

Melrose Commons North RFP Addendum I
RFP issue date: September 5, 2008
Addendum I issue date: October 24, 2008

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“Doing Business Data Form: Affordable Housing Transactions”

A. Corrections and Clarifications to the RFP

The following was inadvertently omitted from the RFP:

Application Fee

Each submission requires a non-refundable fee of one hundred dollars (\$100.00). This fee must be in the form of a certified check, cashier’s check or money order payable to “NYC Department of Finance”. No cash or personal checks will be accepted.

Corrections:

Page 10

The total lot area of Site B, including the Brook Avenue Road bed, is approximately 53,000 square feet. [See Attachment 2 and the response to question 28 below for more details on the dimensions of Site B.]

Page 28

The bulleted section entitled “Program Compliance and Maximum Affordability” is revised as follows:

- **Program Compliance**
Weight: 25%
Proposals will be evaluated based on how they meet and exceed the program guidelines included in Sections III.A. and III.B.
 - o Preference will be given for proposed affordability tiers above 60% of HUD Income Limits, as adjusted by household size.
 - o Preference will be given to those Proposals that minimize the use of tax-exempt bond financing.
 - o Preference will be given for affordability terms longer than 50 years.

Page 35

The section entitled “Public Financing” is revised as follows:

Public Financing

If HDC bond financing is proposed, a letter of interest from HDC is NOT required. However, a letter of interest from a credit enhancer acceptable to HDC must be provided.

Letters of interest are not required for other public sources such as DHCR or NYSERDA.

Financial Pro Formas

Revised pro formas are available for download. The following changes have been made:

Rental pro forma

- ‘Units and Income’ tab:
 - Square footage calculations have been revised.
 - The utility allowances have been updated with the 2009 New York City figures provided here:
http://www.nyhomes.org/docs/2009_nyc_utility_allowances.pdf
 - The household adjustment factor (column C: “HH factor”) for studios should be 0.6. For studios at less than 80% of HUD IL, the household adjustment factor is 0.7.
 - The annual rent and utility allowance calculations have been corrected.
- “Const Int and Neg Arb” tab:
 - Cells D39 through D41 link to B22 through B24
- “Mortgage” tab:
 - Loan calculations (I30 through K30) now include the super’s unit.
 - A “1st Loan Reduction” cell has been added, if needed.
- “Tax Credit” tab:
 - You must manually enter the number of tax credit units (cell H6).
 - You must manually enter all eligible amounts in column D. The list of eligible costs has been revised.

Homeownership pro forma

- ‘Units and Income’ tab:
 - Square footage calculations have been revised.
 - The Total Project Income calculation has been corrected.
- ‘M & O’ tab:
 - List of expenses has been revised.

B. Questions and Answers

All Sites

1. Please provide more information on the use of HOME funds and prevailing wage requirements.

Applicants should assume that all units at 60% of HUD IL or below for which HPD subsidy is assumed, will be funded with HOME funds. All HOME regulations will apply to these units including prevailing wage requirements, and low and high HOME rent distribution. 60% of HUD IL is the high HOME rent. Applicants should assume a 1% interest rate and an additional 25 basis points for construction servicing on all HOME funding.

2. Please provide clarification on income tiers and affordability.

At least 50% of all units should be affordable to households at or below 60% of HUD Income Limits, as adjusted by household size. For the remaining units, preference will be given for proposed affordability tiers above 60% of HUD Income Limits, as adjusted by household size. For the units above 60% of HUD IL, HPD has no preference on how the affordability is distributed as long as each affordability tier proposed is no less than a ten percentage point interval and assumes a reasonable marketing band.

3. Please provide clarification on the use of tax-exempt bond financing.

Given the large scale of these sites, we will preference projects that do not rely solely on tax-exempt bonds. Proposals may include tax exempt bond financing as a source, but Applicants should minimize the amount used by including additional financing sources including private and non-City sources.

4. How will HPD evaluate feasibility of proposals submitted with competitive funding sources?

HPD will look at an Applicant's past success in being awarded any competitive sources being proposed. We will also evaluate if the proposed uses conform with the sources' programmatic criteria. As explained on page 21 of the RFP, Applicants who pass the RFP Threshold Review may be required later in the RFP review process to submit alternate proposals which do not rely on competitive sources.

5. On the development experience requirement: is it 100 units of new construction or can it be rehab?

This requirement, explained on page 26 of the RFP, refers to new construction projects.

