FAQ
PHB Spring 2025 Preservation RFP

1. **Why will projects seeking a LIHTC allocation versus those that are not seeking a LIHTC allocation have different lengths of affordability agreements?**

   A: The City has determined that our affordability period will be 99 years for any significant investment in affordable housing. It is assumed that projects seeking a LIHTC allocation will be undergoing a significant recapitalization and rehabilitation, enabling the City to preserve affordability for the full 99 years. Conversely, it is assumed that proposals not seeking LIHTC will be smaller preservation projects, like those we received for our last preservation solicitation in which we required 60-year affordability agreements.

2. **Is there clear guidance regarding what exceptions for BABA are allowed or will be considered?**

   A: HUD has several waiver and exception procedures; however, these are approved by HUD not PHB. PHB would work with applicants to better understand if they were eligible for an exception.

   Under BABA there are different material categories. HUD has created a phased program where the entitlement year of the HOME or CDBG funds triggers requirements for different categories. For the purpose of the NOFA, we are asking all applicants to assume that the entire project is covered by BABA. However, PHB will work with awarded projects to confirm which categories are relevant.

3. **Is there clear guidance about the procurement requirements for PCEF?**

   A: PCEF renewable energy technology is required to be U.S. made unless unavailable or cost prohibitive. Manufactured in the U.S. components of subcomponents may be produced anywhere as long as the manufacturing occurs in the United States. A product is considered unavailable if the relevant manufactured goods are not produced in the U.S. in sufficient and reasonably available quantities and of a satisfactory quality. A product is considered cost prohibitive if the use of domestically produced manufactured goods would increase the overall project cost by more than 25 percent.

4. **Will scattered site proposals be considered if each site has more than 20 units?**

   A: One proposal means one site / one project, except in the instance where an applicant is combining multiple smaller projects of four units or more to meet the minimum 20-unit threshold.

5. **How many proposals are allowed per entity?**

   A: A maximum of two proposals per entity are allowed. Each proposal is limited to one project/one site, unless the applicant is combining smaller multifamily projects (each with 4 or more units) to meet the 20-unit minimum threshold.

6. **Many projects are owned by a limited partnership or an LLC. Does the "owner" have to apply?**

   A: A member of the limited partnership or LLC can be the applicant; the entire LP or LLC does not need to be the applicant.

7. **Can CDBG, HOME, and PCEF funds be layered in one proposal?**

   A: Federal funds can be layered with PCEF funding. Applicants applying for federal and PCEF resources should use the higher or lower subsidy limit for federal sources ($45k / unit for non-LIHTC proposals or $65k / unit for LIHTC proposals) and then add the $40k / unit subsidy limit for PCEF.

   PHB will prioritize CDBG funds for non-LIHTC proposals and HOME funds for LIHTC proposals. However, it is possible that some awards may include a combination of CDBG and HOME for the same project.

8. **Is the threshold for HOME triggering Davis Bacon still "12 or more units assisted (or the equivalent HOME assistance % to project cost)"? Is the threshold for CDBG triggering Davis Bacon still "8 or more units assisted"?**

   A: Yes, 12 or more HOME assisted units triggers Davis Bacon, and 8 or more units assisted by CDBG triggers Davis Bacon (for rehabilitation projects).

9. **If the property is leased to the non-profit for construction of permanent affordable housing, how long would the lease need to be in order to consider it for funding? Would you consider a leased property?**

   A: PHB will consider a long-term ground lease (typically 99 years) as evidence of site control.

10. **Will a project be considered if it seeks CDBG funds for life/safety scope only and no PCEF funds?**

    A: Yes, projects can request only federal funds without PCEF. That said, the inclusion of cooling, energy efficiency measures, and renewable energy measures is part of our preference criteria for this solicitation.

11. **Is there a desired ratio of PCEF funded scope to non-PCEF funded scope in a single project?**

    A: No, we have no standard for this. However, applicants are encouraged to request PCEF to the extent that the project has PCEF-eligible costs.

