

Request for Qualifications

Real Estate Developer

Cleveland, TN Housing Authority

Issue Date: December 17, 2019

Response Date: 10:00 AM on Tuesday, February 4, 2020

Pre-Submission Conference: Tuesday, January 21, 2020

**10:00 AM at the Housing Authority's Office
Cleveland Housing Authority
450 Walker Street, NE
Cleveland, TN 37311
423-479-9659**

**Contact: Paul A. Dellinger
Executive Director
paul@clevelandhousingauthority.org
423-479-9659**

INTRODUCTION

The Cleveland Housing Authority (CHA) is seeking a company, firm or consulting team to help them re-develop and/or renovate part or all of their public housing stock under HUD's RAD program in a multi-phase program. The CHA is seeking a long term partnership with an entity to assist it accomplish this conversion. In addition, there may be additional development opportunities that CHA will want its developer partner to assist with after the RAD conversion has been completed.

The CHA has one public housing AMP covering 420 units located in five developments (however, there are 14 individual sites):

Development	Zero	One	Two	Three	Four	Five	Total
Unnamed – 01		26	56	38	8	2	130
Mose Hardwick – 02		4	8	5	2	1	20
Samuel Melton – 03a	20	31	31	17	5	2	106
Cooper Elderly – 03b	52	28					80
Unnamed – 04		8	26	12	3	1	50
Unnamed – 05			28	6			34
Total	72	97	149	78	18	6	420

It is anticipated that the relationship between CHA and the entity selected under this procurement will be a positive and beneficial one. CHA intends to enter into an agreement with the Developer for redevelopment of possibly the entire 196 units of public housing. The extent of the redevelopment effort is to be determined by a master plan to be developed by the Developer and approved by the CHA Board of Commissioners. CHA and the Developer may mutually agree to expand the scope of services under this procurement on a project by project basis for a period of up to five years from the date on which the Developer is selected. Any projects begun within this timeframe shall be completed under this solicitation unless otherwise mutually agreed in writing by both CHA and the Developer.

The CHA is a progressive, future-oriented housing authority that wants to utilize all its resources and capabilities to provide the best quality affordable housing for Cleveland's low-income citizens. We envision this solicitation as the first step down a long road that will begin with a master plan for CHA's existing public housing properties.

The entity selected will be responsible for the majority of the development work, with involvement and assistance from CHA. CHA will have the final decision on the development plan including design, site plan, and unit mix and income levels served. CHA will have absolute veto power in the case of a disagreement over the development concept.

Services provided by the Developer and/or its team members would include the following among other services:

- Master re-development planning for our public housing inventory
- Suggested phasing for the project
- Obtaining all permits, approvals and environmental clearances
- Architecture and engineering

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Cleveland Housing Authority

- Arranging financing and providing limited guarantees
- Site preparation (not including relocation associated with vacating buildings to be demolished)
- Providing all information needed for HUD submissions
- Infrastructure
- Construction
- Assisting CHA staff in developing capacity in the development and mixed-finance arenas and managing tax credit apartments.

The CHA will provide the following, among other services:

- The land for the development
- Non-profit status to a tax credit application, if desired
- Interface with HUD and local community
- RAD contract rent for the renovated units
- Limited construction funds are a possibility
- Excellent local contacts to assist with obtaining permits and approvals
- Property management for the redeveloped units

Submit an original and four copies of a proposal in response to this Request for Qualifications to:

Mr. Paul A. Dellinger, Executive Director
Cleveland Housing Authority
450 Walker Street, NE
Cleveland, TN 37311
423-479-9659
paul@clevelandhousing.org

Faxed and/or Emailed copies of responses are not acceptable. Paper submissions are required.

The response shall be due no later than 10:00 AM on Tuesday, February 4, 2020.

BACKGROUND

The CHA is the housing authority for Cleveland, conveniently located on I-75 between Chattanooga and Knoxville in Tennessee. As the agency approaches 70 years old, it wants to re-invent itself in order to survive and thrive for another 70 years. It believes that this can best be accomplished through RAD. CHA views this Request for Qualifications as the next step on a long journey to modernize its current properties, stabilize its funding base, possibly develop new sites, and move firmly into the 21st Century. CHA hopes this action will lead to a long term relationship with a quality affordable housing developer to help realize its vision. CHA is firmly committed to enhancing its real estate and simultaneously, reducing its financial dependence on HUD.

The CHA has approximately 12 employees, an operating budget of approximately \$2.4 million for our public housing program and \$900,000 in Capital Grant Funds each year. It has a total of approximately 208 vouchers with none being project-based.

CHA has had no experience in Low-Income Housing Tax Credits and/or other contemporary affordable housing financing programs. A third-party developer is needed to assist us with a master plan, applying for low income housing tax credits and other financing, developing the project and providing limited guarantees associated with a tax credit development. The Developer will help CHA's staff gain experience in the LITHC program and its practical implementation.

