

2018-2019 Floods

Affordable Rental Program – FAQ's

- Persons with Disabilities points: Is it 10% and 4% total? The form could be interpreted to say it's on top of/ additional to existing 5% & 2%.
It is 10% and 4% in addition to the minimum requirement of 5% and 2% - **so 15% accessible and 6% hearing impaired in total.**
- "New Construction" is only for replacing units destroyed in the storms? So, a new site, new units, would not be eligible?
Yes, new construction is eligible under this Program. The assumption is that units have been damaged beyond repair according to FEMA data, and so new construction replaces the local rental stock.
- Is the grant funding awarded as one lump payment or spread over the grant term?
Neither of the above – this Program works on a reimbursement basis – as you are carrying out construction work, you will submit your invoices and/or G702/703 for costs incurred, and the GLO will reimburse you for these costs. All eligible grant funding will be reimbursed throughout the course of construction within your contract period.
- Are the Accessibility Certification/TAS costs considered reimbursable under hard costs?
No, these are considered soft costs and as such would not be eligible for reimbursement.
- On the tie breaker for the cost per unit based on amount is it to the developments advantage to have more per unit or less?
The lowest cost per unit would rank first, as this maximizes the grant funds – the tie breaker is calculated as *total grant award from the GLO divided by the total number of units*, which determines the 'cost per unit', and the **lowest cost per unit will rank highest.**
- Will the PowerPoint presentation be posted online or sent to attendees?
Yes – it is viewable at the 2018/2019 Affordable Rental Program webpage located at <https://recovery.texas.gov/arp>
- Do we need to order the Phase I environmental AND is GLO going to do the HUD Environmental (Phase II)?
As the applicant you are responsible for providing a Phase I Environmental as part of your application submission, and if you receive a conditional award then the ERR costs will be covered by the GLO.
- Are any or the funds available for an acquisition transfer property (in need of rehab because of flooding, etc.)?
We will not be able to reimburse any costs associated with the cost of acquisition.

- We have 2 acres in Donna and would like to build a new family site. Will this qualify for these funds? It would cost less than the 5,000,000 max.
 Any site located within eligible counties will qualify for funding – this particular scenario would be eligible to apply and considered a New Construction application.
- What costs will be allowed under this program? It states hard construction costs only but, what about interim interest, Architectural costs, CAN costs, acquisition costs if allowed, Development Fees, TAS Inspections, etc.
 Direct hard construction costs and developer fees will be reimbursed under this Program. No acquisition, soft costs or financing costs will be eligible for reimbursement.
- Are we still required to obtain the Performance and Payment bonds? Will this be considered hard construction costs from the construction contract?
 Yes, you will be required to have executed Payment and Performance Bonds throughout the course of construction, however as we classify these as soft costs, they will not be eligible for reimbursement.
- Will an Asbestos Survey be required?
 That will be determined during the Environmental Review period after a conditional award is made. It will not be required as a part of your initial application.
- On one of the pages describing the program for affordable rental housing, it mentions maximum request is \$10 million. Is this a typo?
 The Federal Register allowed *up to* \$10m per application, but as it is such a small total grant allocation for the Affordable Rental Program, the GLO made the decision to cap all awards at a maximum of \$5m per application in order to maximize grant funding.
- We have 2 acres in one of the participating counties that we can build on, can GLO funds be used for a new family site?
 Yes, this would be considered a New Construction application, and the GLO would reimburse all eligible direct construction costs and developer fee costs associated with the project, up to the total grant amount awarded in your contract with the GLO.
- Is adaptive reuse eligible? We are converting a historic hotel to apartments in Beaumont.
 As long as the property suffered demonstratable storm damage from the 2018/2019 disasters, then we would classify this is a rehabilitation project so yes, it would be eligible for grant funding.
- Exceeding the LMI Requirement – The Project provides at 80% or more of the total proposed units for rental to low- and moderate-income families earning 80% or less of the AMFI for the applicable Affordability Period... Are these units subject to the "High Home Rent"?
 Yes, we follow the High Home rent schedule posted on HUD:
<https://www.hudexchange.info/programs/home/home-rent-limits/>
- Is it allowable to use our leveraging to buy out an existing owner or partner?
 Our money can be used for hard construction costs only.