6. On page 29 of the RFP, it states that preference will be given to proposals that maximize two and three-bedroom units. Is there a minimum percentage of such units which must be met in order to be given preference?

Except in the case of senior housing, preference will be given to Proposals with 50% or more 2+ BR units. Applicants should refer to the term sheets of proposed financing sources, many of which have requirements related to unit type.

7. Is the selected developer responsible for the demolition of existing buildings on various sites?

For the purposes of the RFP proposal, Applicants should include an estimated cost for demolition of existing structures on the development sites.

8. Is HPD providing estimates of development potential (i.e. expected amounts of square footage for residential and commercial for various sites)?

No. The only square footage requirement provided is for the ACS facility on Site A. For all other components, Applicants should propose projects consistent with the zoning and program requirements described throughout the RFP.

9. Is residential development required on all the sites?

Yes. Proposals that do not include residential development will not pass the Threshold Review described on page 26 of the RFP.

10. Are these sites eligible for New York State's Brownfield Cleanup Program?

For the purpose of the RFP proposal, Applicants cannot assume that these sites are eligible for this program. The designated developers will make this determination pursuant to the findings of a Phase II environmental assessment. If Designated Developers are awarded funds from this program, proceeds will be included in overall project financing.

(**Note:** This program was erroneously listed as a potential RFP competitive source on page 21 of the RFP.)

11. Does a Green Communities application need to be submitted as part of the proposal?

No. The requirements of the Green Communities program need to be incorporated into cost estimates and design proposals, yet a formal application to the program is not required at this point.

12. Are applicants required to use Enterprise as the project's tax credit syndicator?

No. Proposals will not be given preference for selecting Enterprise Community Investment as tax credit syndicator.

13. Please provide more information on the new curve to be created on the corner of Courtlandt Avenue and East 163rd Street. Please provide more information on the curve at the intersection of Elton Avenue and East 161st Street.

Attachment 1 shows the current map from the Bronx Bureau of Topography which shows the Blocks included in the RFP. The solid line curve shown at the corner of Courtlandt Avenue and East 163rd is the curve of Site A. The dashed line shown at the intersection of Elton Avenue and East 161st Street is the existing configuration and will remain so for Site C.

14. What are the specific goals of the South Bronx Initiative?

Information on the South Bronx Initiative can be found at:

<http://www.nycedc.com/Web/AboutUs/OurProjects/CurrentProjects/SouthBronxInitiative.htm>

15. What is the status of Plaza 163, the site north of Site B?

Procida Realty and Construction is the developer for the Plaza 163 site. According to their website, they plan to build 50,000 square feet of retail space. More information can be found at:

<http://www.procidarealty.com/properties/commercial.php>

16. Does HPD know what type of retail is planned for Boricua Village?

Boricua Village is planning on having approximately 50,000 square feet of retail spread over six buildings. The retail strategy has not been finalized.

17. Please provide information about the proposed plans for Courtlandt Corners and Boricua village.

See Attachment 3.

Site A

18. Please describe the ownership status and current uses of the lots which are not part of the proposed development site.

Block 2408, lots 43 and 44 are privately owned vacant lots. The selected Developer may consider acquiring lots 43 and 44 to more effectively develop the

site. HPD is in contact with the owner and will share any relevant information with the selected Developer.

Block 2408, lots 33 and 34 are privately owned apartment buildings and will remain so in the foreseeable future.

19. Please confirm the current property use on block 2408, lots 43 through 46.

Lots 43 and 44, which are privately owned, are vacant, as is the City-owned lot 46 on the corner. In between, the City-owned lot 45 is occupied by a legal HPD tenant who will be vacated when necessary.

20. Site A yields a large number of units, but meeting parking requirements is proving difficult due to the irregular shape of the lot. If submitting for two or more sites, would HPD accept/consider increased parking on a different site to make up for reduced parking for Site A?

No, Applicants must meet parking requirements on each site.

21. What is the status of the Melrose Building Material concrete batch plant north of block 2384?

This is a privately owned site. HPD has not been in contact with the owner.

Sites B & C

22. Can you apply for Sites B and C together as one proposal?

No. Separate proposals are required for each site. One development team may submit for more than one site.

23. Why did HPD decide to separate Sites B and C instead of combining sites to allow for a larger development?

HPD decided that these sites were too large to be bid as one. From an urban design perspective, we feel that the neighborhood will benefit from a variety of developments.

