

**RFQ 2020-4003;
DEVELOPMENT PARTNERS
ATTACHMENT A: SCOPE OF WORK**



Cincinnati Metropolitan Housing Authority (“Authority” or “CMHA”) is issuing this Request for Qualifications (“RFQ”) for Development Partners and is soliciting proposals from experienced developers of mixed-use redevelopment projects and development projects, including affordable and market rate housing, rental, homeownership, and workforce housing, and retail and commercial developments in Hamilton County, Ohio. CMHA includes instrumentalities and related entities.

1.0 Purpose of the RFQ

The Authority is interested in receiving Statements of Qualifications (“Submittals”) from private for-profit and/or non-profit developers or developer teams to partner with the Authority in its development and redevelopment efforts in Hamilton County, Ohio.

The Developer may be comprised of:

- A single Developer capable of accomplishing all facets of the development or redevelopment project; or
- A Developer, which together with other associate developer partners, will accomplish all facets of the development or redevelopment project.

Developers are strongly encouraged to include team members such as construction, construction management, architects etc. in their proposal.

The Authority reserves the right to approve associate developer partner(s) or any future development partners of the Developer with respect to a project.

This RFQ is a qualifications-based procurement which does not include price as a factor, but is subject to the later negotiation of fair and reasonable compensation, including HUD’s Safe Harbor Standards, TDC and other applicable cost limitations.

2.0 The Roles of the Developer and CMHA

2.1 Authority Participation in the Projects

- 2.1.1** The Authority, or its affiliates/instrumentalities, will participate in development or redevelopment projects as a partner, and anticipates receiving a return on its investment. CMHA is seeking proposals from developer(s) that have the ability to maximize private financing and financial structuring that does not rely solely on scarce, competitive affordable housing resources such as 4% tax credits. CMHA will work with HUD to secure the most sustainable rental assistance structure for replacement or rehabbed units through available programs such as the

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Rental Assistance Demonstration or Project Based Vouchers or any other possibilities. CMHA does not anticipate that any HUD capital resources will be available for the development/redevelopment. In addition, the Authority can provide assistance to the developer in securing financing commitments from other public sources.

- 2.1.2** Because CMHA will not have any identified capital resources to provide to the development/redevelopment of affordable housing units, the Developer when selected will be required to identify funding to cover all costs of development/redevelopment, such as pre-development, relocation, demolition, legal, administrative, third party costs and other costs related to the development /redevelopment of housing, retail, and any other type of related development(s).
- 2.1.3** The Authority will contribute where feasible the land, units, and potential rental assistance payments. The Authority most likely will provide a long-term ground lease (50 - 75 years) for all land associated with development, and therefore the development will be eligible for Payment in Lieu of Taxes (PILOT) exempting real estate taxes. In an agreement with Hamilton County and various cities within the County, affordable housing units on land owned by CMHA remit property taxes calculated as Payment in Lieu of taxes (PILOT). The PILOT requires a ground lease; CMHA must own the land. Therefore, if CMHA owns the land, CMHA will offer a ground lease of 55 years or greater to the development (LLC).
- 2.1.4** In return for of all the above investments, the Authority will receive no less than 33.33% of developer fees at a minimum and other compensations which may include, but not be limited to, capitalized ground lease payments, property management fee, asset management fee and an allocation of excess cash flow produced from operations.

2.2 Financial Objectives of CMHA

- 2.2.1** CMHA is interested in a structure that accomplishes several objectives. They are:
 - 2.2.1.1** Producing the greatest public benefit with the smallest consumption of public resources
 - 2.2.1.2** Leveraging funds to attract private and conventional sources of capital
 - 2.2.1.3** Obtaining a return-on and a return-of the effort and capital assets invested by CMHA
 - 2.2.1.4** To be a full participating partner through the development process

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2.2.1.5 Utilizing a development process that can facilitate timely implementation

2.2.2 The following sections describe aspects of a legal and financial structure that has been used in other public housing mixed-finance transactions to accomplish these objectives. CMHA will consider other structures that achieve the same goals for CMHA.

2.3 Ownership Structure

When project financing requires the creation of an Ownership Entity, the entity (the “Ownership Entity”) will hold title to the improvements for each phase of the development or redevelopment. CMHA anticipates it will be a sole owner or significant owner in the Ownership Entity.

2.4 Ground Lease

CMHA will not convey its fee interest in CMHA-owned property used for rental housing development but will enter into a long-term ground lease with the Ownership entity. CMHA anticipates that the term of the ground lease will not be less than 50 years.

