

M/WBE Building Opportunity RFP Addendum 1

RFP issue date: November 24, 2015

Addendum 1 issue date: December 29, 2015

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A. Questions and Answers – Enclosed is a summary of questions and answers discussed at the pre-submission conference that took place December 11, 2015. Also included are questions and answers that were sent to the MWBE RFP email address.

A. Questions and Answers

Retail/Community Facility Program

Q1: As many of the Sites included in the RFP have commercial overlays, will development teams be scored lower if they do not propose ground floor retail or community facility space?

A1: Site planning and design are an important part of our review. HPD prefers proposals that take into consideration the neighborhood context.

Design

Q2: The RFP includes HPD Design Guidelines from 2000. When will HPD be releasing new Design Guidelines, and which guidelines will applicants for the MWBE RFP need to follow if HPD releases the new Design Guidelines prior to the submission deadline?

A2: Applicants should follow the current (year 2000) HPD Design Guidelines. Should HPD release new Guidelines prior to the submission deadline, HPD will inform developers on the Pre-Qualified List and provide instructions.

Q3: There were discussions at MWBE Developer Focus Group meetings about reducing design requirements for MWBE developers. Has there been a decision to reduce design requirements?

A3: No, design requirements will not be reduced for the MWBE Building Opportunity RFP. Please follow the instructions for Design Guidelines listed in the RFP.

Zoning

Q4: How should applicants consider the potential impact of Mandatory Inclusionary Housing (MIH) and Zoning for Quality and Affordability (ZQA)? Should applicants anticipate zoning changes before the RFP submission deadline?

A4: Applicants should only consider the existing zoning when developing their proposals.

Q5: Will the potential zoning changes (i.e. ZQA) affect parking on the sites included in the RFP, or should applicants assume the current zoning for parking?

A5: Applicants should only consider the existing zoning when developing their proposals.

Q6: Should applicants assume as-of-right zoning in their proposals, or is it possible to submit proposals that include an upzoning?

A6: Applicants should only consider the existing (as-of-right) zoning when developing their proposals.

Land Use/Environmental

Q7: Since Site E is occupied by a vacant building, has the City produced and environmental report for this site?

A7: The developer will be responsible for environmental assessments and any remediation for any of the Sites included in this RFP. Please refer to *Section V. E.* of the RFP for more details related to *Environmental Documents and Review*.

Q8: Do applicants need to prepare a Phase 1 Environmental Site Assessment for Site E?

A8: If designated as the developer for one of the six Development Sites, an applicant will need to prepare a Phase 1. A Phase 1 is not required as part of an RFP proposal.

Q9: In the case of a land assemblage, would HPD require the additional FAR contributed from the private sites to be subject to the ownership requirements of the RFP if the additional FAR is allocated to a separate commercial or community facility condo as part of the development plan?

A9: The terms of the enforcement mortgage will apply to the entirety of any assembled lot.

Q10: For development plans based on assemblage of HPD RFP sites with private sites, would HPD affordability requirements apply in full to the FAR contributed from private sites? Would residential FAR contributed from a private site also be required to be 100% affordable?

A10: Yes, HPD affordability requirements would apply to the FAR contributed from private sites. Developers should submit proposals with AMI levels that are appropriate for the neighborhood in which the Site is located. HPD expects that proposals will base AMI levels on market studies and outreach to neighborhood stakeholders. 100% affordable housing is preferable.

Q11: If a developer on the Pre-Qualified List partners with a developer that is not on the PQL who has site control of land adjacent to the Development Site, does the M/WBE developer on the Pre-Qualified List need to have a greater than 50% equity stake in the overall project? In other words, will the developer on the PQL be required to have a greater than 50% equity stake in a project that incorporates adjacent parcels that are controlled by a separate entity?

A11: The MWBE developer on the Pre-Qualified List should have a majority ownership (percent interest) in the development project.

Q12: If an applicant is doing a land assembly involving parcels adjacent to the Development Site, what sort of timeline can the developer provide to adjacent property owners with regard to a contract?

A12: HPD anticipates that the review process will take longer than 6 months. There are a substantial number of sites included in this RFP, so we cannot provide an exact timeline for the review process. Applicants should structure their proposals accordingly.

Q13: Is the building on Site E expected to be demolished?

A13: Yes, the developer is responsible for the demolition of the vacant building on Site E.

Q14: For Site A, is there an easement on the site? It appears that a portion of the site is fenced off and there is a gate for egress.

A14: HPD is not aware of any easements on Site A.

RFP Evaluation Process/Criteria

Q15: For MWBE developers on the Pre-Qualified List, is there a dis-incentive to apply for multiple sites?

A15: There is no dis-incentive to submit proposals for multiple sites. Each proposal will be evaluated separately. If a development team is submitting proposals for multiple sites and prefers one over the other(s), they should indicate this preference.

Q16: Should there be a separate proposal for each Development Site?

A16: Yes. Developers on the Pre-Qualified List that are interested in multiple Sites will need to submit a separate proposal for each site. Each proposal should include all components outlined in the RFP.

Q17: Is there an advantage to partnering with another developer on the Pre-Qualified List?

A17: There is no additional benefit for a member of the Pre-Qualified list to partner with another developer on the PQL. As long as a development team meets the requirements necessary to submit a proposal, HPD will be evaluating the content of the proposal.

