TO: Interested Housing Developers
FROM: Tania Menesse, Director
Department of Community Development
DATE: March 30, 2020
SUBJECT: 2020 FHAct50 RFP Addendum

General Guidance

FHAct50 Program Calendar:

There will be no changes made to the April 17th submission deadline. However, the City acknowledges that, due to the COVID-19 pandemic, Applicants may experience delays or challenges in completing certain components of their proposals.

In the event that an Applicant is required to submit a proposal with incomplete or missing components, the Applicant should include a cover letter to their submission describing what those components are, and why they were delayed. The City will take these factors into consideration when scoring proposals.

Clarification on Housing Trust Fund:

For all projects considering Housing Trust Fund, the maximum award for multi-family projects is $600,000, with some exceptions.

Per the Demand & Financial Characteristics scoring criteria, the City will review the extent to which projects leverage more investment relative to other projects under consideration.

However, the City will score a projects’ dependence on Housing Trust Fund differently. Any FHAct50 proposals that request more than $600,000 in City HTF will score lower than proposals that request $600,000 or less.

Guidance from City Planning:

Per Attachment C, Matt Moss, the Neighborhood Planner for Clark-Fulton, is available to review architectural drawings in advance of the April 17th proposal deadline to ensure adherence to the Planning FHAct50 Review Criteria and provide feedback. The City strongly encourages Applicants to do so.
2020 Questions Received

1. Does the Demand & Financial Characteristics criterion that calls for a higher proportion of three-bedroom units apply to just the affordable portion of the project, or to the market-rate portion as well?

This criterion is intended to apply only to the affordable portion of the project. The City will not score the unit mix of the market-rate component for any project.

2. In scoring the City & Neighborhood Goals criterion regarding mixed-income projects, will all projects that include a market-rate component receive 10 points, or will projects be weighed against each other?

As written, projects that include a market-rate component will receive the full 10 points for this criterion.

However, if among the proposals submitted there exists a wide range in the number of market-rate units proposed, the City may choose to score those proposals with more market-rate units higher than those with fewer.

3. Do the City and/or Metro West Community Development Organization have a preference between family and senior developments?

No. Applicants are welcome to submit proposals serving either population with documented market demand.

4. Would a project that included a mix of market-rate three-bedroom units and smaller affordable units for seniors satisfy the Demand & Financial Characteristics criterion regarding a higher proportion of three-bedroom units?

Senior development proposals will be exempt from the portion of the Demand & Financial Characteristics criterion regarding the proportion of three-bedroom units, as three-bedroom or larger units are not permitted by OHFA for senior developments.

The City will not score the unit mix of the market-rate component for any project.
5. Do the City and/or Metro West Community Development Organization have specific goals or requests regarding the use and programming of commercial space?

In general, the commercial needs of the Clark-Fulton community are for larger retail uses, such as grocery stores, and for smaller “white box” space with flexible lease terms, to appeal to home-based businesses looking for a permanent storefront. However, the City and Metro West are open to any proposed commercial uses.

6. For the April 17th submission, whose Financial Statements should be submitted?

Financial statements should be submitted for the Developer entity.

If the Developer entity does not have an established financial history with audited statements, the Applicant should instead submit financial statements for members of the Ownership and Development entities. The City may request additional information in order to review the financial capacity of the team as a whole.

7. In Attachment C – Planning FHAAct50 Review Criteria, item 6(b) states, “For multi-family and mixed-use buildings, meet the Urban Form Overlay.” If a proposal includes design elements that do not conform to the current zoning, and instead conform to the Urban Form Overlay, will City Planning support the project in applying for a zoning variance, site-specific zoning, or a PUD, if the project is selected to move forward?

Projects should adhere to the requirements of the existing Overlay District (PRO or UFO) on the proposed site. In the absence of an Overlay District on the site, multi-family and mixed-use projects should meet Urban Form Overlay requirements.

If you would like to review your drawings in advance of your submission to ensure adherence to the Planning FHAAct50 Review Criteria, please contact Matt Moss (mmoss@city.cleveland.oh.us) to schedule a meeting.

8. In Attachment C – Planning FHAAct50 Review Criteria, the second bullet states, “Create high-density, mixed-use districts that promote travel by transit, walking, and bicycling.” If the project were selected for award, would City Planning support a variance for a project that exceeds the current maximum area of ½ lot area?

