

05-20-2020 Town Council Meeting Responses to Council Questions

ITEM #13: Public Housing Master Plan Update - Trinity Court

Council Question:

There appears to be a discrepancy between the \$1.4 M figure on p. 63 of the packet to repair the issues around structural deficiencies and deterioration, the \$6.3 M figure on p. 64 of the packet and the \$7.5 M figure on p. 65 of the packet, to repair Trinity Ct. What accounts for this discrepancy?

Staff Response:

The \$1.4M amount was the proposed cost of the repairs in 2018. Since that time the units have deteriorated and there has been an increase in hazardous materials on the property.

The \$6.3M is the current (May 2020) proposed cost to repair Trinity Court. This increase is due to the decline of the property and the cost of remediation and abatement. This is the cost to rebuild as is and does not include appliances and outside repairs. To account for general conditions and reasonable cost escalation an additional \$1M would need to be added to this figure.

The \$7.5M figure is the cost to make Trinity Court habitable and includes the cost to mitigate deficiencies, hazardous material abatement, repairs outside of the units, restore appliances, and contractor fees for 2020.

Council Question:

How many units did the Trinity Court contain? What is the breakdown of those units - i.e. number of bedrooms, square footage?

Staff Response:

Trinity contains 40 units: 21 Two-bedrooms and 19 Three-bedrooms. Two-bedrooms are 850 square feet and three-bedrooms are 950 square feet.

Council Question:

What kinds of amenities did it have? How many parking spaces?

Staff Response:

Trinity Court had a playground, access to the transit system, and 40 parking spots.

05-20-2020 Town Council Meeting

Responses to Council Questions

Council Question:

Is this the cost to repair Trinity Court, so it would be habitable or to some other standard?

Staff Response:

Two scenarios have been presented. The cost to repair Trinity Court as is with no changes in density, structure, or appearance which is \$7.5 M. The cost to work with a development partner and increase the density and appearance would be \$ 9.3 M.

Council Question:

In a deconstruction scenario, would the Town first seek written approval from HUD before deconstruction and if not, what would the consequences be in terms of an evaluation from HUD?

Staff Response:

Public Housing Authorities are required to seek authorization for deconstruction/demolition of all property under Section 18 of the Housing Act of 1937.

Council Question:

How have the efforts been going to date in pursuing RAD options?

Staff Response:

- *The Town's application for the Rental Assistance Demonstration (RAD) Initiative was approved by the Department of Housing and Urban Development (HUD) on 12/6/2018.*
- *December 2018 the Town Issued a Request for Qualifications (RFQ) from developers for affordable housing.*
- *February 2019 one developer responded to the RFQ. The developer withdrew its submission in April. HUD assigned a consultant to work with us to identify options for redevelopment of the site.*
- *October 2019 HUD invited the Town of Chapel Hill to participate in a discussion with key HUD staff about pursuing the RAD conversion.*
- *If the Council desires to pursue RAD conversion, the Town would need to submit a financing proposal in September 2020.*



**REQUEST FOR QUALIFICATIONS
FOR
AFFORDABLE HOUSING DEVELOPMENT SERVICES
CHAPEL HILL, NORTH CAROLINA**

BID: Q19-89

**RESPONSES DUE BY: 3:00 PM, March 2, 2020
QUESTIONS DUE BY: 5:00 PM, January 31, 2020**

Town of Chapel Hill
Office for Housing and Community
405 Martin Luther King Jr. Blvd.
Chapel Hill, NC 27514

**REQUEST FOR QUALIFICATIONS
FOR
AFFORDABLE HOUSING DEVELOPMENT SERVICES**

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Table of Contents

I.	Introduction	1
II.	Project Background	2
III.	Solicitation Overview	3
IV.	Standards and Process to Select the Partner	6

Attachments

- Exhibit A – 2019 Town of Chapel Hill Income & Rent Limits Chart
- Exhibit B – Context Map
- Exhibit C – Overview of Town Affordable Housing Funding Sources
- Exhibit D – Pro Forma Template
- Exhibit E – Candidate Certification Forms

**REQUEST FOR QUALIFICATIONS FOR
AFFORDABLE HOUSING DEVELOPMENT SERVICES
CHAPEL HILL, NORTH CAROLINA**

I. INTRODUCTION

The Town of Chapel Hill (“Town”) is seeking a development partner (“Partner”) interested in developing affordable housing on Town-owned property located on Jay Street (PINs: 9778-99-9279, 9788-09-1257, 9788-09-1232) (“Site”). This project offers an opportunity to develop an affordable housing project on a well located site that is supported by the Town of Chapel Hill Town Council and carries no land acquisition costs.