12. **Can the City advise us whether projects should apply for PCEF funds through this solicitation or the Community Responsive Grants program?**

    A: Through the Spring 2025 Preservation Solicitation there are $12 million dollars in PCEF funding available. The Community Responsive Grants program will have $30 million dollars in PCEF funding. Both processes will be competitive, but in the Spring 2025 Preservation RFP proposals will only be competing against other multi-family projects, whereas the Community Grants program is open to any building project.

    In terms of timing, the Spring 2025 Preservation solicitation closes on April 29, and decisions are expected in late May. The Community Grants solicitation closes late May, and decision will be made by late summer.

    The eligible measures are essentially the same for both programs; however, the Community Grants program does allow for spending in transportation decarbonization, regenerative agriculture, and workforce development. Proposals that include these elements may opt to apply through the Community Grants program.

    <u>Finally, while projects would likely qualify for both programs, applicants cannot have an active application for the same project with both programs at the same time.</u>

13. **Are projects located outside Portland City limits but within Multnomah County - Gresham (with current HOME consortium assistance) be eligible for HOME/CDBG assistance under this offering?**

    A: No, projects are restricted to those within Portland city limits.

14. **If the scope if limited to exterior components (roof and sidewalks) would HUD regulations for lead abatement related to interiors apply?**

    A: If all rehab work excludes disturbing painted surfaces, the property is exempt from lead abatement requirements. However, the sponsor must still follow recordkeeping and disclosure requirements. Refer to HUD's [Lead Safe Housing Requirements Screening] (exclusion of undisturbed surfaces is in Part 2)

If rehab does not exclude disturbing painted surfaces, please refer to HUD's Flow Chart of Lead Safe Housing Rule for Rehabilitation over $25,000 which states:

- If risk assessment/testing completed, abatement must be performed on all hazards identified in the risk assessment (interim controls are acceptable on the exterior).
- If sponsor assumes lead-based paint/lead hazards are present, abatement must be performed on all applicable surfaces. Applicable surfaces include deteriorated, impact, friction, chewable surfaces and surfaces to be disturbed.

For more information, see HUD's Lead Safe Housing Rule Toolkit, Subpart J: Rehabilitation

15. If the scope if limited to exterior components (roof and sidewalks) would HUD regulations for accessibility related to interiors apply?

A: From HUD's Section 504 Frequently Asked Questions:

Under Section 504, alterations to existing housing are **substantial** if they are undertaken to a project that has 15 or more units, and the cost of the alterations is 75% or more of the replacement cost of the completed facility. For substantial alteration, the new construction provisions of 24 CFR §8.22 apply. Section 8.22 requires that a minimum of 5% of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with mobility disabilities and an additional 2% of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with hearing or visual disabilities.

Under Section 504, alternations to existing housing do **not qualify as substantial** if the project involves fewer than 15 units or the cost of alterations is less than 75% of the replacement cost of the completed facility. If the recipient has not made 5% of its units in the development accessible to and usable by individuals with disabilities, then the requirements of 24 C.F.R. § 8.23(b) – Other Alterations apply. Under this section, alterations to dwelling units shall, to the maximum extent feasible, be made readily accessible to and usable by individuals with disabilities. If alterations to single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, the entire unit shall be made accessible. Alteration of an entire unit is considered to be when at least all of the following individual elements are replaced:

- renovation of whole kitchens, or at least replacement of kitchen cabinets; and
- renovation of the bathroom, if at least bathtub or shower is replaced or added, or a toilet and flooring is replaced; and
- replacement of entrance door jambs.

When the entire unit is not being altered, 100% of the single elements being altered must be made accessible until 5% of the units in the development are accessible. However, the Department of Housing and Urban Development strongly encourages a recipient to make 5% of the units in a development readily accessible to and usable by individuals with mobility disabilities.

16. **How has PHB coordinated with OHCS regarding HOME funds and 9% LIHTC commitments and timelines?**

    A: PHB opted to accept proposals seeking LIHTC credits to leverage this resource, particularly given the overlap between the 9% LIHTC application period and this solicitation. We will reach out to OHCS to further discuss the commitment timeline.

