

# Metro Bond Opportunity Solicitation (M-BOS) – Spring 2021

## Mandatory Developer Information Session

### Q & A

PHB Speakers: Shannon Callahan, Jill Chen, Jennifer Chang, Mandy Byrd, Tanya Wolfersperger

JOHS Speaker: Erin Pidot

Metro Speaker: Jonathan Williams

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### Questions submitted prior to Mandatory Information Session

April 30 – May 11, 2021

**Q1. May the Central Eastside TIF funds be used on top of the \$143,000/unit max, or does the total request between the Metro Bond funds AND any CETIF need to be under the \$143,000 cap?**

A1: No. If your proposed project is located in the Central Eastside URA, PHB will determine the mix of Metro Bond and CETIF funds that do not exceed the subsidy per unit maximum. The total maximum subsidy per unit for new construction projects in the Central Eastside URA is \$160,000 and \$123,000 per unit for acquisition/rehab projects, per the Addendum to the M-BOS published May 3, 2021.

**Q2. I can't find the bedroom weights for studios and/or efficiencies.**

A2: PHB has eliminated the need for the Cost Standard tab from Form D - Proforma since PHB already has a maximum subsidy per unit which should not be exceeded. Studios and SRO units are both considered 0.5 bedroom in size. Reimbursement of the Project Based Section 8 (PBS8) vouchers for Supportive Housing units, studios and SROs, are reimbursed at their respective rates for 60% AMI.

**Update:** PHB has updated the average bedroom size for studios to a 0.75 bedroom. SRO units are still considered a 0.5 bedroom.

**Q3. Looking at the NOFA, it appears the vouchers are only to be used on 2+bedroom units. In a scenario where we have integrated PSH units targeted toward seniors and homeless folks with disabilities, it would make sense to layer the vouchers on those units which would tend to be studios or 1-bedrooms to deepen the affordability. Could you confirm whether or not we'd be able to use the vouchers on units smaller than 2+ bedrooms in this instance?**

A3: As stated in Section III and Section VI of the M-BOS, all Supportive Housing (SH) units are eligible for PBS8 vouchers, which are to be programmed for adult singles and couples households. PBS8 vouchers are also available for non-Supportive Housing family-sized

units targeted for very low-income households earning 30% AMI or below. Furthermore, it is a JOHS preference that we prioritize SH units for BIPOC, Older Adult and/or LGBTQ+ households and that all referrals for Integrated SH will come through Coordinated Access.

**Q4. On the Glisan investment requirements, the average bedroom count is 1.5 overall with 1.0 for SH. Are you counting studios or SROs as 1 or as 0.5? Are you intending to have all of the PSH in one-bedroom or greater?**

A4: The intent of the 1.5 average bedroom size is for proposals to meet both the SH and family requirements. PHB counts studios as 0.75 bedrooms and SRO units as 0.5 bedrooms, Supportive Housing units should be programmed for adult singles or adult couples with an average bedroom size (ABS) of **1.0 or less**. For the 432 NE 74<sup>th</sup> site, both SH units for singles/couples (ABS of 1.0 or less) and family-sized units (ABS of 1.75 or more) are part of the Investment Requirements. The goal is to have more family sized units at this site.

**Q5. The Project Overview and Equity Plan narratives ask for information on the Project Team. Who is "the team"? Is it all organizations serving as general partner of an LIHTC partnership? Is it the general partner plus any service providers? Is it the general partner plus the architect and general contractor?**

A5: Project teams include the organizations representing the Owner, Developer, Resident Service Provider, and Property Manager, if already chosen. Please include the Supportive Housing (SH) provider if SH is being provided. Information on the General Contractor and architect, if known at this time, may also be included as part of the developer team.

**The earlier answer regarding the "project team" for the purposes of the equity narrative named a property management firm as a core team member. Is it acceptable to select a property management company via RFP post-award? Or must we name who we're utilizing as part of M-BOS response?**

Yes, it is acceptable to select a company post-award. That said, the Property Manager plays an important role in the marketing and leasing activities of a project that impact housing access and opportunity for BIPOC communities and other targeted populations. If a property management company is not identified prior to application submission, the project owner should include information on the process and criteria used to select a property manager. Also describe what policies the owner would require the property managers to implement regarding outreach, marketing, screening criteria, and eviction processes.