The Town seeks partners who will provide high quality housing and demonstrates an understanding of the Chapel Hill community and its affordable housing needs. Respondents should provide evidence of successful experience in developing and managing high quality affordable housing and a commitment to an inclusive and informative public participation process.

The Town intends to select a partner for this Site pursuant to this RFQ process. The Town will then enter into a Memorandum of Understanding (MOU) with the selected partner, providing time and performance requirements for the Town and the selected Partner to negotiate an agreement to prepare a proposed development project for the site, and all necessary legal documents. The negotiated agreement and accompanying documents will stipulate all responsibilities of the Partner and finalize all business terms between the Town and the Partner concerning development of the Site.

All submittals are due by 3:00PM on March 2, 2020 to:

Zakia Alam, Purchasing and Contracts Manager
Town of Chapel Hill
405 Martin Luther King Jr. Blvd.,
Chapel Hill, NC 27514

Submissions received after this date and time will be returned unopened.

Questions must be submitted via email no later than **5:00 PM on January, 31 2020** to Nate Broman-Fulks at nbfulks@townofchapelhill.org. Written responses to all questions received in writing by the due date will be published by **February 7, 2020** in the form of an addendum on the Town’s website at www.townofchapelhill.org (Click on “Bid Notices” option, then the name of this project).

II. PROJECT BACKGROUND

Project History

The Town of Chapel Hill is pursuing the development of affordable housing on Town-owned land as a key strategy to address the local shortage of affordable housing by:

- Eliminating land prices to decrease the development costs of affordable housing
- Increasing the Town's control of the development parameters for the sites to ensure permanent affordability and to reach populations that may otherwise be hard to house.

During spring 2019, staff procured a local engineering firm to conduct a feasibility analysis on three Town-owned sites, which staff presented to the Town Council on [September 18, 2019](#). At that meeting the Town Council supported moving forward with development planning for the Jay Street site. On [November 13, 2019](#) the Town Council authorized the Town Manager to seek an affordable housing partner with whom to begin negotiating an agreement to prepare a proposed development plan for the site.

Vision

The Town established the following goals for the Jay Street site, based on Council feedback received at the September 18 Work Session, Council's FY2020-22 Strategic Goals & Objectives, and the Town's affordable housing policies and goals:

1. Provide housing affordable to a range of income levels with priority for units serving households earning 60% or less of Area Median Income (See Exhibit A)
2. Maintain long term affordability
3. Minimize need for Town funding through leverage of outside funding
4. Utilize environmentally friendly and sustainable principles for development
5. Facilitate connections within the community and surrounding neighborhood

Site Description

The Jay Street site includes several parcels of land comprising about 7 acres (PINs: 9778-99-9279, 9788-09-1257, 9788-09-1232) located along the border between the Towns of Chapel Hill and Carrboro. The site is currently vacant and wooded. The Southern Railroad tracks run along the western border of the property, and a proposed greenway/multi-use path is proposed along those tracks. The site is surrounded by several townhome developments to the north and east as well as a Town-owned cemetery to the northwest. Exhibit B provides context on the site and its surrounding uses and amenities.

The site is convenient to a variety of transportation and community amenities, including:

- Site entrance is less than 0.1 miles from a bus stop;
- Site is about 1.5 miles from the Town of Carrboro's downtown, including grocery stores, shopping, and other commercial options; and
- Site is within the walk zone for Northside Elementary School.

The Town's preliminary feasibility analysis found that development was feasible on the site and that the site could likely house approximately 50 units. Due to substantial slope and the presence of streams and associated buffers in the southern half of the property, the analysis estimates that only the northern 3+ acres of the parcel are developable. While the R-3 zoning for the site is sufficient to house that density,

the amount of land disturbance needed to maximize use of the site will require a Special Use Permit or other approval(s) from the Town in its capacity as regulator under the Town's Land Use Management Ordinance. This means the proposed development will be required to go through the Town's development review process and will need regulatory approval by Town Council. The selected Partner will be responsible for obtaining all necessary entitlements for the project, with support from the Town's Office of Housing and Community.

No other studies have been conducted on the site beyond the feasibility analysis described above and the Town has not yet engaged the community in potential development of the site. Note that the selected Partner will be asked to conduct extensive community and stakeholder engagement and incorporate the input received into final site plans.

Town Support for Project

Town Council has expressed support for the development of affordable housing on this site by authorizing the Manager to pursue development on the site ([June 2018](#)) and to seek a development partner ([November 2019](#)). The Town anticipates retaining ownership of the Site by entering into a long-term ground lease with the selected Partner. However, it may consider alternative arrangements proposed and justified by the Partner.

