



HOUSTON
HOUSING AUTHORITY

Transforming Lives & Communities

2640 Fountain View Drive, Houston, Texas 77057 | 713.260.0600 | David A. Northern, Sr., **President & CEO**
Houston Housing Authority Board of Commissioners: LaRence Snowden, *Chair* | Kristy M. Kirkendoll, *Vice Chair*
Dr. Max Miller, Jr. | Stephanie Ballard | Andrea Hillard Cooksey | Kris Thomas | Guillermo "Will" Hernandez

The Houston Housing Authority ("HHA"), has issued this Amendment No. 1 to RFP 23-11 Pinnacle on Wilcrest Development Partner for the purposes of:

1. Incorporating Exhibit F Bond Application for informational purposes only.
2. Answering the following questions that were submitted to "HHA" by the published due date:

Question 1: Do the original copies require a wet signature for each item submitted or is an e-signature sufficient?

Answer 1: E-signature is acceptable.

Question 2: Is an appraisal available for review?

Answer 2: No, an appraisal was not done for the property.

Question 3: Is the bond application available for review?

Answer 3: Yes, see Exhibit F.

Question 4: Is it possible to tour the property?

Answer 4: Yes, please contact Luis Montes De Oca – LMontesDeOca@housingforhouston.com; (281-409-9632)

Question 5: Paragraph 3.5 of Exhibit A (page 45 of the pdf) references a submission for bond cap that HHA made to TDHCA, can we have access to this submission?

Answer 5: The bond application was submitted to the Bond Review Board, see attached Exhibit F.

Question 6: Please clarify what liabilities are payable by purchaser: Developer fee (2,400,000), Guarantor loan (750,000), Note 1 (219,983), and/or Note 2 (613,478).

Answer 6: The Developer Fee has been fully paid. Any outstanding obligations will be the responsibility of the Seller.

Question 7: What is the status of the Investor limited Partner and their capital account?

Answer 7: The investor LP sold their interest to an affiliate of HHA.

Question 8: Are all outstanding capital accounts settled and obligations satisfied with outside entities?

Answer 8: Yes.

Question 9: Are there any significant deferred maintenance deficiencies, or are only moderate improvements required?

Answer 9: Only moderate improvements required.

Question 10: The 2022 financials show \$27,000 - \$50,000 in monthly Loss to Rent, representing 11 – 20% of GPR, which is higher than typical, can you explain why?

Answer 10: This is due to a substantial rent increase effective May 5, 2022. Market Rents increased up to \$137.00. Being a Senior Community, we only increased \$50.00 max per unit. This caused the variance in Loss Rent.

Question 11: Bad debt expenses are elevated since the beginning of 2022, is there an explanation for this?

Answer 11: This was due to residents receiving Texas Rent Relief (TRR) funds and TRR came back for the funds due to duplicate payments. This led to evictions and move outs with large balances owed in rent. Bad debt was also contributed to residents 'outstanding rent balances prolonged from Rent Moratorium, court delays for eviction hearings, unit abandonment, and evictions for cause as a result of non-payment of rent. We believe as other apartment owners do that Covid caused most of these anomalies.

Question 12: Can we refinance the existing debt without a prepayment penalty?

Answer 12: Yes.

Question 13: If no to question 12, what is the lock-out period and the prepayment penalty?

Answer 13: N/A

Question 14: What is the hard cost rehab amount per unit that HHA feels is adequate for the 4% bond transaction?

Answer 14: We will leave that to the Developer Partner to decide.

Question 15: Will HHA be providing a PNA or do you expect the developer to procure that upon winning the RFP?

Answer 15: We expect the Developer to obtain the PNA.

Question 16: Was the bond application 100% of units at 60% AMI or keeping the current AMI mix?

Answer 16: 100% at 60% AMI.

Question 17: What was the total bond allocation request that was made to TDHCA?

Answer 17: \$30,000,000

Question 18: Are there any specific additions/modifications to the building or amenities or other items regarding the building and tenant experience that HHA would like to have addressed as part of the rehab?

Answer 18: HHA does not have any specific needs for the property.

Question 19: Does HHA provide any social services for the building & residents?

Answer 19: This was due to residents receiving Texas Rent Relief (TRR) funds and TRR came back for the funds due to duplicate payments. This led to evictions and move outs with large balances owed in rent.

Question 20: If yest to Question 19, will HHA continue to provide these after the syndication?

Answer 20: Yes.

Answer 21: Coats Rose, P.C.

Question 22: Is the selected developer able to retain counsel for the re-syndication in addition to the other counsel?

Answer 22: Yes.

Question 23: Has the Limited Partner exited the partnership?

Answer 23: Yes.

Question 24: If no to Question 23, do they have any further rights in the partnership?

Answer 24: No.

Question 25: Has the Primary Developer exited the partnership?

Answer 25: Yes.

Question 26: If no to Question 25, do they have any further rights in the partnership?

Answer 26: No.

Question 27: Has HHA selected an architect?

Answer 27: No.

Question 28: If no to Question 27, is there an approved list or does the developer get to recommend an architect?

Answer 28: The developer can select the architect for HHA's approval.

Question 29: Is there any preference for economics to be shared with HHA in the form of an increased ground lease payment rather than developer fee or cashflow split?

Answer 29: No.

Question 30: What form would HHA like to see the financial pro forma in? The TDHCA application or a developer model?

Answer 30: We prefer the developer model in hard copy as well as an excel file.

All other terms and conditions in the solicitation shall remain the same.

Austin Crotts 2-16-2023

**Austin Y. Crotts MA
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 713-260-0547 or 504ADA@housingforhouston.com