**Q6. I read the LIS to make no distinction between different communities of color in terms of prioritization. Could you confirm?**

A6: Neither the LIS nor M-BOS prioritizes one community of color over another. Proposals should include a description of which communities their project will serve, how the project's design, location and services will support the focus community and data on why this community was identified.

**Q7. What information does PHB want to see in the Resident Services Plan?**

A7: Metro has adopted OHCS's Resident Services Plan form for final approval of projects seeking Metro Bond funds. The plan should include a description of the proposed services, FTEs required and data that supports the plan, as outlined in PHB's Underwriting Metrics.

**Q8. The underwriting criteria say that RS costs paid from below the line cash (i.e. via deferred developer fee payments) will "generally" not be considered a viable funding approach. What does that mean? Are there circumstances in which PHB will consider this a viable funding approach?**

A8: Provision of resident services are known to be an integral part for ongoing success of affordable housing and cost of resident services should be incorporated into the operating budget. If there are "additional" resident services needed, the proposer should explain why these are not funded "above the line."

**Q9. What does it mean to require distribution of 30% AMI units across bedroom sizes? For example: if 50% of your project is 2BRs, do 50% of your 30% AMI units have to be 2BRs? Or would it suffice to have at least one 2BR have be a 30% AMI unit?**

A9: The requirement is to have 30% AMI across all of the bedroom sizes, which we hope can be as equitably distributed as you are able to make the project work. The goal is to prevent all 30% AMI units in the smaller sized units.

**Q10: Does a project with a total of 58 units meet the minimum unit requirement if only 24 units are new, unregulated units?**

A10: PHB's requirement for a minimum of 50 units (or 40 for Dedicated SH) is for the total project size. In this situation the total units are 58 units, but Metro Housing Bond funding would only be available for the 24 new previously, unregulated units. The 50 unit minimum is requested by PHB so the project can be of sufficient size so a new LIHTC syndication can be done decades after the initial new construction has been completed and leased.

**Q11: Would a project with a planned average bedroom size of 1.68 be disqualified? The three priorities have average unit sizes of less than 1.0 or above 1.75.**

A11: Any project can be submitted under this M-BOS under the "All Others" category for non-priority projects.

**Q12: Would a project with 28% PSH units be considered an Integrated SH project (even though it's not between 10-25% SH)?**

A12: Yes, the project would be considered Integrated SH. The 10-25% is the typical range.

## Questions submitted during Mandatory Information Session

May 12, 2021

### General M-BOS

A revised pro forma (Form H) has been posted to the website and Application Package file sharing folder.

**Q13: If a project is only applying for Central Eastside TIF, can the funding be used for preservation of units? For example, improvements to a building that has affordable units and is occupied, but needs significant improvements?**

A13: Affordable Housing Preservation using CES TIF is an eligible use but we expect the amount of subsidy to be significantly less than the subsidy cap for rehabilitation of newly regulated units. However, if blended with Metro Housing Bond funds, the Metro funds can only be used for newly created affordable housing.

**Q14: The NOFA requirements include "fee simple ownership, executed long-term land lease, letter of intent, purchase option, purchase and sale agreement or similar with closing date on the site no later than December 31, 2021." Is PHB requiring us to have a form of site control by 12/31/2021 or closing the acquisition/commencing the ground lease by 12/31/2021?**

A14: The requirement is for an indication of site control. PHB does not expect that projects will have closed on the acquisition or on the financing by 12/31/2021.

**Q15: Regarding the requirement that >15% of project units be restricted to 30% AMI without PBS8 vouchers, is it acceptable if those units are assisted with a different subsidy source (not PBVs)?**

A15: Yes, other subsidy sources that are not part of the Home Forward PBS8 included in this M-BOS are acceptable and would be considered part of the leveraged resources of the project.

**Q16: The NOFA lists the Affordable Fair Housing Marketing Plan (AFHMP) as one of the attachments. Do you really want it now? This is more typically submitted once a project is funded.**

A16: Yes. PHB uses the AFHMP to evaluate the project's/sponsor's approach to and planning for marketing and lease-up activities.