Yes.
9. In Attachment C – Planning FHAct50 Review Criteria, item 6(d) states to, “Provide windows on First Floor street frontages, 30% for residential; 60% for non-residential.” Item 6(b) states, “For multi-family and mixed-use buildings, meet the Urban Form Overlay,” which calls for first-floor glazing of 45% for residential and 75% for non-residential. Which standard should take precedence?

Projects should adhere to the requirements of the existing Overlay District (PRO or UFO) on the proposed site. In the absence of an Overlay District on the site, multi-family and mixed-use projects should meet Urban Form Overlay requirements.

The 30% residential glazing requirement applies only to single-family homes.

10. In Attachment C – Planning FHAct50 Review Criteria, item 6(c) states, “Provide continuous building frontages on streets.” Item 6(b) states, “For multi-family and mixed-use buildings, meet the Urban Form Overlay,” which calls for 80% minimum frontage on principal street frontage and 100% minimum of the urban street spaces on secondary street frontage. Which standard should take precedence?

Projects should adhere to the requirements of the existing Overlay District (PRO or UFO) on the proposed site. In the absence of an Overlay District on the site, multi-family and mixed-use projects should meet the Frontage Build-Out requirements of the Urban Form Overlay.

11. Has the City of Cleveland met OHFA’s requirement that “at least fifty percent of the total affordable units committed in their target area will be dedicated to serving a family population?”

Yes. Projects serving a senior population are eligible for award.

Updated 2019 Addendum

1. Is this program based on larger scale units or will it apply for single family structures or doubles?

There are no restrictions on the minimum number or type of units a Developer may submit a proposal for. However, it is important to consider the potential challenges that may arise for smaller projects, including syndication with investors and long-term management.
2. Does the landscape plan, due June 19th, need to be a full landscape plan with quantities and materials or a conceptual landscape plan illustrating design intent?

The landscape plan can be conceptual.

3. How can we meet the zero-step entry requirement of the Aging in Place requirements while complying with the City’s Townhouse Code?

Per the 2020-2021 QAP, “All newly constructed affordable units must meet the Aging in Place requirements specified in the 2019 QAP, or the mandatory Universal Design criteria as specified in Appendix D.”

For projects opting to follow the 2019 Aging in Place Design Requirements, there must be “at least one accessible means of egress/ingress for each unit.” As this can be accomplished at either the front or back door, units can meet the Townhouse Code requirement for an elevated finished first floor facing the street, and have a zero entry at the back door.

In cases with demonstrable elevation issues that prevent a project from meeting both the Aging in Place requirements and Townhouse Code requirements, OHFA has determined that it is more important that the building fit with the neighborhood context, and therefore, should defer to the Townhouse Code requirements.

4. How should larger files, such as architectural drawings, be delivered?

Attempt to email large files well in advance of the deadline. If they do not go through, or if you do not receive a confirmation email that the City has received them, coordinate an alternative submission method with Jennifer Chandler.

5. Will the City accept flash drive submissions?

Yes. Coordinate with Jennifer Chandler.

6. Is the commitment letter that projects will receive in May the same as the letter for competitive submissions?

The Letter of Intent is not an award letter per se, but holds similar weight, assuming all June 19th submission requirements are received. Where past projects receiving Local Development Priority letters still needed to be scored and awarded funding by OHFA, FHAct50 projects recommended to OHFA will only need to be underwritten and reviewed for compliance with all QAP and HTC requirements.
7. **Does the nonprofit owner need to be an equity owner?**

Per the 2020-2021 QAP, “Each project must have a local place-based, nonprofit owner with a 25 percent General Partnership interest. The nonprofit should be able to demonstrate that it has a history of serving the community in which the project is located, and should have as part of its mission the provision of affordable housing to the area(s) it serves. It is intended that the nonprofit owner hold an integral, ongoing, and relevant position in the project.”

8. **Do projects located on the west side of W 44th qualify?**

No. The boundary of the neighborhood shall be the centerline of the street. Only proposals on the east side of W 44th will be accepted.

9. **With competitive credits, architectural drawings are submitted as follows: conceptual, 80 percent complete, and final. How does this process align with that outlined in the RFP?**

The separation of architectural submission requirements into conceptual and schematic in the FHAct50 RFP serves two purposes. The first is to avoid over-burdening Applicants, by only requiring in the conceptual submission what the City needs to evaluate the project. The schematic submission requirements allow the City to be confident that the Developer can follow through for the final OHFA application, while allowing the Developer additional time to prepare the 80 percent plans required by OHFA.