17. **Will PHB consider pending funding requests to OHCS as leverage?**

    A: Yes, PHB will consider uncommitted funds as leverage. If a project has funds committed, this will be taken into consideration as part of our review of readiness to proceed, rather than our review of leverage.

18. **How will PHB consider Green and Resilient Retrofit Program funds in its review of committed and uncommitted sources, and leverage?**

    A: PHB will consider this on a case-by-case basis, taking into account any current information about the status of the GRRP.

19. **If we are combining smaller sites to get to the 20 unit minimum would that be considered one project or multiple?**

    A: For the purpose of getting to the 20-unit minimum PHB would consider this one proposal.

20. **If our application is not selected in this round, is it kept on file for consideration in a later round and/or is there a ranked list for non-selected projects in case additional funds are made available or one of the selected projects doesn't go through?**

    A: When projects are evaluated, the review committee generates a ranked list of projects in order of priority for recommendation to the Director. Typically, the funding is allocated to the projects ranked highest on the list. In past solicitation top ranking projects have had to withdraw, and funding was subsequently allocated to projects lower on the list. So, it is possible, but not guaranteed, that a project on the ranked list could receive funding at a later date.

21. **If a project is applying for both PCEF scope and CDBG scope in one project, is the subsidy limit $45k/unit? Or is it $45K+$40K = $85K per unit?**

    A: For projects not seeking a LIHTC allocation, the combined maximum is $85k per unit. Up to $45k from CDBG / HOME and $40k from PCEF.

    For projects seeking LIHTC the combined limit would be $105k per unit. Up to $65k from CDBG / HOME and $40k from PCEF.

22. **Would the HOME/CDBG assistance be structured as a soft loan from PHB to the project?**

    A: HOME / CDBG would be structured as a soft debt in the form of a cash flow share loan.

23. **Would PCEF need to be a grant to the nonprofit sponsor and then a sponsor loan to the project?**

    PCEF will be allocated as a grant, but it is not required to go to a non-profit, it can be granted to a for-profit entity. That said, the grant could be made to the non-profit sponsor who could loan the funds to the project as a sponsor loan if needed.

24. **Could PCEF funding be structured as a loan either from PHB or PCEF?**

    A: No, the funding available through this solicitation has to be a grant. PCEF does have some lending resources outside of this solicitation. Parties interested in these resources should reach out to PCEF staff.

25. **If the project is regulated by HUD without ability to have subordinate debt, is there a waiver process so that the property can still benefit from HOME/CDBG?**

    A: We do not have an existing waiver process. However, PHB would work with the sponsor and HUD to best meet the project's needs while maintaining an equitable approach to lending.

26. **If units in a mixed-income building are either not regulated or have current AMI's above 60% AMI at the time of application and an application intends to preserve all units at or below 60% of AMI, will all units be eligible for preservation funding?**

    A: If at least a portion of the units in an existing project are currently regulated by OHCS, PHB, or have federal project based rental assistance contracts, the project is eligible for funding. If the sponsor intends to increase the number of units regulated at/below 60% AMI, then each unit that will be regulated at or below 60% AMI would be eligible for PHB funding.

27. **Does PHB have any guidelines or expectations for how projects consider escalation contingency in their development budgets given the unknown economic impacts of recent federal policy decisions?**

    A: In the absence of clearer guidance regarding the impact of tariffs and other federal changes, and for consistency's sake, please review Appendix B PHB Underwriting Metrics Guidelines which state:

- Construction (hard) costs contingency in line with State requirements of a minimum 5% for new construction and 10% for acquisition/rehabilitation
- Construction price escalation at minimum 5% per annum of hard construction costs based on when construction is estimated to begin. For example, if a proposer's cost estimates are in 2022 dollars and construction is slated to start in 2024, then a minimum 10% hard cost escalation would be expected
- Income (rent) escalation at 2% per annum in line with State requirements

- Expense escalation at 3% per annum in line with State requirements

  Applicants may explain in the financial assumptions section of the Project Narrative (Form C) any deviations from these metrics to be responsive to the current economic environment, PHB would be open to reviewing those explanations and deviations.