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Addendum

SOLICITATION NAME	Project-Based Vouchers Q1801	ADDENDUM NUMBER	2	DATE	08-01-17

This addendum answers questions raised about this solicitation. To aid in readability, the questions are in black, the answers are in **bolded blue**, and the answers follow immediately below.

Q1	The Restoration House is a 501(c)3 nonprofit constructing The Village, a 24-unit development within the City of Knoxville, for low-income single mother families. The maximum stay for a family is 24 to 36 months. Is this considered transitional housing for the purpose of the RFP? Our understanding is that anything over 12 months is not considered transitional housing under HUD definitions. Would our project be eligible, or ineligible based on the HUD definition of transitional housing?
	24CFR 983.53 states that PBV assistance cannot be attached to Transitional Housing, but there is a HUD process for requesting a waiver to that regulation. For a transitional housing project that is otherwise competitive under this RFP, and which offers housing opportunities for residents of at least 2 years, KCDC would consider submitting a waiver request to HUD to waive this prohibition.
Q2	Under the "General Conditions to Suppliers" is a 501(c)3 nonprofit with under $10,000,000 combined revenue over three years and with less than 99 employees also considered a small business for the purpose of checking the "Small Business" box on page 14?
	Yes-note this question is simply for statistical tracking purposes only.
Q3	Under the "General Conditions to Suppliers" is a 501(c)3 nonprofit with 51% of its board members being women considered a woman-owned business for the purpose of checking the "Small Business" box on page 14?
	Yes-note this question is simply for statistical tracking purposes only.
Q4	If the owner is contracting with a property management firm for the management of the property is it the experience of the owners of the property management firm that is considered when completing Schedule E?
	The experience of the owner and the management of the property.
Q5	Can KCDC give any assurances in a side agreement or accompaniment to the hap contract that ensures that a recipient of project-based vouchers will not have its payment standard cut during the duration of the contract. In other words, if we entered into a contract that specified 110% of FMR, could we ensure sanctity that all units would receive 110% of FMR for the duration of the contract.
	KCDC sets the payment standards. Currently they are 101% of FMR, however KCDC could go above that percentage up to 110% depending on the project. KCDC does not expect this to happen but if there is a 10% decrease in published FMR's, KCDC would be required to reduce the contract rents. KCDC sets the contract rents at the initial contract term and once a year a landlord may ask for a rent increase if applicable.

Q6	What happens when a property that goes under a project-based Voucher contract has tenants already living there on portable Vouchers?
	If the tenant is displaced by the issuance of project based vouchers, the owner would be responsible for relocation costs under the URA. If they choose to move with a tenant based voucher they may apply and be given a tenant based voucher to move elsewhere.
Q7	Who processes a prospective tenants eligibility to receive Voucher at the property? Is that KCDC or the property itself?
	The property may maintain a waiting list but KCDC will maintain a separate PBV waiting list and make the offers to the tenants. The property owner/manager accepts or denies the tenant. KCDC does screen for eligibility which includes background checks for criminal and to be sure the applicant does not owe a housing authority money or is living in another assisted unit.
Q8	When a tenant who is lived in a unit covered by a project-based Voucher moves out, do they get any sort of priority on the portable Voucher waiting list?
	Yes, if they want to move after the first year of the lease in the PBV unit, they may apply for the tenant based voucher and will go to the top of the list for the tenant based voucher if the waiting list is open. This is only if they are in good standing with the PBV property. If they get evicted from the PBV property, they will not be eligible to go to the top of the tenant based waiting list.
Q9	A respondent to the RFP gets 100% PBV at 110% of FMR as a result of committing service delivery on an existing affordable deal. The PBV contract term is for 15 years. In year 2- the following happens: Voucher funding to KCDC from HUD is cut by 5%; Subsequent to that action from HUD- it would seem KCDC can do one of the following: • Reduce the number of vouchers they fund • Cut rents on vouchers across the board • Cut rents on all vouchers not covered by a PBV contract but leave our rent alone • Cut or eliminate rents on vouchers in place for residents at our project Which one would KCDC likely do? The reason this is important is that the debt we might be using to help promote a preservation effort on this property would be hinged on the continuance of 110%-pegged FMR PBV rents.
	KCDC will not terminate any vouchers until it has exhausted all other funding shortfall measures. The most likely course of action would involve natural attrition in the HCV program. KCDC recognizes that owners with PBV contracts are committing to an extended affordability period, and in many cases, are assuming debt in order to support new construction or major rehabilitation of existing structures - and we will take every step practical to ensure consistent rent levels throughout the term of the contract. To that end, KCDC plans to revise its Administrative policies next year to include Project Based Vouchers as one of the categories of vouchers that will not be terminated unless all other means of reduction have been exhausted.
Q10	The Restoration House is developing The Village, which will include 24 units on a single parcel of land. Currently 6 (5 for PBV) of the 24 units is complete, with tenants living in them. The other 18 (15 for PBV) are under construction with an estimated completion date of 2/1/2018. We intend to seek a PBV on 20 of the 24 units. Can we include both the 5 occupied units and the 17 under construction in the same RFP or do we need to do two separate RFPs since a portion of the units are already occupied and not under construction?

	A single proposal encompassing all units is adequate.
Q11	If a property were to hypothetically receive 100% project based vouchers due to the provision of services in conjunction with the PBV contract- and the property already had 70% of its existing units occupied by households with a portable voucher- how would this work if the 70% of the existing households didn't want to give up their portable voucher, but also did not want to move? Would the 30% of the units not covered by a voucher commence more or less immediately and then the remaining 70% of the units convert to PBV upon move out of a portable voucher holder? What if the payment standards were different based on the terms of the PBV contract vs. the portable voucher holder for a same-sized unit?
	The property would become 100% PBV. The owner would give notice to the tenant letting them know they can choose to stay with a project-based voucher (which means giving up their tenant-based voucher) or they can move with their tenant-based voucher. Landlords usually give a 60-day notice to give the tenant time to relocate if they choose. If they stay, KCDC will convert the tenant-based voucher to a project-based voucher and new leases would have to be signed for the PBV lease. **If there were tenant based voucher units in the complex that were in the first year of the lease, the units that have tenant based vouchers would not become project based until after the one year lease. If not in the first year, the owner gives the tenant notice and tenant must convert or move.** **In monetary terms, they would receive separate amounts. For the units that convert it would be the PBV amount and for the tenant based – it would be the tenant based. Once all converted, they would all convert to PBV amount.** **Everything will be the same once conversion to PBV is complete.**