



**REQUEST FOR QUALIFICATIONS
FOR
PUBLIC HOUSING REDEVELOPMENT SERVICES
CHAPEL HILL, NORTH CAROLINA**

BID: Q21-57

**RELEASE DATE: September 17, 2020
RESPONSES DUE BY: 3:00 PM on October 27, 2020
QUESTIONS DUE BY: 5:00 PM on October 1, 2020**

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

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I. INTRODUCTION

The Town of Chapel Hill (“Town”) issues this Request for Qualifications (RFQ) to seek a public-private partnership under G.S. 143-128.1C. The partnership will be between the Town and a selected development partner (“Partner”) to design, finance and redevelop Town-owned public housing sites that have standing approval for the HUD Rental Assistance Demonstration program (RAD). The sites include **Trinity Court**, and possibly **Craig Gomains** as phase 2 of the Town’s multi-phase portfolio award, and are both located in the Town of Chapel Hill, North Carolina (“Sites”). These projects offer an opportunity to improve and possibly expand a vital and substantial portion of the Town’s affordable housing inventory on well-located sites. They also carry the support of the Town of Chapel Hill Town Council with minimal land acquisition costs.

The Town seeks a Partner who demonstrates the experience and capacity needed to develop and manage high quality housing, previous success implementing public housing redevelopment and RAD conversions, as well as an understanding of the Chapel Hill community and its affordable housing needs. Respondents should provide evidence of relevant successful development experience, knowledge of HUD regulations, and a commitment to an inclusive and informative public participation process.

The Town intends to select a Partner for one or both of the Sites 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(s), 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, and are subject to approval by the Chapel Hill Town Council.

All submittals are due by 3:00pm on October 27 to:

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

Submissions received after the specified date and time will not be considered.

Questions must be submitted via email no later than **5:00PM on October 1** to Faith M. Brodie, Housing Director at FBrodie@townofchapelhill.org. Written responses to all questions received in writing by the due date will be published by October 9 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 redevelopment of the Trinity Court and Craig Gomains public housing neighborhoods represent the first steps in the Town's master plan to revitalize its aging public housing stock (most units were built between 1967 and 1994), to improve housing conditions and, where possible, to increase density to make more efficient use of Town land.

The Town vacated the Trinity Court site in 2017-18 after it identified structural deficiencies and deterioration of the buildings. Since then, the Town has worked to establish the permissions necessary to redevelop the site, including:

- In December 2018, the Town of Chapel Hill received HUD approval to convert the 80 public housing units to Housing Choice Voucher Units under the Rental Assistance Demonstration
- In September 2019, the multiphase RAD award was converted to a portfolio award covering 80 units. The 40 units at Craig Gomains remain under reservation and have not yet been issued a CHAP award.
- In May 2020, the Town Council directed staff to begin planning for the comprehensive redevelopment of the Trinity property in the most efficient and effective manner available.

Project Vision and Expectations

The Town's goals for the redevelopment of Trinity Court and Craig Gomains include:

- Replacing all public housing units originally located at the Site
- Maximizing the number of additional affordable housing units on the Site
- Adjusting the bedroom mix to match demand while maintaining the current total bed count
- Ensuring new development is compatible with the surrounding neighborhoods and fits within the constraints of the Sites
- Minimizing the need for Town gap financing through leverage of outside funding

The Town intends for redevelopment of the Sites to utilize the HUD Rental Assistant Demonstration (RAD) program to leverage public and private debt and equity, including a North Carolina Housing Finance Agency (NCHFA) Low Income Housing Tax Credits (LIHTC). The selected Developer will also be expected to make a concerted effort to secure all

other available sources of leveraged financing for the proposed development.

The Town expects the selected Developer to work with Town staff to develop and implement an extensive community engagement process and work diligently with Town staff, former, current and/or future public housing residents, neighborhood residents, community partners and the broader community to design an appropriate, cost-effective, energy-efficient, affordable rental housing development. The site layout and design will be determined through a collaborative design process within the parameters established by allowable densities, height limits, parking, vehicular access, soils conditions, and other development requirements of the Sites.