**Q17: What should we budget for Program Delivery Fee (PDF) per unit/per year?**

A17: The PDF should not be included in the proforma. This would be applied to your project financing if awarded. PDF is not based on a per unit per annum but is a fixed amount of approximately 2.3% of total Metro Bonds awarded. Developer needs to certify that use of all Metro Bond funds were for capitalizable costs.

**Q18: If we do a family-oriented project, but choose to add 15 SH units, could those 15 units be carved out from the average 1.75-bedroom count? (example: 100-unit total project. 85 units average 1.75 bdrm, +15 studios for SH)**

A18: This example describes an Integrated SH project with 15% SH of total units. If the overall project is family oriented, it would need an ABS of 1.75 regardless of the type of SH included. If the project is deemed an Integrated SH project, then the ABS is 1.0 or less. In addition, the proposal should indicate how the two populations (family and SH) in this project are complementary and being served in a manner consistent with their needs.

**Q19: Is it required to submit Form J if applying for the 432 NE 74th Avenue or 5020 N. Interstate sites?**

A19: Form J will not be required for either site. Both sites will be vacant upon conveyance and will not require relocation of any existing tenants.

**Q20: Can a scattered site project include the Interstate property? For example, Interstate and then a second parcel in another location.**

A20: PHB's preference is to not include 5020 N. Interstate in a scattered site project. This site is already permit ready, so adding additional sites will delay the scattered site project completion and may negate the permit. PHB would want to better understand the purpose of bundling 5020 N. Interstate with other the site locations.

**Q21: For resident service providers for family housing do we need MOU's or letters of support? or neither?**

A21: PHB is looking for some kind of evidence of partnership between the developer and service provider(s). An MOU or letter of support is acceptable as evidence of that partnership.

**Q22: To include OR MEP and Oregon Energy Trust on the proforma, what do we need for proof?**

A22: Yes, include those funding sources if you have proof. Some funding streams may not be lined up, but the proposal may include the team's track record of obtaining these funds, so PHB can evaluate the likelihood of securing the funding.

**Q23: Are we able to include commercial sources of funds as part of our proforma if we have a commercial partner? How should that be handled since the OHCS proforma form is for housing primarily.**

A23: There is a difference between commercial sources of funding vs. commercial real estate development in a project. If commercial development is part of the project, PHB would like to see the commercial development fully funded and please note that PHB funds cannot be used for any commercial development. PHB expects developers to bring in commercial sources of funding, including debt and LIHTC investors to their affordable housing development. Under the OHCS proforma "uses of funds" tab there is a column for all costs related to a commercial development of the project and in the "sources" tab there is space for funding of the commercial development of the project. The "uses" tab also allows for different sources of funding including any permanent (commercial) loans used in an affordable housing development.

**Q24: If partnering with a commercial use partner, does that partner have to have all of their financing in place?**

A24: Ideally yes. If the commercial portion of the project is not funded, it can delay the project and/or completely tank the project.

**Q25: Two-page limit questions: 1) Can section break pages be used between sections that will not count toward page limits? 2) Please confirm letters of support noted in Section X will not count toward page limits?**

A25: Encourage applicants to not use section breaks (i.e. blank pages), but if used they will not count toward the page limits. In addition, any attachments, tables or documents that are requested as part of or in addition to the narrative form questions will not count toward the page limits (e.g. letters of support, financial statements).

**Q26: Will there be one review committee for all MBOS projects including the Glisan site? Or are there different review committees based on location?**

A26: There may be multiple review committees depending on the number of proposals received and the location of the proposed projects. PHB currently anticipates that proposals received for 5020 N. Interstate and 432 NE 74<sup>th</sup> Avenue will be evaluated by the same review committee, unless there are more than 4 proposals received for each site. Proposals for each site will only be evaluated against proposals for the same site.

**Q27: Will there be a scoring/points? I understand there are group evaluations but wondering if specific points are being awarded.**

A27: PHB does not use weighted criteria (points) to evaluate proposals but instead creates a ranked list of projects based on the investment requirements, criteria in Sections 3-7, and preferences. Committees evaluate and use a forced-ranking system to determine recommendations.

**Q28: Are 80% AMI allowed in this funding round? To what percent of project? As long as 60% on blended basis.**

A28: All units supported by PHB funding under the M-BOS must be regulated at or below 60% AMI. PHB is not looking to implement income averaging in this solicitation.