Q18: How will HPD take into consideration the current goals of this RFP to provide opportunity and build capacity among MWBE developers? Are larger firms most likely to win the larger Sites, and will smaller firms most likely win the smaller sites? Should developers on the PQL strategize in this regard, or will HPD be willing to select small developers for larger Development Sites?

A18: HPD will evaluate proposals and designate developers based on the criteria described in the RFP.

Q19: Why is there an option to partner with a developer outside of MWBE Pre-Qualified list? Is the intent to grow the capacity of MWBEs? Wouldn't it be more consistent with the goals of HPD's Building Opportunity program to limit the selection to developers on the Pre-Qualified List?

A19: We require that an MWBE developer on the Pre-Qualified List have a majority ownership (percent interest) in the development project. We received feedback during focus groups with MWBE developers that firms wanted the opportunity to partner with a private developers outside of the Pre-Qualified List. There is no requirement for developers on the PQL to partner with outside developers.

Q20: How long after the submission deadline will the Sites be awarded to developers?

A20: While we cannot provide an exact timetable, the review process will take longer than six months due to the many Sites included in this RFP.

Q21: Can applicants be awarded more than one site?

A21: Yes.

Q22: Will the Sites have to go through ULURP?

A22: Yes. All Sites will need to go through the ULURP process.

Q23: Will all of the Sites be awarded at the same time?

A23: HPD anticipates designating a developer for each of the six sites at the same time.

Q24: Some of the Sites included in the RFP may be able to sustain higher AMI levels. Is there a preference for certain AMI levels at particular Sites?

A24: Developers should submit proposals with AMI levels that are appropriate for the neighborhood in which the Site is located. HPD expects that proposals will base AMI levels on market studies and outreach to neighborhood stakeholders. 100% affordable housing is preferable.

Q25: Will HPD prioritize the MWBE RFP in the subsidy pipeline?

A25: Yes, subsidy is already earmarked for the RFP.

Q26: Will HPD be answering questions on a continuous basis prior to the RFP submission deadline?

A26: HPD will accept and respond to questions about the MWBE RFP until February 9th. Addenda will be released accordingly.

Q27: Can HPD provide the PowerPoint presentation from the Pre-Submission Conference?

A27: We will not be providing the PowerPoint presentation. However, all content from the presentation is available in the MWBE RFP document.

Finance

Q28: According to Page 8 of the RFP, the developer is responsible for the difference between the cash portion of the purchase price paid at closing and the appraised value of the development site. What happens with the enforcement note? What are the guidelines for the purchase price of the properties included in the RFP?

A28: Each Site is expected to be conveyed to the selected Developer for a nominal price of \$1.00 per tax lot. In addition, the Developer will deliver an enforcement note and mortgage in the amount equal to the appraised value of the land, which may be payable at maturity. HPD structures enforcement mortgages for 30 years paid at the end of the term, which may be forgivable depending on extended affordability.

Q29: What is the enforcement mortgage?

A29: The Developer will deliver an enforcement note and mortgage in the amount equal to the appraised value of the land, which may be payable at maturity at the end of 30 years.

Q30: Is there an expectation that HDC will participate in this RFP?

A30: Yes, HDC can provide financing if it makes sense for one of the projects included in this RFP to be a bond deal. It is important to note that a project needs to produce over 60 units to qualify for a bond transaction, and there are additional costs associated with bond issuance. Applicants should refer to HDC Term Sheets for guidance.

Other

Q31: Does HPD have other active RFPs that non-MWBE developers can apply for?

Q31: Please visit the HPD website for more details about current RFPs and RFQs -

<http://www1.nyc.gov/site/hpd/developers/rfp-rfq-rfo.page>

Q32: Will HPD release additional RFPs for MWBE developers in the future?

A32: HPD is committed to building opportunity among MWBE developers, but we cannot speak to future MWBE RFPs at this time.

Q33: Will HPD consider proposals that are based on senior housing? If senior housing is acceptable, would such proposal be required to have a minimum of 15% three-bedroom units and a maximum of 15% studio units?

A33: Financing for Senior Housing is available through the Senior Affordable Rental Program (SARA). The term sheet specifies that projects may include studios and 1 bedroom units. Unit mix requirements for other HPD programs would not apply in this case. Please note, all proposals must include a non-competitive financing scenario. Additionally, as indicated in the SARA term sheet, a 50-unit minimum is preferred for any development project seeking financing. Below is a link to the SARA term sheet:

http://www1.nyc.gov/assets/hpd/downloads/pdf/developers/term-sheets/SNH_SARA_Term_Sheet.pdf

Q34: Does the RFP allow a non-MWBE developer to partner with an MWBE developer, as long as the MWBE developer has the majority stake in the project?

A34: Yes. An MWBE developer who is on the Pre-Qualified list may partner with a non-MWBE developer, as long as the developer on the PQL has a majority ownership (percent interest) in the development project.

Q35: What are the ownership requirements if a developer on the Pre-Qualified List partners with an MWBE developer that is not on the PQL?

A35: If a member of the Pre-Qualified List partners with a developer not on the PQL, even if the partner is an MWBE, the PQL developer must maintain a majority ownership (percent interest) in the development project.

B. Contact Information – Contact Information is provided for those individuals who attended the pre-submission conference and indicated that they are willing to share their contact information.

Sign-In Sheet/RSVP List
MWBE Building Opportunity RFP Pre-Submission Conference

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