** projects, HCCSD cannot commit CHDO set-aside funds to a project until all necessary financing is secured, a budget and schedule is established, underwriting and subsidy layering is completed and construction is scheduled to begin within 12 months. For additional guidance on HCCSD CHDO policy and procedures, with application can be located at http://www.csd.hctx.net/ps_chdos.aspx. Please review Part 92 HOME Investment Partnerships Program Subpart G CHDO 92.2 (Definition of a CHDO), 92.300-92.303 for specific HUD guidelines.

Frequently Asked Questions (FAQs)

MATCH

What is match?
Match is the value of funds and/or resources (permanent contribution) an organization commits to provide for a proposed project.

What is the difference between match funds and leveraged funds?

- Match funds must be applied specifically for the proposed project. They can be in the form of cash, donated time, goods, services, etc. and will be verified by our Grants Management section during the contract period.
- Leveraging is the use of credit or awarded funds to improve an organization's budget capacity. They are attained after initial funding, serve as a supplement to the project budget, and are in addition to requested funds and matching fund amounts.

What is the required match for HOME programs?
HUD requires that participating jurisdictions provide 25 percent match funds for all HOME funds. Harris County passes these match requirements on to its subrecipients. **Harris County will not consider applications requesting 100 percent funding.**

What other sources can matching funds come from?
Match funds can come from a variety of sources, such as other service providers, in-kind contributions, special events, fundraisers, and non-federal grants. Requirements for HOME should be verified with Harris County prior to inclusion in an application. For a detailed description of HOME match, see pages 15-16.

Can a commitment letter from an architect be used as in-kind funds?
A commitment letter from an architect or other professional service provider can be used as in-kind funds as long as the commitment letter states what services are to be performed, if the usual fee is a flat rate or hourly basis. If hourly, the letter must include the hourly rate and estimated number of hours to be used toward the proposed project.

APPLICATION INFORMATION

Where do I get the application?
The application can be found at www.csd.hctx.net/ps_rfp.aspx.

Can I submit more than one proposal application?
Yes. Organizations may submit an application for up to three projects; however, each application must be given a priority (Priority 1, Priority 2 or Priority 3).

What is required in the project description?
Project Description should include a basic scope of services for the *request for proposal only* and be consistent with the proposed scope. Applicants should not include detailed historic or programmatic information in this section.

If my organization received funds last year, will we automatically receive funds this year?
No, each RFP is a competitive process. HUD grants are not designed to be used as permanent funding. Applicants and subrecipients are encouraged to pursue other sources of funding.

GENERAL INFORMATION

Where can I find additional information about ESG and HOME regulations?
HOME regulations can be found at:
www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm
ESG regulations can be found at:
https://www.hudexchange.info/esg/esg-law-regulations-and-notices

How do I create a PDF with bookmarks?
Use information found here for PDF bookmark guidance:
http://help.adobe.com/en_US/acrobat/X/standard/using/WS58a04a822e3e50102bd615109794195ff-7ccf.w.html

Can I create my own RFP forms?
No, only HCCSD application forms will be accepted.

When will the contract period begin?
Contract periods will be determined during contract negotiations and after the conditional award of funds. Conditional awards are issued upon Commissioners Court approval. All contracts must approved by Commissioners Court.

Does a new organization need a financial audit?
A new organization does not need a financial audit unless currently managing more than $750,000 in federal funds, but must submit a certified financial statement completed by an independent certified public accountant (CPA).

What type of documents may be used as working capital documentation?
Any of the following may be used as proof of your organization's working capital:

- A letter from your financial institution on letterhead, stating your line of credit amount within the text
- At least 3 months of account statements from your financial institution
- If the non-profit has a thrift shop, they may submit a copy of the IRS 990 or 990-T form as proof of the thrift shops profits.

Capital documentation must be a demonstration of **liquid assets** covering at least 90 days of expenses for the organization. Grants from other organizations or private donations are not eligible as working capital.

Does a private, non-profit applying for funds need a 501(c) (3)?
Yes, all private non-profits must have their 501(c) (3) status from the Internal Revenue Service to be eligible for funding. Documentation of 501(c) (3) status must be included in each proposal.

