



Transforming Lives & Communities

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Houston Housing Authority Board of Commissioners: LaRence Snowden, *Chair* | Kristy M. Kirkendoll, *Vice Chair*
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The Houston Housing Authority (“HHA”), has issued this Amendment No. 3 to QBS 22-05 Development Partners for the purposes of answering the following questions that were submitted to HHA in writing by the specified due date in Table A Procurement Schedule:

Question 1: On the HHA fees in Exhibit G of QBS 22-05. Exhibit G identifies a compliance fee (at least \$25,000/year) and an asset management fee (greater of either \$25,000 or 5% of gross revenues per year paid monthly). Can you kindly confirm whether these fees are separate and independent of each other, or if they are both referring to the same fee?

Answer 1: It’s only one fee, an asset management fee (greater of either \$25,000 or 5% of gross revenues per year paid monthly). This fee compliance fee is at least \$25,000 per year growing yearly by the same percentage their using to grow their income.

Question 2: HHA will accept responses to the QBS on a monthly basis (2nd Friday of each month) from June 2022 through January 2023. So today the second deadline for responses under the QBS, Friday 8/12 will be the third, Friday 9/9 will be the fourth, etc. Is that correct?

Answer 2: Yes. Note that in Amendment No. 2 it is stated that for the November submission it will be the Monday after the 2nd Friday, which is November 14.

Question 3: What are the rules around allowing the HHA a Right of First Refusal?

Answer 3: All the rules regarding the Right of First Refusal are negotiated once the Board of Commissioners has authorized the HHA’s President to negotiate an MOU. **The following rule is only a sample extracted from such an MOU with another Developer.**

A. **Disposition.**

1. *Lessee (including any successor thereto) shall have a perpetual right to market the property for sale, which shall include a termination of the Lease and Regulatory Agreements, and transfer of the fee interest in the Project to the purchaser. At all times after (i) construction completion, (ii) stabilization, (iii) closing on the permanent financing for the Project, and (iv) submission of the first Continuing Program Compliance Certificate evidencing the Project is leased in compliance with the statutory requirements, Managing Member shall have a perpetual right to market a transfer of the Company’s leasehold interest to the purchaser for sale, subject to the written consent of the Agency in the Agency’s reasonable discretion (“Agency Approval”), with the Lease and Regulatory Agreements remaining in effect (a “Leasehold Sale”). In the event that the Company receives an offer from an unrelated third party (a “Bona Fide Purchaser”) to purchase the Project or the Company’s leasehold*

interest and the offer is acceptable to the Managing Member, the Company may request a sale of the Project or the leasehold interest (“Sale Request”) by written communication to Lessor. Upon receipt of a Sale Request from the Company, Lessor will have a right of first refusal to terminate the Lease Agreement and retain the Project for a price based on the terms of the Bona Fide Purchaser’s offer. If Lessor fails to exercise its right of first refusal within thirty (30) days of receipt of the Sale Request by written notice to the Company of its intent to acquire the Project upon the terms offered by the Bona Fide Purchaser or if Lessor exercises its right of first refusal and fails to close on the transaction within ninety (90) days following delivery of its written notice to the Company, then, the Managing Member may elect that either (1) the Project shall be transferred to the Company at no cost and then sold to the Bona Fide Purchaser with all of the proceeds going to the Company and distributed in accordance with Section 1.2, the Company shall be dissolved, and all rights of first refusal in favor of the Agency or Lessor will terminate, or (2) upon Agency Approval, the Lease Agreement shall be transferred to the Bona Fide Purchaser, with all of the proceeds going to the Company and distributed in accordance with Section 1.2, the Company will be dissolved, and the Lease Agreement shall call for the Bona Fide Purchaser to make an annual lease payment to Lessor in the amount of ten percent (10%) of the savings associated with the Exemption. In the event the Agency does not approve the proposed Bona Fide Purchaser as a transferee to the Lease Agreement, the Project may be sold.

Question 4: A ROFR process can we quick, or it can take months, depending on the requirements. Can you provide a summary of what the process is to go through a ROFR with the HA?

Answer 4: Four months from presentation.

Question 5: HHA will accept responses to the QBS on a monthly basis (2nd Friday of each month) from June 2022 through January 2023. So today the second deadline for responses under the QBS, Friday 8/12 will be the third, Friday 9/9 will be the fourth, etc. Is that correct?

Answer 5: See Answer 2.

Question 6: To the extent that we have a development for which we would like to partner with HHA and have HHA serve as the bond issuer while participating in the bond lottery this fall, I would imagine that the Friday 9/9 response deadline would be the applicable deadline for such a development. Is that correct?

Answer 6: Yes.

Question 7: Is there someone who can help me understand what it is that HHA wants to do?

Answer 7: Please visit HHA’s website, doing business with the Houston Housing Development, and review Current Offerings QBS 22-05. You can access the following link:
[22-05-Development-Partners-1.pdf \(housingforhouston.com\)](https://www.housingforhouston.com/22-05-Development-Partners-1.pdf)

Question 8: Will HHA finance the development and construction of the project provided it is viable and fits the criteria?

Answer 8: No.

Question 9: So basically, you are open to any sponsor with a potential proposal?

Answer 9: Yes, with a demonstrable track record in real estate development and management.

Question 10: Is there any limit to the amount of funds you would be willing to provide under this program?

Answer 10: We don't provide any funding. Developer needs to provide their own sources of funds.

All other terms and conditions shall remain the same.

Austin Crotts 7-21-2022

Austin Y. Crotts, MA.
Interim Procurement Manager,
Houston Housing Authority



A Fair Housing and Equal Employment Opportunity Agency. For assistance: Individuals with disabilities may contact the 504/ADA Administrator at 713-260-0353, TTY 713-260-0574 or 504ADA@housingforhouston.com