Site Descriptions

The Sites, Trinity Court and Craig Gomains, are described in **Exhibit A**. **Exhibit B** provides context on the Sites and their surrounding uses and amenities. The Town owns the Sites, which are encumbered by HUD restrictions regulating their use and disposition. As public housing communities, the Sites are subject to HUD regulations over their use and disposition. In particular, each site must maintain at least 40 units for affordable housing for eligible households earning 80% or less of AMI.

The Trinity Court site includes a single parcel of land comprising about 3.5 acres (PIN: 9788194511) located just outside the Northside neighborhood. The site houses four multifamily buildings totaling 40 units that were fully vacated in 2018. The site sits up the hill from Umstead Park and the Tanyard Branch and Bolin Creek greenway trails. The neighborhood is comprised primarily of multifamily and single family homes. The parcel is zoned for R-4 (10 units per acre) and holds a Special Use Permit for 40 units.

The Craig Gomains site includes five land parcels together comprising about 6.5 acres (PINs: 9788086225, 9788075956, 978076996, 978805079924, 9788076841). The 40-units on the meandering site are duplexes and are fully occupied. The site is located in the heart of the Northside neighborhood and the surrounding neighborhood is comprised primarily of single family homes and small multifamily buildings. The parcel is zoned for R-3 (7 units per acre) and holds a Special Use Permit for 40 units.

Both sites are convenient to a variety of transportation and community amenities, including:

- Site entrances are within a block of a bus stop;
- Sites are less than a mile from the Town of Chapel Hill downtown and about 1-1.5 miles from the Town of Carrboro's downtown; and
- Sites are within the walk zone for Northside Elementary School.

While both Sites are large enough to rebuild the 40 units currently at each site, the amount of land disturbance required to rebuild will trigger the requirement for a Town Council entitlement; either a special use permit or conditional rezoning. Either type of entitlement could also include an increase in density. The selected Partner will be responsible for obtaining all

necessary entitlements for the project, with support from the Town’s Office of Public Housing.

Town Support for Project

Town Council has expressed ongoing support for the redevelopment of the Trinity Court and Craig Gomains properties, starting with approval to apply for a RAD approval from HUD in 2018 and most recently with the Council’s support to reimagine and redevelop the Trinity Court site.

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

- The Town anticipates retaining ownership of the Site by entering into a long-term ground lease with the selected Partner at minimal cost. The terms of the ground lease will be included in the negotiated agreement to develop the 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. 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. THE DEVELOPER ROLE

The Town seeks an experienced and capable Developer, to carry out the following roles in the development of the Site:

- Work in collaboration with Town staff, residents, their consultants and the broader community on the proposed development program, site layout and design for the Sites.
- Work with the community to gain public support for the proposed development. It is expected that the Developer will host a series of public community design workshops to ensure that the development program and design are compatible with the community.
- Conduct all studies necessary and submit all applications required to secure entitlements for the Sites.
- Secure all Town of Chapel Hill development review approvals, and other required entitlements for the proposed development. This may include presentations to the Town Council, community members, and [Advisory Boards and Commissions](#).