2.5 Potential Sources of Funds

The anticipated sources of funds include:

- 2.5.1** Municipal sources of funds available through the City of Cincinnati and/or Hamilton County
- 2.5.2** Proceeds from disposition of any CMHA owned property, or debt backed by CMHA’s interest in development and operational revenues from that site
- 2.5.3** Federal Home Loan Bank Affordable Housing Program Funds
- 2.5.4** Ohio Housing Finance Agency
- 2.5.5** Project Based Vouchers (PBV) as rental subsidy
- 2.5.6** Project Based Rental Assistance (PBRA) as rental assistance payment through RAD
- 2.5.7** Tax Exempt Bond
- 2.5.8** Other sources, as the Developer may recommend or determine.
- 2.5.9** Leveraging of Payment in Lieu of Taxes (PILOT)

2.6 Guarantees

2.6.1 CMHA anticipates that the selected Developer for a project may be responsible for all construction-related guarantees of completion,

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operating deficits (if CMHA chooses to select third party as management agent), and tax credits compliance (if third party management agent is selected) required by tax credit investors or lenders during the period of the agreement with CMHA. Additionally, CMHA will require a completion guaranty in connection with any loans or assistance it may provide.

- 2.6.2** CMHA will consider shifting the guarantee from the development partner to CMHA after stabilization, however if the development partner is involved in management after stabilization, then CMHA would want the development partner's guarantee to continue.

2.7 Potential Role of the Developer

- 2.7.1** Upon selection, the Authority will negotiate a Development Agreement ("DA") with the Developer. Approval will be required from CMHA's Board of Commissioners and may be required by the U.S. Department of Housing and Urban Development (HUD), investors, and/or lenders.

- 2.7.2** Once the DA is executed, the Developers responsibilities may include but are not limited to the following:

- 2.7.2.1** Undertake predevelopment activities
- 2.7.2.2** Prepare and submit the required application to US Department of Housing and Urban Development (HUD) and or other appropriate entity, depending on the source of funding.
- 2.7.2.3** Perform all community outreach activities, including but not limited to schedule and attend meetings, presentations, and mailings. This includes all governing bodies, community councils, neighborhood groups, and business community
- 2.7.2.4** Develop architectural plans consistent with guidelines and direction of CMHA and financial institutions, and perform all land entitlement including all required approvals and permits.
- 2.7.2.5** Develop and manage a project implementation schedule
- 2.7.2.6** Work closely with CMHA in the preparation and submission of a finance proposal and all required legal and program documentation.
- 2.7.2.7** Provide all required financials projection and reports on a timely basis.
- 2.7.2.8** Preparation and submission of applications to obtain LIHTC allocation and /or other affordable funding sources
- 2.7.2.9** The developer must have the required capacity and experience needed to meet the requirements under the Qualified Allocation Plan (QAP) and other funders' program requirements.

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- 2.7.2.10** Develop project budgets and pro formas
- 2.7.2.11** Coordinate all development activities, including reporting and budget requirements with CMHA
- 2.7.2.12** Propose the general partnership structure, prepare a management plan for the property, and recommend a Bond Counsel, as applicable
- 2.7.2.13** Provide all necessary financial guarantees and assurances to investment partners and assure compliance for construction.
- 2.7.2.14** If required, prepare relocation plan, coordinate and oversee all relocation tasks as required URA code and CMHA relocation policy/plan.
- 2.7.2.15** If developer construction team is selected for construction, ensure that quality construction is completed in a timely and cost effective manner with minimal change requests.
- 2.7.2.16** Oversee quality construction and ensure completion in a timely manner.
- 2.7.2.17** Obtain commitments from investors for financing the project, as applicable. Such commitments to be on terms and with partners acceptable to CMHA.
- 2.7.2.18** Assure compliance with all building codes and other requirements of local, state, and federal government entities.
- 2.7.2.19** Deliver units consistent with CMHA, HUD, LIHTC, and other funder guidelines
- 2.7.2.20** Prepare Marketing and Asset Management Plan for the development (if selected as management agent)

2.8 Role of CMHA

- 2.8.1** A Board of Commissioners governs CMHA. All decisions related to this RFQ and resulting project are subject to their approval.
- 2.8.2** CMHA may assume the following roles in the projects:
 - 2.8.2.1** Work with the selected Developer in the creation of a Development Agreement.
 - 2.8.2.2** CMHA, or its affiliates/instrumentalities, intends to be the Managing General Partner and Owner.
 - 2.8.2.3** Identify potential sites for multifamily affordable housing development applications.
 - 2.8.2.4** Approve any and all loans, indebtedness, and liens attached to the property.
 - 2.8.2.5** Approve third party management, if required.
 - 2.8.2.6** Review and approve the design of the housing community.