24. Sites B and C: Who is responsible for paying costs related to the alterations of the City map and the reopening of East 162nd Street?

As explained on page 19 of the RFP, the Developers for Site B and C will obtain all necessary approvals and be responsible for all fees.

25. Site B: Does HPD have documentation of what infrastructure exists (sewer lines under Brook Avenue that will need to be relocated, etc)? Is the developer responsible for conducting this research and bearing costs?

HPD does not have documentation of existing infrastructure. The developer will be responsible for conducting this research and bearing necessary costs.

26. Regarding the former railroad bed running through Site B: Are there restrictions on what private developer/owner can do with the land? Could the private owner decide to resume running trains through this trench? Has HPD considered condemning Lot 23 in Site B?

Block 2384, lot 23 is a legally abandoned railroad right-of-way that runs below grade through Site B. Nearby sections of the right-of-way are being impacted by development projects, therefore train service will not resume. Lot 23 is privately owned, but the City owns the air rights starting 15' 10" from the top of the former tracks. The air rights over lot 23 are part of URA Site 61 and are part of the Development Site, allowing for decking or cantilevering over the trench. Therefore there is no need to condemn the site. The selected Developer may consider privately acquiring lot 23 to more effectively develop the site. HPD is in contact with the owner of the right-of-way and will share any relevant information with the selected Developer.

27. If the chosen developer for Site B builds over Lot 23, as opposed to buying it, what access requirements are there for the owner of the fee simple interest in Lot 23?

HPD's goal is that there will be no access requirements, but this will be determined later in the development process.

28. For Site B, my estimate of the total combined square footage is 55,000 square feet. The RFP has an estimate of 49,000 square feet. Please clarify.

The RFP was mistaken and the correct square footage for Site B is approximately 53,000 square feet. Attachment 2 gives more detail on the dimensions of Site B. The Development Site border extends along East 162nd Street approximately 20 feet west of the western edge of the former lot 43. The border extends north towards East 163rd Street parallel to the western border of lot 43. Site B's border angles to the west and this portion is parallel to the western edge of lot 23. For the purposes of the RFP proposal, Applicants should assume a distance of 15 feet between the angled portion of the Site B boundary and lot 23's western boundary. The precise measurement of this distance will be determined by the engineering needs of the project and be negotiated with the Parks department.

29. With regard to Site B, may we propose a curb cut along East 163rd Street?

While the Urban Renewal Plan states that no curb cuts will be permitted on East 163rd Street, HPD will consider amending these guidelines if required by the designs of the selected Proposals.

30. Site B: The shaded area includes a portion of Lot 20 that appears to run through the warehouse building existing on the site. Is this building to be completely demolished by the Developer even though the development site does not include the entire building?

Yes. Any structures on the RFP sites must be completely demolished. For the purposes of the RFP proposal, Applicants should include an estimated cost for demolition of existing structures.

31. Is there a time-frame for the construction of the park adjacent to Site B?

Currently, there is no start date for the park.

32. Will there be infrastructure (sewer lines, Con Ed lines and vaults) relocation requirements and costs associated with the reopening of East 162nd Street? Will these be the sole responsibility of the developer?

HPD does not have documentation of existing infrastructure. The developer will be responsible for conducting this research and bearing necessary costs.

C. Site A only: Requirements related to the early childhood education center

NOTE: The submission requirements and financing assumptions described in this section supersede any language in the RFP about the childcare facility, including the ACS Design Guidelines (Appendix H), and responses to questions on this topic given at the September 24 pre-submission conference.

Program

Applicants should set aside 10,000 square feet for a community facility to be occupied by an early childhood education center (“childcare facility”) managed by a provider approved by the New York City Administration for Children’s Services (“ACS”). Out of the required 10,000 square feet a maximum of 2,000 square feet can be located in a basement.

Preference will be given to proposals that include a minimum of 3,000 additional square feet of outdoor play space directly accessible from the facility. The play yard may be provided as one large space, or several small yards that add up to a total of 3,000 square feet. A small yard must be a minimum of 1,200 square feet. The outdoor play space should be provided on the ground level if possible, but rooftop play yards are also permitted no higher than the 5th floor.

Development Team

Applicants should not propose a childcare provider as part of their Development Team. The selection of a provider is a process that will be coordinated between ACS and the Developer designated pursuant to this RFP.