- Work in collaboration with Town staff and their consultants on all aspects of development financing, construction, lease-up and management of the site.
- Identify all members of the Developer's Team. Key members of the team, including the general contractor and property management entity, will be subject to separate Town review and approval. This project may involve federal funding and, therefore, procurements and contracts would be subject to the Federal Uniform Guidance and other provisions of federal granting agencies. Developer is expected to be familiar with and comply with all applicable provisions of the Uniform Guidance (2CFR § 200) and North Carolina contract and procurement law, including, but not limited to North Carolina General Statute Sec.143-128.2(b), (e). The Town will not allow the Development Team to employ a related party as a general contractor for the construction of the development on the Sites.
- Develop a Financing Plan and secure financing required to construct and operate the proposed development.
- In collaboration with Town staff, develop a Relocation Plan addressing temporary and permanent relocation of affected residents, if necessary, and submit the plan for Town Council approval. Upon Council approval, manage a relocation consultant to implement the Relocation Plan.
- As applicable, provide financial guarantees to construction and permanent lenders and the Town. Provide net worth, operating deficit and credit adjuster guarantees to limited partners, as appropriate. The terms and conditions of the construction and permanent loans for the development will be subject to Town approval.
- If syndicated under the Tax Credit program, secure a limited partner investor. The Town will approve the terms of the partnership agreement, including pricing, pay-in schedule, option agreement, general partner asset management fee, cash flow distribution, and other provisions material to the Town's interests. The Town will require the Developer to bid construction and permanent debt and equity to maximize leverage of Town funds.
- Lease the land comprising the Sites from the Town and own and operate the proposed affordable rental development directly, or if syndicated under terms of the Tax Credit program, serve as managing general partner of a limited partnership or managing member of a limited liability corporation for the project. The selected Developer may directly manage the property or may contract with a professional property management firm. The Town expects to have a role in property management that may include the provision of supportive services and other functions to the residents as determined appropriate by the Town in consultation with the selected Developer. The Town will reserve the right to approve the property management entity and management plan and to require a gradual transitioning of certain property management functions to the Town if determined appropriate.
- Provide resident services for the tax credit rental housing. The Developer will be expected to consult with and work in collaboration with residents and the Town to prioritize and seek funding sources for resident services.
- Secure and maintain annual property tax exemptions for all qualifying rental units in compliance with the United States Tax Code, and North Carolina State Law

IV. SOLICITATION OVERVIEW

Purpose

The Town is seeking interest from developers, by way of this Request for Qualifications (RFQ), to develop housing that adheres to the established project goals, maximizes use of the site, supports market demand for the area, and complements the character of the surrounding neighborhood. Potential development teams should have prior experience with the following:

1. Redeveloping public housing via the **HUD Rental Assistance Demonstration (RAD)** program; and
2. Utilizing **low income housing tax credits** to develop affordable housing.

Submission Requirements

All responses are due at 3:00 pm on October 27. Respondents shall submit three (3) printed and bound copies and an electronic copy (in .pdf format) of the submission package. 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 that will assist with the project's design and construction.
 - 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 proposed entity.
 - If unable to list proposed team members, provide a statement outlining a strategy for open contractor and subcontractor selection.
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 demonstrate the Developer's track record in executing RAD conversions, securing Low Income Tax Credit project allocations, and successfully carrying out tax credit projects. Please include the following information for each project:
 - 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)
 - Description of resident service programs offered
 - Photos/illustrations
 - Total development budget and financing sources
 - Property management agent
 - Current occupancy levels and # of months needed to obtain lease-up
 - Green building ratings achieved
 - Indication of whether the projects were completed on budget and on time, with explanations as relevant
4. **Development Pipeline:** Provide a listing of **current projects** in the entity's development pipeline, including pre-development, construction, and lease-up activities underway. These developments should include location, size, timeline and financial guarantees expected to be required of the Developer.
5. **Development Proposal:** provide a preliminary development plan for **Trinity Court** 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 concept plan including details such as potential unit mix by bedroom type, building type, expected affordability levels and period, green building and/or energy efficiency certifications, any specific target populations, and any other information deemed relevant by the respondent.
 - Description of an engagement process to garner community support for the development of an affordable housing site during project design, including a timeline of the community participation process.
 - Preliminary description, including potential funding sources, of a resident services program at the Site.
 - Proposed pro forma, using the template included in **Exhibit D** or a comparable model, 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.
 - Statement of availability to undertake the public-private project and projected time line for project completion.
 - Note: renderings or graphic portrayals of the proposed project are not required at this time.
6. **References:** Include at least one reference from each of the following groups that can attest to your capabilities to implement the proposed development plan..
- Lender (construction or permanent)
 - Low Income Housing Tax Credit limited partner investor

- 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.