The Town also offers a variety of other incentives and resources that may be available to support affordable housing on this site:

- The Town waives certain development-related fees for the portion of a project that provides permanently affordable home-ownership opportunities or rental housing that remains affordable for at least 20 years. In this case affordable is defined as being sold or rented to households earning less than 120% of the Area Median Income.
- The Town has three local sources of funds available to support the costs of affordable housing development: the [Affordable Housing Development Reserve](#), the [Affordable Housing Fund](#), and the [Affordable Housing Bond](#).
- The Town receives an annual allocation of Federal [Community Development Block Grant](#) funds that it distributes via a competitive application process each year.
- Orange County receives an annual allocation of Federal HOME Investment Partnership Program funding that it distributes via a competitive application process each year.

Exhibit C provides more detail on the funding sources described above, including eligible uses for each.

III. SOLICITATION OVERVIEW

Purpose

The Town is seeking interest and input from potential developers, by way of this Request for Qualifications (RFQ), on proposed housing programs that adhere to the established project goals, maximize use of the site, supports market demand for the area, and complements the character of the surrounding neighborhood.

Submission Process

All responses are due at 3:00 pm on March 2, 2020. Respondents shall submit five (5) printed and bound copies and an electronic copy (in .pdf format) of the submission package. The preliminary timeline for key milestones associated with Partner selection and Site planning and development is as follows:

- Development partner proposals due (March 2, 2020)
- Town preliminary selects potential development partner, executes MOU to negotiate an agreement to develop the site (Summer 2020)
- Development partner drafts and submits Concept Plan (Winter 2021)
- Development partner submits development applications (Summer 2021)
- Town Council approves development applications (Spring 2022)
- Projected groundbreaking (Fall 2022)

Submission Requirements

Responses must contain the following information, organized as listed below. Evaluation of the responses will include consideration of the completeness of the respondent's proposal.

1. **Statement of Interest:** Provide a statement of proposer's qualifications, experiences, and reasons for interest in this opportunity, which may act as an executive summary of the respondent's proposal (maximum 3 pages).
2. **Applicant Qualifications:** Name the entity (or known entities) proposed to act as the Town's Partner, including co-developers, architects/designers, engineers, and potential general contractors or subcontractors. Provide an overview of each proposed entity on the team, including a brief history of the firm, licensure, and past experience working with the primary applicant to this proposal. Provide an organizational chart illustrating the relationship between proposed entities and the intended role of key staff on the proposer's team. Provide the resumes of lead staff (only) from each entity.
3. **Relevant Project Experience:** Describe at least three relevant and substantially similar affordable housing developments (or developments with a significant affordable housing component) completed by the proposed team in the past 15 years (preferably in the past five years). Project descriptions should include:
 - Location
 - Development team members, including architects/designers and general contractors
 - Scope and scale of development (i.e., # units, housing type, affordability levels, affordability period, site amenities)
 - Photos/illustrations of completed project
 - Total development budget
 - Financing sources
 - Property management agent
 - Current occupancy levels
 - Community engagement strategies implemented
 - Green building ratings achieved
 - Indication of whether the projects were completed on budget and on time

- Any other information deemed relevant by the respondent
4. **Development Proposal:** provide a preliminary development plan that includes the following:
- Narrative description of the general development approach and how the proposed concept addresses the Town’s vision for the project.
 - Preliminary plan concept including details such as unit mix by bedroom type, building type, expected affordability levels and affordability period, green building and/or energy efficiency certifications, any specific target populations.
- Note: renderings or graphic portrayals of the proposed project are not required at this time.**
- Development and Financing Assumptions
 - Proposed pro forma, using the template included in Exhibit D, to illustrate: projected sources and uses, operating budget, financing assumptions, cash flow, etc. The Town recognizes that this is a preliminary pro forma, and that the financing plan will change as the development program and affordability mix is finalized.
 - Estimated Development Timeline – include justification if different from proposed timeline above.
 - Approach to engaging the community to garner community support for the development of an affordable housing project.
5. **References: include five (5)** or more references that can attest to your capabilities to implement the proposed development plan. Include at least one reference from each of the following groups.
- Lender (construction or permanent)
 - Local jurisdiction that provided financial support to the applicant for an affordable housing development
 - Community group familiar with one of the project examples provided

References should include name, title, organization, telephone number, e-mail address and the name of the development with which the reference is familiar.