**Q29: Will PHB entertain a year 1 DSCR of less than 1.25 as stated in the underwriting guidelines with a letter of interest from a bank/investor reflecting those terms?**

A29: PHB has financed projects with similar terms in the past and is open to considering other projects with a year 1 debt service coverage ratio of less than 1.25.

**Q30: Are partnerships with cultural/low income serving service providers an acceptable "partnership" to meet PHBs expectation around BIPOC needs?**

A30: PHB is looking for evidence of partnerships if your organization does not have the staffing capacity or experience to provide direct culturally specific or responsive services to Black, Indigenous and People of Color communities. Partnerships with culturally specific service provider organizations will meet the requirements and expectations outlined in the M-BOS.

**Q31: If Sponsor is an entity that is not audited, can unaudited financials be provided instead?**

A31: Yes, unaudited financials are acceptable.

**Q32: Are there Gateway Tax Increment Financing (TIF) funds available? For housing or for infrastructure in the area to create the housing, such as sidewalks, paths, etc.?**

A32: There are no Gateway TIF funds included in this solicitation. Currently, PHB does not have a program to make these funds available for infrastructure development.

**Q33: If a scattered site project, how do we select city quadrant in the Pre-submission form?**

A33: A 'Scattered Site' option has been added to the Pre-Submission form. If selecting this option, please list all the quadrants each site is located.

**Q34: Do scattered site PSH also need to be tied to new affordable housing units?**

A34: All Metro Bonds can only be used to fund units that do not have existing regulatory agreements or rent restrictions. Scattered sites can be either new construction or acquisition/rehab units. Any existing units that have a regulatory agreement or rent restriction are not eligible for Bond funds. Projects will need to secure another source of funds to support existing, regulated units.

**Q35: Following up on the scattered sites, I just want to make sure I'm clear. If we are doing a family-oriented project, can we have those scattered across lots?**

A35: Scattered sites are allowed for the Dedicated Supportive Housing projects, serving Enhanced or Recovery-Oriented eligible populations. However, if a project is scattered site and does not meet a specific investment requirement, an explanation of how the project still meets the goals of the M-BOS would be useful, understanding that the application process can take time. A non-Dedicated SH scattered site project would not receive a priority.

**Q36: We're considering a 20-unit facility of supported housing. Is the 40 unit minimum a preference or a hard requirement?**

A36: The 40-unit minimum is a requirement. The 40-unit minimum is to ensure long-term viability in the future. Smaller projects are not able to attract LIHTC when a major rehab is needed in a few decades. A proposal could include a 20-unit building that is part of a scattered site project with 40 or more total units.

### **Supportive Housing**

**Q37: Can a PSH proposal be considered that does not serve those with Enhanced SH or Recovery-Oriented (not ACT or ICM) needs?**

A37: Those are the only types of "focused" supportive housing models that will be considered for Dedicated Supportive Housing projects. Enhanced Supportive Housing projects will serve people with complex physical and/or behavioral health challenges. This will often

include people with co-occurring medical complexity and serious mental health and/or substance use disorders. It will also include (but not be limited to) households who are eligible for ACT or ICM services.

Integrated Supportive Housing projects are not required to serve either Enhance or Recovery-Oriented eligible populations. You can find the eligibility requirements for Integrated Supportive Housing in Section V of the M-BOS.

**Q38: The Priorities section says that Dedicated Supportive Housing (DSH) projects can be scattered sites if financed together. Can you confirm that other projects (non-Dedicated SH) can be scattered site if financed together?**

A38: PHB's and JOHS's intention is that only Dedicated SH sites will be scattered sites. PHB's minimum unit size requirement is to support the long-term financial sustainability of the project. This is especially challenging when there is a 99-year Regulatory Agreement which makes it difficult for a project to generate additional capital resources when a rehab is needed (see question 36). A non-Dedicated SH scattered site project would not receive a priority.

**Q39: For Enhanced or Recovery PSH - what is your expectation for how developers/service providers should budget for services? Just the \$10K/unit limit for PSH and additional service needs are supported financially by the healthcare partners?**

A39: JOHS has committed to fund up to \$10,000 per unit per year for supportive housing services that are complimentary to the Medicaid-funded services provided through CareOregon. As described in Section V of the M-BOS, "If there are costs beyond \$10,000/unit that the project identifies needing to cover to serve the designated population, JOHS will work with the project and CareOregon to identify how to cover those gaps through additional JOHS funding and/or Medicaid-funded services."