Secondly, the submission requirements align with the City Planning Commission’s Design Review requirements, which all projects awarded funding will have to meet. By the time a project is recommended to OHFA, the Developer should have schematic Design Review approval, at minimum.

10. **How should the market-rate component of mixed-income projects be submitted?**

Include information pertaining to market-rate units in all relevant portions of the FHAct50-specific AHFA, and describe in the Project Narrative submission (Attachment A of 2020 FHAct50 RFP).
11. For the April 17th submission, should the articles of incorporation be for the Developer, rather than for the LLC or LP that may be created?

Yes, and if so, include a reference to the organizational chart indicating where the new entity will fit.

12. For contractor estimates, is the sheet with cost breakdowns in the AHFA workbook an acceptable submission?

Yes.

13. What qualifies as site control?

Per the 2020-2021 OHFA QAP, “If the current owner is a General Partner or limited partner in the development, copies of the executed and recorded deed(s); or If the current owner is not a General Partner or limited partner in the development, then other evidence of site control, including but not limited to: A purchase contract or option; A lease contract or option; or Documentation from the local government/land bank regarding the transfer of property.

If parcels will be acquired from a city land bank, acceptable documentation includes: A copy of the final city council resolution, city council ordinance, letter from a board of control or designated official, or contingent purchase agreement approving the legal description and transfer of all applicable sites will also be accepted. If parcels will be acquired from a county land bank, acceptable documentation includes: A letter from the board of control or a designated official approving the transfer of all applicable sites.

With respect to option agreements, the application must include evidence of the agreement to purchase the property within a specified time period.

Any lease contract must be for a minimum term of 35 years. Any lease option must specify a minimum lease term of 35 years if option is exercised. Evidence of site control may not expire until a reasonable period following the scheduled announcement date for Competitive HTC awards, or for Non-Competitive HTCs, at least 180 days from the date the application is submitted.”

14. Is the 33 percent site control OHFA requirement acceptable for scattered site projects?

Per the 2020-2021 QAP, “Competitive HTC scattered site developments must have at least 35 percent of the sites under control at the time of proposal application.
Non-competitive HTC scattered site developments must have 100 percent of the sites under control at the time of application, including those seeking BGF.

The FHAct50 program has been designated by OHFA as non-competitive, and thus must have 100 percent of the sites under control at final OHFA application.

For all projects that do not have full site control by the April 17th proposal submission, the City will determine the likelihood of achieving site control based on current ownership and score the project accordingly.

15. **In the selection criteria for award, how is proximity to employment defined?**

Clark-Fulton was selected as the target area in part because of its geographic proximity to employment.

Proximity of individual projects to employment shall be evaluated based on walkability, transit access, and any strategic partnerships or other considerations outlined in the Project Narrative submission (Attachment A of 2020 FHAct50 RFP).

Proximity shall also be evaluated relative to other projects under consideration, and shall be used as a tiebreaker in the event that proposals score similarly on all other criteria.

16. **Are Developers expected to create or identify offsetting market-rate units to meet OHFA’s 1:1 ratio?**

Though not required, per the City’s selection criteria for award, proposals that include both affordable and market-rate components will score higher than those that do not.

Furthermore, per the 2020-2021 QAP, “The city is responsible for demonstrating that either (1) building permits or (2) certificates of occupancy were issued for an equivalent number of newly constructed residential, market rate rental units or newly constructed for-sale housing units within the target area within the eighteen months preceding the development application to OHFA.”

The City will work with selected projects to identify offsetting market-rate units to meet OHFA’s 1:1 ratio.

17. **What other scenarios do you anticipate could create possible exceptions to the Aging in Place requirement?**

We have not encountered concerns regarding the Aging in Place requirement other than those relating to the Townhouse Code.
18. Does this program embrace Income Averaging?

Developers may, but are not required to, elect Income Averaging.

Per the 2020-2021 QAP, “Applicants planning to elect the Average Income minimum set-aside requirement on IRS Form 8609 should reference OHFA’s Average Income Policy to determine if the proposed development will be able to comply with the requirements needed to make the election.”

Developers that have further questions regarding Income Averaging should contact OHFA directly.