6. **Financial Capacity:** demonstrate a successful track record in securing and maximizing leveraged subsidy financing for affordable/mixed income housing development in North Carolina. Include the past three years of audited financial statements for the Partner and all proposed affiliated organizations and current unaudited financial statements.

Financial statements should be provided in a separate envelope marked “confidential” and shall be reviewed only by Town staff and its consultants and will not be made public.

7. A **description of any interlocking ownerships** the entity might have with contractors, management companies or other contractors or consultants that might be involved in the project, and a description of how these services might be used for the project. The Town will not allow a Partner to have ownership interests with any of the general contractors proposed for the project.

8. If a joint venture is proposed, candidates should submit a **joint venture letter of intent** signed by authorized signatories of each joint venture partner identifying the general parameters of the proposed joint venture arrangements.
9. Initial letters of willingness from lenders to provide construction and permanent loans for the proposed development, and stating their willingness to accept the candidate's construction completion and net worth guarantees for the proposed mixed-income development.
10. **Signed certifications** from the Partner's authorized signatory(ies) stipulating:
 - a statement regarding prior bankruptcy, all outstanding judgments, pending or final, and ongoing or threatened lawsuits against the candidate, individual or any related entity.
 - a statement assuring the availability of all principal staff named in the application, including the name of the Project Manager(s) for the candidate.
 - a statement that the candidate is willing and able to provide all required financial guarantees and net worth obligations of lenders, the limited partner investor and the Town.
 - a statement that the candidate is prepared to abide by all applicable Town of Chapel Hill policies with respect to the zoning ordinance, design guidelines, and Town objectives for local contracting.
 - a statement that the candidate is not debarred, suspended or otherwise prohibited from providing services by HUD, NCHFA, or any other Federal, State and/or Local Agency.

To be considered in this solicitation for a Partner, **candidates must certify these statements by completing the Candidate Certification Form provided in Exhibit E** and include this with their response. This Certification form must be signed by *duly authorized* signatories representing each member of the proposed Development Team.

IV. STANDARDS AND PROCESS TO SELECT THE PARTNER

Selection Process

As noted above, selection of a Partner for the Site pursuant to this RFQ will be conducted as follows:

1. Screening applications for completeness
2. Ranking of qualified applicants against selected scoring criteria
3. Interviews, if needed
4. Reference checks
5. Selection of a Partner to enter into a Memorandum of Understanding to negotiate an agreement to develop the site.

Evaluation Criteria and Scoring

All responses to this RFQ will be reviewed for completeness and scored according to the criteria listed below. Top-scoring candidates may be selected for an interview. Final selection will be based on responses to this RFQ, reference checks, and interviews with an evaluation committee. **The Town reserves the right to reject any or all proposals.**

1. **Completeness of Application:** submissions must include all required application elements, including a completed pro forma template and all signed certifications. Failure to submit any of the required information is grounds for rejection of any submission.
2. **Development Team Qualifications:** (Potential Points=50)
 - Prior experience and technical competence of the proposed team and key staff in completing and managing affordable housing developments of similar scope, complexity, and magnitude.
 - Prior experience with public-private development partnerships.
 - Demonstrated commitment to and success in conducting outreach to gather community input and generate community support for multifamily, mixed income and/or affordable housing developments.
3. **Development Proposal:** (Potential Points = 25)
 - Degree to which the proposed development program addresses project goals and is reasonable, logical, and financially feasible.
4. **Financial Capacity:** (Potential Points=25)
 - Demonstrated ability and capacity to secure appropriate project financing for affordable housing development.
 - Demonstrated capacity to provide financial guarantees to lenders and equity investors, and to the Town.

Partner Selection

Town staff will work with the selected respondent to reach an initial Memorandum of Understanding that establishes the terms of negotiation for drafting a proposed Agreement for development of the site. This Agreement will include the anticipated development plan (number of units by target income level and unit bedroom count) for the Site, the Partner's financial pro forma for the Site, and all business terms between the Town and the Partner concerning development of the site, including the proposed developer fee. The Agreement will also include any land disposition and/or ground lease agreements, and other agreements or legal documents as may be required. The Agreement and any accompanying legal documents are subject to approval by the Town Council.

If negotiations with the preferred Partner do not proceed in a timely or satisfactory manner, an alternative Partner may be selected, or the Town may reissue the RFQ.

The Town is not liable to pay or reimburse any costs incurred by the Respondent in the development, submission, or review of responses to this RFQ. This includes, without limitation, all costs incurred by the Respondent in its response to this Solicitation, in response to any request for information made by the Town throughout the selection process, in negotiating with the Town on any matter related to this RFQ, or otherwise, unless specifically agreed to in writing by the Town.