

NIHOP and NCP RFQ Addendum 2
RFQ issue date: December 12, 2014
Addendum 2 issue date: January 26, 2015

Contents of the Addendum

A. Questions and Answers – Enclosed is a summary of questions and answers discussed at the pre-submission conference that took place January 9, 2015. Also included are questions and answers that were sent to the NIHOP & NCP email address.

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.

A. Questions and Answers

Sites

Q1. Why did the number of sites increase so much since the release of the RFQ?

A. Addendum 1 included all of the individual blocks and lots, whereas the count from the original Appendix A reflected development assemblages, which may have included more than one lot.

Q2. Do any of the sites have community gardens or other uses on them?

A. Some of the sites have interim use/uses on them, including Green Thumb Interim Gardens. There are two types of gardens: One type of garden is under the jurisdiction of the Parks Department. Parks Department gardens are permanent gardens. None of the RFQ sites include a permanent garden. The second type of garden is under HPD's jurisdiction and this is a Green Thumb Interim Garden. These sites are intended for housing development, but gardeners are permitted to use them in the interim. Gardeners signed an agreement to that effect and were aware that those sites would be developed in the future.

Q3. Are all of the sites in the RFQ publicly owned?

A. Yes.

Q4. Are there environmental issues with the sites?

A. It is the selected developer's responsibility to do all necessary environmental investigation and, if warranted, testing and remediation.

Q5. Are any of the sites a brownfield?

A. HPD is not aware of any of the sites being a brownfield.

Q6. I would like to inquire about certain sites in the RFQ.

A. In general, Applicants should rely on the information provided in Appendix A and Addendum 1 for the Qualifications submission. Qualifications must be submitted for all of the NIHOP or NCP sites included in the RFQ Neighborhood/Area for which you are applying. Keep in mind that you are not submitting site-specific information at this stage of the RFQ.

RFQ Neighborhoods

Q1. Why are all of the HPD lots listed in low income communities? Or are there just not any HPD lots in wealthy communities?

A. The RFQ includes lots in city-ownership that are of a size and zoning that is consistent with the programming of NIHOP or NCP. Additionally, for NIHOP, sites were only included if there were enough to cluster the sites, which makes a project financially feasible.

Q2. Please explain the Neighborhoods/Areas

A. Applicants should use Appendix A and the revised list of Neighborhoods/Areas included in Addendum 1 to identify the Neighborhood(s)/Area(s) and program (NIHOP or NCP or both) for which they wish to apply. Identification of that Neighborhood/Area in the Qualifications submission indicates a desire to develop all of the sites in that Neighborhood/Area and of that program type.

Q3. On the original RFQ the sites are listed in clusters, do we have to apply for ALL the sites within a cluster?

A. Qualifications submissions are for all of the sites within a cluster (RFQ Neighborhood/Area).

Information from the Pre-Submission Conference Presentation

Q1. I would like to know if there is a power point presentation for the info session held last week as I was unable to attend.

A. The PowerPoint presentation will not be distributed. All the Questions and Answers from the sessions are included in this addendum.

Development Team/Partnerships

Q1. Do you have a list of the people/companies at the pre-submission conference on January 9th?

A. In this addendum (Addendum 2), contact information is provided for those individuals who attended the pre-submission conference and indicated that they are willing to share their contact information.

Q2. Can Sponsors apply in multiple applications as both a joint venture and individual entities?

A. You are welcome to submit qualifications as a joint venture or individual entity. The number of submissions you make should be based on whether the Development Team structure changes. In other words, if the

Development Team structure is the same, it should be one submission, but you may indicate different neighborhoods. If the Development Team structure changes, you should submit a separate qualification package.

Q3. I see the RFQ mentions that we need to include a JV agreement and an Org chart. Can you please clarify how detail this JV agreement has to be structured? Also, is an Org chart a requirement?

A. Developers are not required to have a joint venture agreement. Submissions must include an organizational chart and a staffing plan.

Q4. Can developers reach out to the service providers in the room today?

A. Yes, if you've signed in and selected to have your contact information shared, that information will be included in Addendum 2.

Q5. Does the General Contract need to be licensed?

A. Yes.

Q6. Will a special inspections firm will be required on the developer's team?

A. No, that is not a required part of the team. Please review Section II "Definitions," in the RFQ.

Q7. In the Management Questionnaire, it references staff needing to have the following certifications: RAM or IREM certification, tax credit certification, commercial real estate broker's license, etc. If board members have this experience, particularly a commercial real estate broker's license, can this be included?

A. Applicants may submit this information, but it is not required at this stage of the process.

Q8. It seems that more seasoned developers have an advantage over newer developers?

A. The goal of the RFQ is to develop affordable housing, so the ability to finance, development experience for projects of this size and type in general, and successful development experience in the RFQ neighborhood in particular (as indicated by previously acquired letters of support) are the primary qualifications. If you do not have experience, you may want to consider partnering with a team that does.