**Q40: Is a mix of Enhanced and Recovery Supportive Housing allowable within the same project?**

A40: Yes, we are open to proposals that include a mix of Enhanced and Recovery Supportive Housing and would look to proposers to explain why this is the right approach and how the project is designed to meet the needs of the populations served. We know that the populations served by Enhanced and Recovery Supportive Housing models is overlapping, and Enhanced Supportive Housing is inclusive of households who are not in recovery.

## Metro-Owned Site

**Q41: Can the NE 74<sup>th</sup> & Glisan site include more than 40 PSH units? Are there only 40 PBS8 vouchers available?**

A41: The *minimum* number of Supportive Housing (SH) units is 40 at this site. More than 40 SH units are allowed. Furthermore, all SH units are eligible for PBS8 vouchers.

**Q42: The Glisan St. site will have both family housing and SH housing. Will any of the three types of SH could be considered for this site, not just integrated? Would this site meet the criteria for all three?**

A42: Yes, this site could include a proposal for any three of the SH housing-types. PHB will look for proposers to tell us what they think is the best fit.

**Q43: For 432 NE 74 Ave - Is it mandatory to have separate buildings or entrances for the family units as distinct from the SH units? If we believe both populations will be best served by a common entrance is that ok?**

A43: It is not mandatory to have separate buildings or entrances. We want a layout that functions well for the intended populations and constraints of the site.

**Q44: For 432 NE 74 Avenue - regarding Average bedroom count: If we meet 1.0 for SH units and 1.75 for remaining units, do we also have to meet 1.5 overall?**

A44: The intent of the 1.5 average bedroom size is for proposals to meet both the SH and family requirements. PHB counts studios as 0.75 bedrooms and SRO units as 0.5 bedrooms. Supportive Housing units should be programmed for adult singles or adult couples with an average bedroom size (ABS) of **1.0 or less**. For the Glisan site, both SH units for singles/couples (ABS of 1.0 or less) and family-sized units (ABS of 1.75 or more) are part of the Investment Requirements. The goal is to have more family sized units at this site.

**Q45: Is a Residents Service Plan needed for the NE 74<sup>th</sup> & Glisan site?**

A45: Yes, Resident Services Plan are required for all projects.

**Q46: The cost of relocating the Verizon equipment on the NE 74<sup>th</sup> & Glisan site is unknown. Do you prefer all teams to include the same number for this cost that you give us (like demo)? Shall we connect with Verizon to try to come up with our own cost? Or, we could leave it off...**

A46: Metro has had conversations with Verizon on relocation costs, which are estimated very roughly to be \$100k per relocation if the equipment is permanently relocated to another location on the site and roughly \$200k if the equipment is temporarily relocated during construction and then permanently relocated within the new

affordable housing project. The total area required by Verizon's equipment is approximately 200 to 300 square feet and could be located on the roof of the new building. Verizon will require 24 hour/7 day a week access to the equipment area.

**Q47: Does the Verizon equipment relocation budget include the tower fronting Glisan Street as well?**

A47: The tower does not need to be relocated. Verizon prefers the tower to stay where it is. There is equipment inside of the existing building that would need to be relocated either permanently offsite or located somewhere within the new building.

**Q48: There was some indication that there would not be any commercial relocation of the tenant at NE 74<sup>th</sup> & Glisan. What if they are an important community partner in the area? Will there be assistance to them to find another location?**

A48: The existing tenant has a fixed term lease and understands that they will need to relocate when the lease term ends in December 2022. Metro does not plan to provide relocation since the lease will expire before the property is conveyed to a developer.

**Q49: To qualify and include in the sources of the proforma do we have to actually apply for Metro TOD Funds and Metro Urban Living Infrastructure Grants?**

A49: These funds do require a separate application to Metro and there is a separate approval process. Most projects are expected to be eligible for TOD funds and projects with community serving ground floor uses available to non-residents will be eligible for the Urban Living Infrastructure Grants. Projects may include these as assumptions in your Sources for the purpose of putting together an application for the M-BOS.