Revenue Assumptions

Applicants should assume rents of \$15 per square foot for the 10,000 square foot facility. Applicants that provide 3,000 square feet of outdoor space should assume a rent of \$8 per square foot for this space. Applicants should assume a minimum lease term of 30 years with a 2% annual escalator. The lease will be a triple net lease.

Cost estimates

Applicants must provide a cost estimate of the portion of the core and shell attributable to the childcare facility consistent with the core and shell definition provided below.

Financing

Applicants' Financing Proposals (Tab F) should incorporate all residential and commercial components, if any, of their projects and the core and shell of the childcare facility. Applicants should **NOT** finance the fit-out of the childcare center in their Financing Proposal.

Design Requirements

Proposals must provide the core and shell for the childcare facility. (See definition below). The childcare facility must meet the *Siting Considerations* described below.

Applicants should not submit a design for the fit-out of the childcare facility. The fit-out will not be evaluated as part of this RFP process. The design of the childcare facility will be coordinated between ACS and the Developer designated pursuant to this RFP.

Siting Considerations

Building Orientation

Pay attention to the surrounding context and relationships to adjacent buildings, utilities, and traffic patterns. Look for opportunities to maximize access to daylight in the childcare facility. The childcare facility should be oriented away from streets with heavy traffic. The buildings location should also help protect outdoor play space from environmental elements such as rain and wind.

Traffic and Security

Items to consider when designing for the safety of young children and families:

- Location of curb cuts and driveways should be located away from the entrance to the childcare facility
- Exterior lighting
- Security system

Entrance and Exits

The childcare facility should have only one entrance for staff, parents, children and visitors. The entrance to the childcare facility must be separate and secure from housing, commercial, service entrances, and any other building uses.

“Core and shell outline” for child care facility

The following “Core and Shell outline” for child care facility is intended only as a guide for the development team to assess a building/facility cost and submit a separate summary for the proposed facility.

Exterior Walls

- Exterior walls including exterior cladding, fenestration, doors, and roofing system (if applicable)
- Child care facilities will have more exterior doors and fenestration than a typical community space shell, and should be accounted for

Floor

- Concrete floor slabs with a smooth, troweled finish, uniformly level and designed for a live load of 100 lbs. per square foot

Structural system

- Structural frame including columns, girders, beams, and fireproofing

Demising walls

- Primary envelope demising partitions constructed of full height block (CMU)

Plumbing

- Rough-in of the following building utilities service systems separate from the Residential Space and Commercial Space and appropriate for a child care facility.
- Domestic water and plumbing system consisting of a 2” cold water supply, and vent and waste lines at location to be designated by ACS. Cold water will be supplied at street pressure (approx. 35 psig).
- Child Care Licensing regulations require 1 child size toilet and 1 hand-washing sink per every 15 children. Children’s toilet rooms should be located in, or shared between classrooms. The children’s toilets do not need to be separated according to sex.
- EACH classroom (6) will have a minimum of two sinks and two children’s toilets (12 sinks and 12 children’s toilets total). Mixing valves will be required to control water temperature at children’s sinks

Sprinkler system

- A sprinkler system sized to cover the entire Core and Shell including a 3’-0” section of hydraulically sized sprinkler main with a tee for a connection to the child care facility, from the riser serving each floor (if applicable)

Fire Alarm

- A fire alarm and communications system sized and designed for the number of speakers, strobes and pull boxes, and a warden's station with connection to a fire alarm company. The system shall have extra connection points in the data gathering panels so that ACS, at its own expense, may add additional devices, in such number as may be agreed upon by Developer and ACS.

Electrical

- Electrical service conduit and wire appropriate for child care facility of this size and brought to one point designated by agreement of Developer and ACS. Electric service shall be terminated in a disconnect switch.
- Provide GFA and emergency shut-off switch.
- Emergency power source for the child care facility in the event of a building-wide power failure, assumed loads to be further defined, with emergency power source to be readily accessible to ACS.
- Individual metering of all utilities for the child care facility

Telecommunication

- Two 3" empty conduits from the building's main telephone frame room (binding post) in the cellar to a location within the child care facility to be agreed upon by Developer and ACS.

HVAC system

- Standalone HVAC system (equipment, dunnage, piping for cooling and heating, penetration/slab openings for ductwork and exterior louvers).
- Add noise limitation (sound control) for all classrooms (6)
- Mechanical exhaust/ventilation will be required at the laundry room, mop storage areas, kitchen, and diapering and toilet areas
- HVAC system and ceiling fans should provide air circulation low down - close to the floor where children play and sleep

Fire Egress

- Fire egress stairs, as required. Direct egress to the street with short travel distance.