Submission Information

Q1. How many financial support letters do developers need to provide in the initial qualifications submission?

A. It's not a set quantity, but we would like to see that you have worked with a lender before and that lender is willing to finance a project of the type/scope you are applying for in the RFQ. As indicated in Section V, Subsection I of the RFQ:

“Applicant should attach letters of reference from banks, syndicators, or investors with whom the Applicant has worked in the past five years that will speak to the Applicant's successful development experience with similar projects and appropriateness to work on a project of the type requested as well as the lenders willingness to lend for a project of the type (NIHOP or NCP or both) requested in the submission.”

Q2. What does HPD mean by a community support letter?

A. This is a letter from a Community Board or Councilmember or other representative body in the neighborhood that speaks to the quality of a development project completed in the neighborhood. If you do not have that, but have another type of letter of support, you should submit what you have. Just a reminder, the letter must have been received prior to the release of the RFQ. HPD will not evaluate letters received after the RFQ release.

Q3. Is FS only a PFS (Personal) or business, or both?

A. The Qualifications package should include both. Personal financial statements are for the Principals only.

Q4. Are we printing out excel sheets or emailing for submission?

A. Please follow the submission guidelines in the RFQ. They can be found in Section V. Submission Requirements and Qualification Process.

Q5. Is it true that we must have a not-for profit listed to rent/sell units?

A. No, Development Teams are not required to have a not-for profit member as an initial member of the Team to rent/sell the units.

Q6. Is it true that we need a licensed real estate agent listed in our package? Does agent have to specialize in affordable housing?

A. No, Development Teams are not required to have a real estate agent listed in the Qualifications package.

Q7. When should a developer indicate NYSERDA funding?

A. Information on NYSERDA funding may be included if/when the Development Team is asked to submit a proposal for specific sites.

Design

Q1. There are new New Construction standards where there is a 3-bedroom requirement. Would that apply here?

A. There is no unit distribution requirement in this NIHOP/NCP RFQ. Please review the term sheets.

RFQ Proposals for Competitive Qualified Sponsors

Q1. Once HPD pick the developers for this RFQ, how much time will the teams have to assemble the rest of the information (ie, architectural plans etc) when HPD ask for additional material?

A. Teams will be given adequate time to produce the additional information.

Financing

Q1. What is the equity requirement for the NIHOP and NCP programs? What developer fee would sponsors be eligible for?

A. Equity Requirement: For NIHOP and NCP, there is an equity requirement of at least 10% of the total development cost (TDC).

A. Developer Fee: For NIHOP, the Term Sheet states:

“The total developer fee should not exceed 10% of the total development costs excluding the developer fee and subordinate land value and be fully deferred at construction loan closing. Consultant fees should be paid from the developer fee.”

For NCP, the Term Sheet states:

“A developer’s fee is only allowed when tax credits are used or funds are combined with other public subsidy programs allowing such fees. As described in the HPD Low Income Housing Tax Credit Qualified Action Plan (QAP), total developer fee is not to exceed 15% of improvement costs (excluding developer fee, reserves, and syndication and partnership expenses) and 10% of acquisition costs for tax credit projects. The total fee should be fully deferred at construction loan closing. The fee payable

at conversion shall not be greater than 50% of the total developer fee. Consultant fees should be paid from the developer fee.”

Q2. After sales of units/homes to eligible purchasers, how are the proceeds distributed to the sponsor? If the conventional lender is paid off, are proceeds then used to pay down HPD debt (e.g. – an enforcement mortgage)?

A. At the sale of the homes (end loan closings), an enforcement note and mortgage are executed and recorded against the home(s) to secure pro rata amount of the land debt and city and state subsidies made available to the project. The sales proceeds are used to pay off the construction loan and other approved project costs including the developer's fee and equity contribution. The developer's fee under NIHOP is capped and cannot exceed 10% of total projects costs. Additional sales proceeds are generally returned to the city or used to fund approved unbudgeted project costs.

Q3. What are expectations for 9% tax credits or with other less competitive financing sources?

A. HPD expects a range of projects with different affordability based on neighborhood needs. Projects proposing competitive financing must also provide a non-competitive scenario.

Q4. For program financing, should there be forward committed financing?

A. Yes.

Q5. Is self-financing acceptable?

A. Yes. There must be clear evidence of ability to finance.

Q6. The NCP program term sheet lists maximum AMI levels of 165% AMI. Are there any lower AMI levels or AMI tiers accommodated through this program?

A. Term sheets identify the maximum AMI level. The proposed AMI tiers should be within term sheets requirements and reflect the AMI of the population living in that area, as indicated by market comparables.

Q7. For NCP, will there be a preference for projects that will include one third of its units that target 80% AMI?

A. No. It is up to the developer to propose the affordability levels, but HPD is looking for affordability levels that are consistent with the neighborhood.