CHA has already been accepted in the RAD program and the CHAP is available to respondents to this RFQ upon request. CHA has also engaged Dominion Due Diligence to prepare the Comprehensive Needs Assessment and the environmental submissions required by HUD. All of these documents are available upon request. Based upon the reports CHA has already received, we believe that the work required can be accomplished with a combination of existing CHA resources and 4% bonds, but clearly we will defer to the judgement of our developer partner and the requirements of the approved Master Plan yet to be developed.

SUBMISSION REQUIREMENTS

Cover Letter

Provide a cover letter that identifies the primary contact person for the Respondent, lists all firms that are a part of the Respondent's development team (which should include, at a minimum, architect), and briefly summarizes experience with affordable housing development, HUD programs and RAD. The letter must be signed by an authorized principal of the Respondent and include a statement that the submittal will remain valid for not less than 90 days.

Experience/Expertise of Developer

Provide a firm overview of the Respondent and development team and describe its experience with similar projects. Identify the individual that would serve as project manager and describe his or her specific qualifications and experience with projects of similar scope and size and with RAD. The project manager is integral to the proposal and may not be replaced without prior written approval of CHA. In the event of a joint venture between multiple developers and/or consultants, provide information on each firm, indicate past experience working together, if any, and describe the respective role each firm would play in this project.

In your response, please provide the following information:

- The location of the Respondent's principal office and the office from which services will be provided, if different than the principal office;
- A brief history of the firm, including the year it was founded;
- The size of the firm in number of offices and employees providing development services;
- Summary of the number of rental housing units and, if applicable, homeownership units, developed by the firm, including a breakdown between affordable and market rate, and a listing of the developments that includes the name of each development, owner, the number of units, unit breakdown by bedroom and affordability, the cost of the project, the city, year of completion, current status and developer's role. Include all sites that contain public housing units;
- Summary of the units assisted by the firm to convert to Section 8 PBRA under RAD and a listing of the developments that includes the name of each development, the number of units, the city, and the year of completion;
- The geographic range of the firm's work;
- Description of the financial strength of the firm, and provide the most recent audited financial statements if willing to disclose them (Financial information will remain confidential.);
- Description of the firm's experience applying for and integrating different subsidies such as low-income housing tax credits, tax-exempt bonds, HOME, CDBG, AHP, etc.;
- Description of your firm's and team members' experience with Low-Income Housing Tax Credits and particularly with Tennessee's affordable housing programs;
- A list of other current Tennessee clients who may be competing with CHA for tax credits;

- Any experience working for, or with, public housing authorities, especially with the public housing program;
- The extent the firm has been engaged in the Enterprise Green Community, LEED, Earthcraft, or other extraordinary energy efficiency and sustainability issues. Describe prior successes;
- Resumes for the project manager and any other key staff;
- At least three applicable references from lenders, tax credit investors, clients, etc.; and
- Whether the firm has ever been terminated from a contract, been involved in a development related lawsuit or sanctioned by a governmental entity and if so, describe the circumstances and outcome.

Experience of Development Team Members – Architecture & Engineering

For team members not directly employed by the Respondent (such as third-party architects, land planners, etc.) provide an overview of each firm and describe its experience on similar projects.

In your response, provide the following information:

- Description of the extent to which the developer has worked with each firm before;
- A brief history of the firm, including the year it was founded;
- The individual who would be primarily responsible for each firm's work on the CHA project. Describe his or her specific qualifications and experience with projects of similar scope and size, and provide at least three references;
- Description of similar projects for which each firm has provided comparable services in the past;
- The geographic range of the firm's work, and highlight any experience in Tennessee;
- The extent the firm has been engaged in LEED, Earthcraft, or other extraordinary energy efficiency and sustainability issues (include prior successes);
- Any experience working for, or with, public housing authorities;
- Resumes for the key staff of land user planner, architect, engineer, etc.;
- At least two applicable references for the firm; and

- Whether the firm has ever been terminated from a contract or been involved in a development related lawsuit, and if so, describe the circumstances and outcome.

Experience of Development Team Members – Financing and Legal

For team members not directly employed by the Respondent (such as third-party attorneys and financial consultants) provide an overview of each firm and describe its experience on similar projects. In your response, provide the following information:

- The extent to which the developer has worked with each firm before;
- A brief history of the firm, including the year it was founded;
- The individual who would be primarily responsible for each firm's work on the New Development including his or her specific qualifications and experience with projects of similar scope and size, and provide at least three references;
- Similar projects for which each firm has provided comparable services in the past;
- The geographic range of the firm's work, and highlight any experience in Tennessee;
- The firm's experience applying for and integrating different subsidies such as low-income housing tax credits, tax-exempt bonds, HOME, CDBG, AHP, etc. Be sure to include experience related to all subsidies anticipated in your preliminary financing plan;
- A rough schedule for the proposed project, including the timing of the completion of a draft of the Master Plan, funding applications, site preparation, and start and end dates for construction;
- Propose methods to fill any financing gap(s);
- Any experience working for, or with, public housing authorities;
- Resumes for the accountants, financial advisors, attorneys, and any other key staff;
- At least two applicable references for each third party entity; and
- Whether the firm has ever been terminated from a contract, been involved in a development related lawsuit or sanctioned by a governmental entity and if so, describe the circumstances and outcome.