7. **Financial Stability:** 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 and current unaudited financial statements **for the entity who will be guaranteeing the financing for the project.** If an individual person or persons is/are proposed to offer financial guarantees, audited financial statements or personally signed financial statements are required.
- Provide 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.
- List of development experience with the NCHFA Low Income Housing Tax Credit.

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.

8. 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.
9. 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.
10. **Signed certifications:** candidates must certify the following statements by completing the Candidate Certification Form provided in **Exhibit E.** The form must be signed by *duly authorized* signatories representing each member of the proposed Development Team.
- Certification that the applicant team is eligible for 9% Tax Credits under the NCHFA QAP, **if applicable.**
 - The candidate’s agreement to maintain the proposed development as affordable rental housing for eligible households earning 80% or less of Area Median Income (AMI) and in compliance with all applicable regulatory agreements.

- 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.

IV. SELECTION PROCESS AND CRITERIA

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 and scored according to the criteria listed below. Top-scoring candidates may be selected for an interview. The Town will select the Development Team (Developer) it determines to be the best qualified based on the response to this RFQ, reference checks, and interviews with an evaluation committee. Final selection of the Developer will be subject to review by the Town Council. **The Town reserves the right to reject any or all proposals.**

1. **Completeness of Application:** submissions must include all required application elements. Failure to submit any of the required information is grounds for rejection of any submission.
2. **Threshold Requirements:** The Town has established the following threshold requirements for all respondents:
 - At least one member of development team is eligible to apply for a NCHFA 9% Low Income Housing Tax Credit award, **if either Site is deemed**

- competitive** based on the NCHFA 2021 Qualified Allocation Plan (QAP).
- At least one member of development team is eligible to apply for a NCHFA 4% Low Income Tax Credit award.
 - A member of development team has participated in at least one RAD Conversion with a public housing authority.

The judgment as to whether applicants satisfactorily meet the threshold qualifications will be at the sole and absolute discretion of the Town.

3. Development Team Qualifications: (Potential Points=60)

- Prior experience and technical competence of the proposed team and key staff in **developing** affordable housing developments of similar scope, complexity, and magnitude, including public housing redevelopment and utilization of the HUD RAD program.
- Prior experience and track record of the proposed team and key staff in **managing** affordable housing developments of similar scope, complexity, and magnitude, including public housing communities.
- Prior experience with public-private development partnerships and collaboration
- Prior experience utilizing NCHFA Low Income Housing Tax Credits.
- Demonstrated success providing high quality resident services.
- 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.

4. Development Proposal: (Potential Points = 20)

- Degree to which the proposed development program addresses project goals and is reasonable, logical, and financially feasible.

5. Financial Stability: (Potential Points=20)

- Demonstrated ability and capacity to secure appropriate project financing for affordable housing development.
- Track record in securing Low Income Housing Tax Credits, from NCHFA or other HFA's.
- Demonstrated capacity to provide financial guarantees to lenders and equity investors, and to the Town.

Partner Selection

Town staff will select a candidate and will work with the selected respondent to reach an initial Memorandum of Understanding that establishes the terms of negotiation for drafting a proposed Agreement to develop the site. This Agreement will specify the development program (number of units by target income level and unit bedroom count) for the Site(s), the Partner's financial pro forma for the Site(s), 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 site control agreements, and other agreements or legal documents as may be required. The Agreement and any accompanying legal documents will be negotiated with Town staff and any Town consultants, and 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 reserves the right to reject any or all proposals.

The Town is not liable to pay or reimburse any costs incurred by the Team in the development, submission, or review of the RFQ Packages. This includes, without limitation, all costs incurred by the Respondent in its response to this RFQ, 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.