Q8. For NIHOP, are there affordability restrictions for both renters and homeowners?

A. Yes. For homeowners, the homes must be affordable to households earning up to 130% of AMI, but preference is given to projects in which one third of the units are affordable to homeowners earning 80-90% AMI. For renters, projects may have rental units affordable to renters earning up to 165% of AMI, but for those pursuing State (AHC) financing, other AMI restrictions may apply.

Q9. What kind of affordability is HPD is looking for?

A. Term sheets identify the maximum AMI level. The proposed AMI tiers should be within term sheets requirements and reflect the AMI of the population living in that area, as indicated by market comparables.

Q10. Is there a specific formula for affordability in terms of sales of NIHOP units? We know the AMI figures, but what type of assumptions can we make about mortgages, down payments and the like?

A. Those Development Teams that are asked to submit a Proposal for specific sites will be provided with a pro-forma, which indicates assumptions. This information should not be included in the initial qualifications submission.

Q11. Will the sites be sold for the nominal value of \$1 per lot?

A. Yes.

Q12. Please speak to the private sites eligibility and the purchase price for those?

A. This is an RFQ for City-owned sites only. While there are term sheets for the NIHOP and NCP programs that apply to privately owned sites, this is geared towards the City-owned sites only. Please refer to the term sheets.

Q13. When do developers have to provide the conceptual breakdown of affordability?

A. Those Development Teams that are asked to submit a Proposal for specific sites will be provided with a pro-forma and the Development Team will use that format to indicate the affordability breakdown. In Tab B of the initial Qualifications submission, however, Applicants may discuss their approach to developing affordable housing in the Neighborhood/Area for which they are applying.

Q14. What is the preference for financing of the NCP sites?

A. This is flexible. Based on the needs of the neighborhood, a Development Team can propose a low-income project or a moderate or middle-income project.

Q15. Are the NCP units rent stabilized?

A. Yes.

Q16. Is there an opportunity to propose a co-op project for NCP?

A. No, this is a rental program.

Q17. I am uncertain about the benefit of a developer signing up for these projects. If we develop these city owned sites – do we get ownership of them at the end of the project? When seeking financing, will our lender be able to place a lien and note against the property? What is the lender’s security if we do not own the property?

A. On all sites, the designated Developer will take title to the property prior to constructing the project and will be responsible for developing the sites as affordable housing. The construction/permanent lender would have a first lien on the property and HPD subsidy would be subordinate.

Marketing

Q1. Do the homeowners have to income-qualify the renters?

A. No, HPD anticipates that the developer will assist the homeowner to rent up under marketing guidelines; however, HPD will provide additional information on this process to those selected to develop sites.

Q2. Is there a 50% community preference for the rental units?

A. Yes. This will follow the HPD/HDC marketing guidelines.

Program

Q1. Is there a priority for special needs housing? And what are marketing requirements?

A. There is no preference for supportive housing. All units will go through standard HPD/HDC marketing, which includes a 5% mobility impairment preference and a 2% visual and hearing impairment preference.

Evaluation of Qualifications

Q1. Will the RFQ award points specifically for non-profit applicants? Are non-profit applicants prioritized in any way?

A. Points will not be awarded specifically for being a nonprofit. The RFQ evaluates neighborhood experience. Nonprofits should emphasize their experience in the RFQ Neighborhood for which they are applying in Tab B – Neighborhood Preference(s).

Q2. How are the different categories weighed?

A. They are weighted equally for establishing a list of Qualified Sponsors.

Q3. Will you share the scoring criteria for the RFQ?

A. Evaluation categories are listed in the RFQ. HPD will not provide additional information on scoring.

Q4. For local experience should we include all local experience in developing affordable housing, marketing small homes and rental units, counseling and packaging mortgages for home buyers, providing social services to tenants?

A. Yes, all relevant experience should be included. This information may be included. Please see Tabs B, C, and D in Section V. Submission Requirements and Qualifications, Subsection I. Contents of Qualifications and Tabbing of the RFQ.

Q5. Will HPD keep these applications for other programs?

A. At this point, HPD intends to evaluate these applications for this RFQ only; however, HPD reserves the right to consider the qualifications and sites for other types of programming at its discretion.

Designation

Q1. What is the timetable for developer designation?

A. HPD anticipates establishing a Qualified Sponsors List by spring/early summer of this year, but that timetable is dependent on the number of qualified applications we receive through the RFQ process.

Q2. Is it possible a developer to be selected for multiple sites/clusters?

A. Yes, developers apply for one or more RFQ Neighborhood(s)Area(s) and are not limited to selection for one neighborhood/Area. Selection will be based on qualifications, including the ability to finance the project.

Approvals

Q1. Do these sites require City approvals?

A. It varies from site to site. In most cases, projects will need approval from the Council and the Mayor's Office of Contract Services. For projects that include buildings with more than four units, ULURP will be required.

B. Contact Information

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