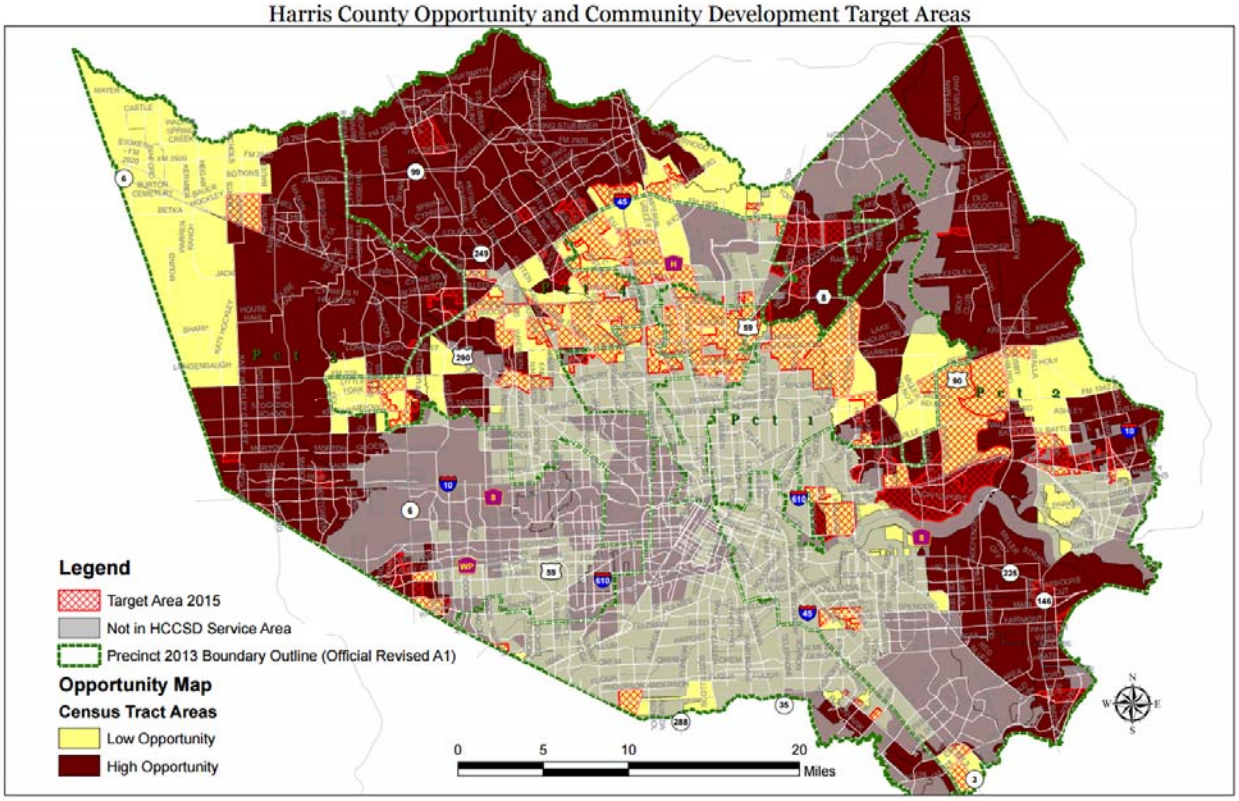
What is a DUNS number?
A DUNS number is a unique nine digit identification number, for each physical location of your business. DUNS Number assignment is FREE and can be obtained at http://fedgov.dnb.com/webform

Can the Board of Directors receive pay from the entitlement funds?
No, the Board of Directors cannot be paid with federal entitlement funds. Only personnel involved in the daily operations and program-related work may be compensated.

Where can I get a copy of the Consolidated Plan?
The Consolidated Plan may be downloaded at http://www.csd.hctx.net/pr_consolidatedplan.aspx.

Where can I get a copy of prior year Annual Action Plans?
Annual Action Plans may be downloaded at http://www.csd.hctx.net/pr_annualactionplan.aspx.

Where can I get a copy of the OMB circulars?
The OMB circulars may be downloaded from the U.S. Office of Management and Budget's web site at www.whitehouse.gov/omb.

If I have questions or need help, who do I contact?
You may contact the HCCSD Development staff at (713) 578-2000 or by email at rfp@csd.hctx

Attachment A: Harris County Opportunity and Community Development Target Areas Map