

HARRIS COUNTY HOUSING AUTHORITY

1933 Hussion St. Houston, Texas 770003 | 713. 578-2100 P

AMENDMENT OF SOLICITATION

ADDENDUM # 1

DATE: 04/16/2021

ISSUED BY: Harris County Housing Authority

AMENDMENT TO SOLICITATION NUMBER: RFQ#21-01

Development Partners of Affordable Multi-Family Housing

THE DATE AND TIME SPECIFIED FOR RECEIPT OF PROPOSALS IS **CHANGED TO MONDAY APRIL 26, 2021, 2:00 PM CST.**

THE SOLICITATION MENTIONED ABOVE IS HEREBY AMENDED. PROPOSERS MUST ACKNOWLEDGE RECEIPT OF THIS AMENDMENT PRIOR TO THE HOUR AND DATE SPECIFIED FOR RECEIPT OF PROPOSALS BY SIGNING THIS FORM BELOW.

Responses to Written Questions

1. We are aware that the Harris County Housing Authority (the “Authority”) has previously participated in transactions with developers, without low-income housing tax credits (“Tax Credits”), structured pursuant to Section 303.042 of the Texas Local Government Code (“PFC Transactions”). Is the Authority still interested in participating in PFC Transactions?

Response: Yes. The HCHA is interested in participating in transactions that do not involve low-income housing tax credits.

2. As you know, Tax Credit transactions are typically structured with the Authority in the general partner position. PFC Transactions are more commonly structured with the Authority in a special limited partner position. Section III.B.4., Section III.B.6. and the MOU, refer to the Authority as the General Partner. Is a General Partner position for the Authority required, or would the Authority be willing to take a special limited partner position, if a PFC Transaction were proposed?

Response: As cited within Section III.B.6 if the offeror is seeking an ad valorem exemption for the development the HCHA will be required to serve as the entity’s general partner and ownership of the land conveyed to HCHA.

3. Does the Authority have any preference between a limited partnership and a limited liability company for structuring the operating entity?

Response: The HCHA prefers to use a limited partnership structure for its transactions.

4. Section III.B.6. refers to a right of first refusal in favor of the Authority. A right of first refusal, and a purchase option, are typically utilized in the equitable ownership structure customary for Tax Credit transactions. Neither a right of first refusal, nor a purchase option, is required to establish the property tax exemption for a PFC Transaction. Will the Authority require a right of first refusal if a PFC Transaction is proposed?

Response: As cited within Section III.B.6 the HCHA will require a right of refusal without consent in any contemplated transaction.

5. As you know, the economic terms of a Tax Credit deal are very different than the economic terms of a PFC Transaction. Section III.B.6. requires the Authority to receive 35% of the cash flow. This is not market for a PFC Transaction. Would the Authority consider an economic arrangement for a PFC Transaction, including both fees and distributions, that is commensurate with market standards and other transactions in which the Authority has previously participated?

Response: As cited within Section III.B.6. the HCHA requires a minimum development fee of 35% and cash flow participation of 35%.

6. Does the Authority have any design considerations or preferences that should be considered?

Response: Yes. The HCHA will provide this information to the selected developer(s).

7. Could you expand on the Authority's expectations for participation by a M/WBE or HUB? Would utilizing M/WBE or HUB subcontractors for the construction be appropriate? Is the M/WBE or HUB required to be in the ownership structure? Are there any other expectations for participation?

Response: Yes. The HCHA seeks to help HUB/MWBE build capacity and earn fees. If this can be achieved without ownership we can discuss.

Proposer/Respondent

Date

Signature