- In the teleconference last Tuesday what was the reference to no new entities?
The grantee must be an existing entity at the time of application.
- Will existing financing be counted as leveraging?
No – the leveraging is in regards to extra, new financing to complete the project.
- Just wanted to make sure we are going to need the phase I environmental for the new applications by June 30th
Yes, the Phase I is required as part of your initial application, due by June 30th, 2021.
- We have a previously completed Phase I environmental on a property that we are going to apply for GLO funds. How old can this Phase I be to comply with the application?
If the Phase I is older than 6 months, then an updated version will be required.
- What will be required concerning architects? Plans, specs, inspections, etc.?
For the initial application – general site plan. If you receive a conditional award, then during the due diligence period we will require full plans and specs in order to satisfy all Federal requirements for Environmental, AFFH, ADA, building standards etc.
- If a person or organization has a site under contract and would like to apply for the ARP program, does the site need to be: (1) fully purchased prior to the application submission or (2) having a contract/option to purchase on the site at application submission?
Evidence of site control in terms of an option/contract is enough to satisfy the initial application requirements, and we will need to see evidence of site ownership before the GLO can enter into a contract.
- During the presentation, the presenter stated the controlling entity needs to exist to apply. Is it acceptable for the site to be under contract and the controlling entity for the site will be officially formed (e.g. an LLC) upon receiving an ARP program award? The applicant can provide an organization chart as part of the application.
No, the controlling entity must be formed by the time the application is submitted to the GLO.
- For new construction projects, does a new, greenfield project located in one of the eligible counties qualify for this program?
Yes, this would be scored as a New Construction application.
- If the project is located in one of the State MID counties, is the max award based on the stated max funding shown on the website? (e.g. Jim Wells max award is \$2.022M. For San Jacinto, is the max award \$5M or based on the Disaster the applicant is applying for (max \$4.2M or \$1.7M?).
The maximum award for any State MID county is listed in the respective RFA.
- Is “rent-to-own” an eligible activity under the ARP considering there’s a 15-20 year affordability period?

No it is not, but after the affordability period expires, the owning entity may disposition the assets as they see fit.

- Please clarify what qualifies as rehabilitation for 15 points. Does a property have to have any evidence of physical damage from the floods to qualify for the rehab designation? In other words, if an existing rental community had say \$100,000 of flood damage can we only apply for \$100,000 to qualify for rehab points or can we apply for \$1.0M in funds on the same property and still qualify for rehab even though the actual flood damage was only \$100,000?

A building that was damaged by the storm, that is being rehabilitated to bring it back online as Multifamily units, or a building that was damaged by the storm, that will be rehabilitated and repurposed as Multifamily units, will qualify for the 15 points. So long as you are not changing the footprint of the building then you will qualify as a Rehabilitation.

You would be eligible, in this example, to apply for \$1m of funding, or more, up to the HUD or State MID cap for that particular county.

- Does any rehabilitation project get priority points (15 vs 5 for new construction) if you are using grant funds to rehab a development that had zero evidence of flood damage? Evidence of flood damage must be provided for a rehabilitation application.
- What is required to show evidence of flood damage and more importantly, can we score for rehab priority points if we had some damage, even minimal, but then do a much more intensive rehab beyond what was actually damaged from the flood? You made some comments to that effect in your presentation. Evidence of damage will be provided by a Property Condition Assessment (PCA). Reconstruction is defined as taking the buildings down to the slab. As long as the major components (walls, roof's, etc.) remain intact, then this is a rehab no matter how much work you end up doing on it.
- At the time of application submission, how shovel ready does the project need to be? Once a conditional award has been issued, there is a 120-day due diligence period to clear all Federal requirements, and once you complete the due diligence period and sign your contract with the GLO, you will have 18 months to complete construction.
- 2.1.3 i) states that new construction projects MUST be located in HOZ as determined by HUD. This is defined as poverty rate below 20%. However, the scoring sections indicate 5 points may be provided for sites in HOZ. Is this a mandatory threshold requirement or not? Will a new construction application be deemed ineligible if it is NOT in a HOZ? In the south Texas counties, there are only 12-15% of the entire number of census tracts that would meet the less than 20% poverty rate threshold. All New Construction projects must be in a HOZ. If you also qualify for the points then you will be awarded them.
- We understand that to be eligible for a New Construction application, the proposed site must be located within a High Opportunity Zone. Under 1.2 Definitions the zones are those that are certified by the US Secretary of the Treasury however under scoring of 4.1.2.5 of the RFA it states "Project is located entirely in a census tract (s) that has a