Business Terms

CHA intends to participate in development and operating decisions related to the project. CHA hopes to achieve two objectives through this procurement.

1. We are seeking financial advice and development assistance on how to best accomplish its objective of best preparing its 420 apartments for the future – the requested Master Plan.
2. CHA will ask the Developer to take the lead, with CHA assistance and approval, of implementing the Master Plan in any cases where outside financing is required. CHA can handle those portions of the Master Plan that do not require outside funding.

With these objectives in mind, Respondents must address each of the following issues in their submittal:

- A. The Respondent will describe how CHA may participate in the fee structure and cash flow and gain development and management experience and capacity to develop their entrepreneurial activities and asset-based property management activity.
- B. The Respondent will describe how CHA can acquire the property after expiration of the initial 15-year tax credit compliance period.
- C. The Respondent's expectations for fees, and/or sales profits, or other compensation on rental unit development, and/or homeownership unit development, rental property management, and any other services. Describe both the calculation basis of any fees (e.g. if there is a development fee expressed as a percentage, indicate to which specific things the percentage would be applied) and the expectations for timing of payments.
- D. Address willingness to perform duties on a fee only basis (preferred methodology.) If financial participation is required, describe expectations.
- E. Provide breakdown of fees and costs by developer fee, contractor's profit and management fee.

Final fees will be negotiated subject to the mutual best interests of the Cleveland Housing Authority and the successful Respondent.

Final Instructions for Submission

Responders shall submit an original and four copies of its written proposal to include a cover letter. The proposal shall indicate the responder's capability to proceed in a timely manner and its ability to provide the necessary services that will comply with all the requirements. The proposal shall

clearly define how the responder achieves the intended performance under the five evaluation criteria.

PROPOSAL REVIEW PROCESS

The CHA will rate and rank all proposals received by the deadline set forth in this RFQ according to the evaluation criteria established herein. Responders may be asked to participate in a telephone or personal interview if they are among the top-rated respondents. Top respondents may be asked to give CHA personnel a tour of some of its properties. If the CHA cannot successfully negotiate a contract with the top-rated entity, the next ranked entity shall be selected.

CHA reserves the right to reject any and all submissions, to waive informalities and minor irregularities in submissions received, and to accept any submission deemed to be in its best interest.

A pre-submission conference will be held at CHA's office on Tuesday, January 21, 2020 at 10 AM. This will give potential respondents to this RFQ an opportunity to ask questions, see who they would be dealing with, and tour the properties. If a potential respondent cannot attend the conference but would like to listen in, a telephone call-in can be arranged upon prior request. Attendance at the pre-submission conference is NOT required to respond to this RFQ. Regardless, please fill-in the form attached to this RFQ and email it CHA.

CHA has absolute veto power in the case of disagreement regarding the project scope, ownership structure, design, unit mix, income levels served, etc.

EVALUATION CRITERIA

1. LOW-INCOME HOUSING TAX CREDIT DEVELOPMENT EXPERTISE (25 POINTS)

The proposal must indicate the Respondent's experience applying for, developing, owning and managing Low-Income Housing Tax Credit financed developments. The experience of the developer in developing low-income housing in Tennessee will be considered.

2. ARCHITECTURAL AND ENGINEERING SERVICES (15 POINTS)

The Respondent shall indicate its ability to provide the desired master planning assistance as well as the necessary design, architectural and engineering services in both the application and development phases of specific projects. The experience of the architectural and engineering firms in developing low-income housing in Tennessee will be considered.

3. FINANCING EXPERTISE (25 POINTS)

The Respondent shall indicate its ability to provide debt and equity financing expertise and limited guarantees. The experience of the Respondent in financing low-income housing in Tennessee will be considered.

4. RAD EXPERIENCE AND EXPERTISE (10 POINTS)

The Respondent shall state its ability to assist with the RAD conversion and, specifically, its experience working with HUD's RAD program and THDA's low income housing tax credit program.

5. FEE PROPOSAL (25 POINTS)

The Respondent shall indicate their proposed developer fee, contractor's profit and management fee, if applicable, and describe how CHA will participate in the fee structure and gain experience and capacity to develop their own entrepreneurial activities and asset-based property management activity. CHA must retain its financial viability after the Master Plan has been fully implemented.

(Please note - No fees or costs shall be reimbursed for the responder's preparation of a response to this RFQ.)

PRE-SUBMISSION CONFERENCE

**10:00 AM Tuesday, January 21, 2020 at
450 Walker Street, NE in Cleveland, TN
(property tour to follow)**

CLEVELAND HOUSING AUTHORITY RE-DEVELOPMENT PROJECT

Request for Qualifications for Real Estate Developer Cleveland Housing Authority

*Please return this form to Paul A. Dellinger, paul@clevelandhousingauthority.org,
as soon as possible.*

Name:	
Company:	
Address:	
Phone:	
Fax:	
Email:	

Please check the appropriate boxes below:

- YES, I will attend the Pre-Submission Conference
Number of persons attending: _____
- NO, I will not attend the Pre-Submission Conference
- Please leave my name on the mailing list for this RFQ
- Please remove my name from the mailing list for this RFQ