Elevator

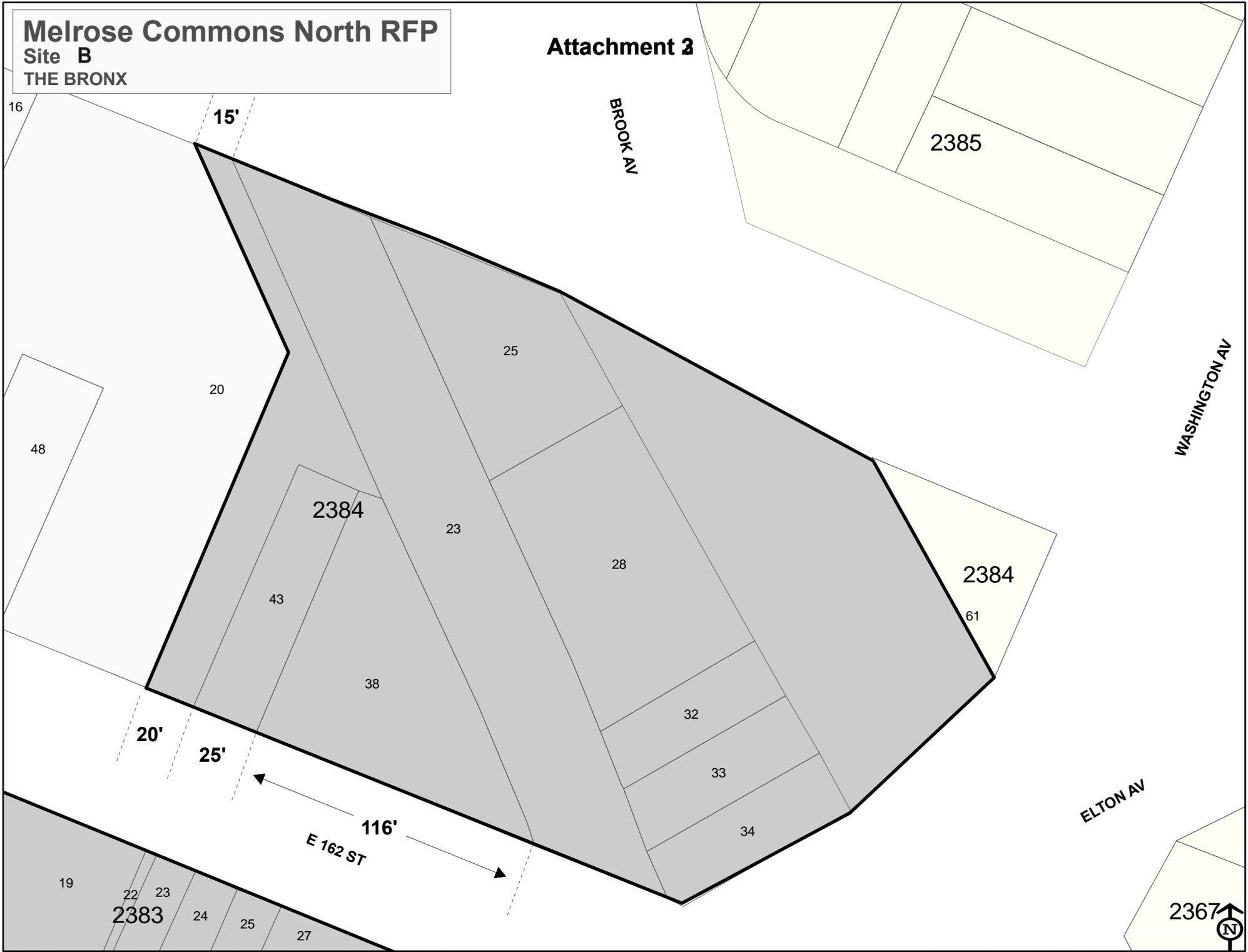
- Elevator, if RFP response proposes more than one floor for child care facilities.