poverty rate of less than 20% (5 points).” What are the criteria for eligible new construction sites? Can a site in a CT that has a poverty rate less than 20% qualify or does it have to be one of the very specific census tracts that are designated as Opportunity Zones? There is no “High Opportunity Zone” with HUD only “Opportunity Zones”.

Any census tract with less than 20% poverty will be eligible for consideration as a High Opportunity Zone.

- Please confirm that any rehabilitation application may be located outside a High Opportunity Zone.

Confirmed – Rehabilitations and Reconstructions are not required to be within a High Opportunity Zone.

- If I have an existing tax credit property in Cameron County that did NOT have any physical flood damage can I not apply for funding to rehab it? What’s the difference if I apply for new construction of new units vs just improving existing units? As I see it, the only question becomes do I get 15 priority points or only 5 points? This scenario doesn’t fit any of the point criteria. It’s a big difference in scoring and would be a similar distinction to the question raised about converting a hotel into rental units. Moreover, if it’s a rehab I do not have to be in a HOZ.

The DR program is for repairing or replacing units that were damaged or destroyed by the storm. If your property did not have damage, then it does not qualify. Your point about new construction is well taken but when you are building new, you are adding new affordable units to the inventory of the area. Rehabbing an existing affordable property doesn’t meet the damage test nor does it meet the test for adding new affordable unit.

- Please clarify if an applicant will be considered eligible under ARP-002-JC Section 2.2.4 Eligible Applicants for a property that is owned by the applicant at the time of the submission of the application, but the applicant did not own the property at the time of the disaster. Also please clarify under this section if the applicant in this scenario will be required to provide evidence that the property was purchased from a seller who was the owner of record at the time of the disaster or if that requirement only applies to applications with a binding sales contract for the purchase a property at the time of submission of an application.

You do not have to be the owner of the property at the time of the storm to qualify for the Program. For rehabilitations and reconstructions, we will require proof of damage from the storm.

We will require a Duplication of Benefits (DOB) check on the property to find out if the owner received benefits towards repairs for the property.

- Do we need to a club house?

No, that is not a requirement of the Program.

- I wanted to ask if an entity can submit more than 1 application under the Imelda Rental Program.

Yes, an entity can submit more than one application.

- Re-reviewing the ARP pre-application video, I noticed that in the video it states: "Exceeding Low Income Targeting - Development provides at least 10% of units to families or individuals with incomes at 30% or less of the area median income (AMI) (5 points)". However, in the RFA, it states under Section 4.1.2. Selection Criteria: "4.1.2.3 Extremely Low-Income Targeting – The Project provides at least 20% of the total proposed units for rental to families or individuals with income at 30% or less of the area median income (5 points);" Which is correct to receive the 5 points?
[The RFA is correct – 20%. The selection criteria checklist will be uploaded to www.recovery.texas.gov/arp](http://www.recovery.texas.gov/arp)
- We are currently applying for our DUNS number. We do have an EIN number for the applicant/entity applying for the ARP program, included in the MUA. We are hoping we receive it by the submission deadline. If we receive and send the DUNS number shortly after the application deadline, are we still considered eligible applicants? It doesn't state in the Section 2.2.5 Ineligible Applicants that this is a disqualifying criteria.
[No it is not required at the time of application submission to have a DUNS in order to apply. However, you will need to apply for your DUNS immediately if you have not already.](#)
- Applicant Unique Identifier - Do not include electronic submission - where do we include this?
[It is not required for application submission. If successful, you will be reached out to at a later date by Program staff with instructions on how to submit this.](#)
- For the Part 1 Proposal: Where do we find technical proposal, and could you please explain "Sign Acknowledgement of Addenda" and where do we find it?
[It is not required for application submission. If successful, you will be reached out to at a later date by Program staff with instructions on how to submit this.](#)