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2.8.2.7 Reserves the right to approve Developer’s Bond Counsel, if applicable.

2.9 Performance Review Process

CMHA expects that the selected Developer will be responsible for implementing all phases of the Development Plan. However, each phase of the development or redevelopment will be subject to review, evaluation and approval by CMHA as Co-developer and Owner. Performance reviews will include but not be limited to the ability to secure financing, achieve targeted schedules, deliver units on schedule, and engage in a constructive and cooperative relationship with community stakeholders.

3.0 General Requirements

3.1 Contact information

Contractor(s) shall inform CMHA Procurement within two (2) working days of any change in contact information, including but not limited to contact personnel, mailing address, physical address, phone numbers and email addresses.

3.2 Pre-contractual Expenses

Pre-contractual expenses are defined as any expenses incurred by the Developer in: (1) preparing its Submittal in response to this RFQ; (2) submitting that Submittal to the Authority; (3) negotiating with the Authority any matter related to this RFQ, including a possible contract; or (4) engaging in any other activity prior to the effective date of award, if any, of a contract resulting from this RFQ. The Authority shall not, under any circumstance, be liable for any pre-contractual expenses incurred by Developers, and Developers shall not include any such expenses as part of their Submittals

3.3 Development Agreement (“DA”)

3.3.1 Successful negotiations during the negotiation period are intended to result in a Development Agreement (“Agreement” or “DA”) with CMHA, one of its instrumentalities, or with a related entity for redevelopment or development.

3.3.2 The DA must, at a minimum, contain or incorporate the terms and conditions of each of the following:

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- 3.3.2.1** HUD's Public/Private Partnerships for Mixed-Finance Development of Public Housing Units Interim Rule, issued May 2, 1996.
- 3.3.2.2** All of the requirements detailed in this RFQ and all submittals made by the Developer in response to this RFQ.
- 3.3.2.3** Requirements for the Developer to obtain financing. The Development Agreement may require that the selected Developer commit to submitting financing applications, including but not limited to Choice Neighborhood Grants, 9% and 4% LIHTC, and Federal Historic Preservation Tax Credits. It may also require that the Developer and/or its Development Partner apply for financing from HOME, CDBG (Community Development Block Grant), NMTC (New Market Tax Credits), and any other applicable programs.
- 3.3.2.4** The roles and responsibilities of the Developer and the Authority with respect to all activities of the development.
- 3.3.2.5** CMHA's right to approve associate developers or partners, if any, of the Developer and other key members of the development team, including the proposed general contractor and property management firm, if applicable.
- 3.3.2.6** The financial roles and responsibilities of the Developer and CMHA.
- 3.3.2.7** The requirements regarding minimum design objectives and guidelines, architectural standards, including requirements for safety and security, crime prevention, energy efficiency and green building standards.
- 3.3.2.8** The roles and responsibilities of the Developer in connection with CMHA's, Resident participation, and Community Self-Sufficiency Programs, resident job training Community and Resident outreach, relocation and participation in community enterprises.
- 3.3.2.9** Ongoing obligations of the Developer which continue through and beyond the completion of construction.
- 3.3.2.10** Shared revenue structure through split of developer's fee, and other possible compensation based on roles.

3.4 Exceptions/Deviations

Any exceptions to, or deviations from, the requirements set forth in this RFQ should be addressed during the Question and Addendum period.

3.5 Due Diligence and Regulatory Compliance

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Proposers are required to provide information regarding the financial condition and principal agents of the organization and project partners. Financial condition is evidenced by recent financial statements which indicate Income and Balance sheets, while principal agent information is evidenced by resumes for all key principals/partners of the organization. In order to ensure regulatory compliance, CMHA will perform due diligence on all proposals to verify the accuracy of the information provided.

- 3.6** CMHA reserves the right, if in its best interest to do so, to request a change in design used by the contractor so as to bring the design into better alignment with neighborhood standards or in accordance with CMHA's Gold Standards

3.7 Prevailing Wage/Davis-Bacon Requirement

The projects will be subject to State Prevailing Wage Requirements or Davis-Bacon Requirements wage rates. Developer and their sub-contractors shall be responsible for determining the applicability of prevailing wages.