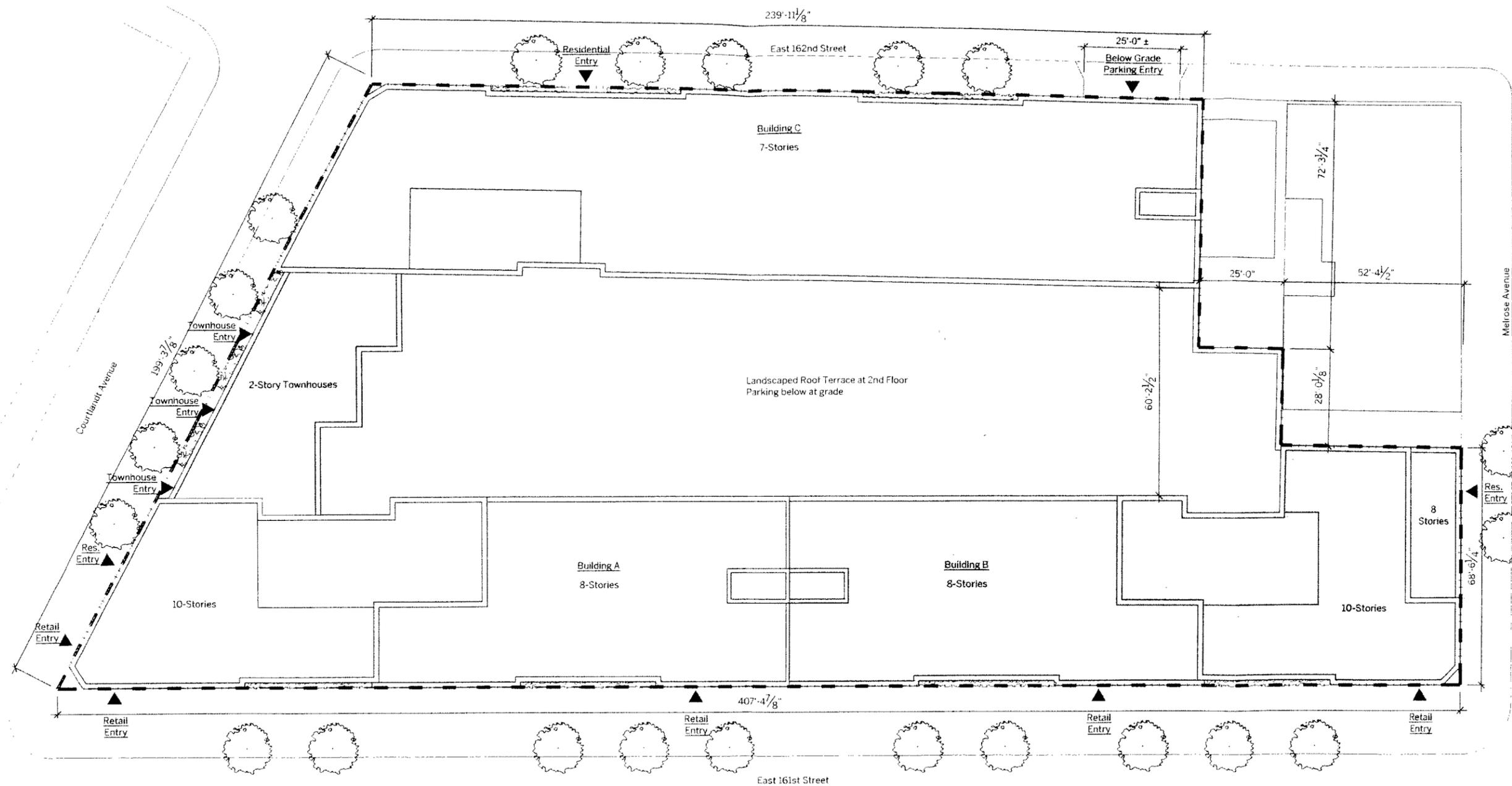
Please note:

- The child care facility will have a commercial grade kitchen to prepare meals for the children. Consider exhaust/ventilation/plumbing/electric/ gas for the kitchen, food storage, and refrigeration.

Melrose Commons North RFP
Site B
THE BRONX

Attachment 2

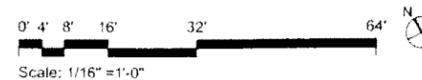




Courtlandt Corners I & II
Bronx, New York

The Phipps Houses Group
902 Broadway, 13th Floor
New York, NY 10010-6033

Courtlandt Corners II Site Plan
ULURP Submission
December 2007



A-003

Attachment 3