4.0 Pool of Contractors

- 4.2** The Authority intends to create an inventory (or "pool") of Developer(s). The Pool will consist of various firms that will be available on an as-needed basis to develop/redevelop properties as requested by the Authority. The actual number of participants chosen will depend on the number of qualified proposals received.
- 4.3** Proposers selected to participate in the Pool will be assigned work at the discretion of the Authority taking into consideration the quality of work, availability, manpower, timelines and other items of importance. The Authority will attempt to match each assignment to the firm best suited for a given project, which will be determined at the sole discretion of the Authority. Time frames will be established by CMHA to meet project and funding requirements. CMHA will work with the firms when possible to establish a mutually beneficial project time period. Each firm will serve in the Pool for a period of one (1) year with the option, at the Authority's sole discretion, to extend the contract for up to an additional four years for a maximum total of five years.
- 4.4** Pool Participant(s) are not expected to have expertise in all areas in which the Authority may need assistance. Rather, it is intended that the Pool be balanced, consisting of numerous participants with varying ranges of expertise in development and redevelopment. Time is of the essence with regard to Pool Participants' availability for and performance of the assignments.
- 4.5** Method of Award

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The Authority will retain the right to contract with any of the awarded proposers as a result of this RFQ, which shall occur in the following manner (this is sometimes called “forming a pool” of developer(s) that the Authority may draw from):

- 4.5.1** The Authority will attempt to match each assignment to the Pool Participant best suited for a given task. This will be determined at the Authority’s sole discretion based on their understanding of the pool participant’s quality of work, availability, manpower, timelines/schedules and other items of importance that will be in the best interest of the Authority for that given assignment. To determine which developer is best suited for a given project, CMHA may ask those in the pool to provide a proposal (which may include a presentation) for a specific project(s).
- 4.5.2** The Authority will also determine the number of assignments any developer(s) will be assigned at any given time or duration. Selection as a participant of the Pool is not a guaranty of the type or number of projects for which a participant may be selected.
- 4.5.3** When the Authority has need of a development partner, the Authority will contact the developer best suited for the given task to ascertain as to whether or not that developer is available to do the work within the reasonable time-frame the Authority has established for that work; if the firm is available within the Authority’s requirements, the Authority shall then, in conformance with all HUD requirements, attempt to negotiate a reasonable Developers Agreement with the available firm. If such negotiations cannot be successfully concluded within 30 business days, the Authority shall retain the right to suspend negotiations with that firm and proceed to another proposer. Once the Authority has ended negotiations with the first firm selected for a given project, the Authority SHALL NOT again enter into negotiations with that firm pertaining to that task order. However, this shall not affect that firm’s selection for any future task orders.
- 4.5.4** If the first proposer the Authority contacts is not available or the Authority is not able to successfully reach a negotiated Developers Agreement with that proposer, the Authority will proceed to the next proposer most suited to the task and repeat the same negotiation process. The process may be repeated by the Authority until the Authority has successfully negotiated a reasonable agreement.
- 4.5.5** The Authority reserves the right to conduct additional Requests for Qualifications for specific projects that the Authority, at its sole

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discretion, determines require specific experience or qualifications that may, or may not, be evident within the pool.

5.0 Performance Standards

- 5.1** Performance standards will be established for each project.
- 5.2** The COO may waive the fee reductions at her discretion after discussing extenuating circumstances with the Contractor. Such waiver shall be in writing at the time of the service.

6.0 Contract Terms

6.1 Contract Term

6.1.1 The Authority intends to enter into a three year contract with the option, at the Authority's sole discretion, to extend two one-year contracts with the successful offeror(s) selected to provide the services.

6.2 Indefinite Quantities Contract (IQC) CMHA does not guarantee any minimum or maximum amount of work as a result of any award ensuing from this RFQ, but will reserve the right to award work on an as-needed basis.

6.2.1 Guaranteed Contract Minimum Amount and Not-to-exceed Maximum Amount: As may be further detailed herein, as the ensuing contract will be an Indefinite Quantities Contract (IQC), which, pursuant to HUD regulation, requires CMHA to award the responsive and responsible contractor a Guaranteed Contract Minimum Amount (GCMA) and Not-to-exceed Maximum Contract Amount (NMCA) of work, those required minimum and maximum contract levels are: (a) GCMA: \$100; (b) NMCA: \$500,000 annually. CMHA reserves the right to adjust these amounts, if in its best interest to do so, prior to contract approval or in a master development agreement to be approved by the Board of Commissioners.