CMHA

ADDENDUM #2

Request for Proposals
Tax Credit Syndicator and Lender for Marquette Manor
Solicitation No. 2024-4002

Originally Issued March 20, 2024

Addendum 2 – Issued April 10, 2024

To Offerors:

The following additions, deductions, changes and corrections to the proposal and specifications for the above referenced project shall hereby be incorporated into the work, and their affect on the proposal shall be reflected in the Offeror's proposal. Offerors shall also verify this fact by indicating the receipt of the addendum in their proposal.

QUESTIONS:

1. Can you provide historical occupancy for last few years?
   The occupancy for Marquette Manor from previous years includes: 2020 94%, 2021 93%, 2022 93%, 2023 92%. Currently Marquette Manor is 91% occupied. Please note that previous and current occupancy does not reflect demand for this site after the apartment are substantially rehabbed. The occupancy rates from 2020-2023 were impacted by COVID related challenges. Currently, CMHA is not re-leasing public housing units as they become unoccupied to strategically plan for redevelopment. CMHA consolidates vacancies so that the selected General Contractor can work efficiently on floors that are completely vacant.

2. We are assuming that you want responses to include $1,050 rents. Please confirm.
   Confirmed. Please refer to Addendum 1.

3. Has OHFA approved utilizing 3% vacancy for underwriting?
   An Extension Request will be submitted to OHFA to allow for the lowest vacancy rate allowable in accordance with OHFA's 2023 Multifamily Underwriting Guidelines. We understand the underwriting terms need to be approved by all funding sources.

4. Has OHFA approved 1.15x DSCR for underwriting of debt?
   No, the tax credit pre-application has been submitted, which does not include this information. CMHA anticipates submitting the tax credit application in May 2024. The

amended CHAP issued by HUD on 04/01/24 reflects HUD's approval of an additional $100 per unit per month with the rent set at $1,050. CMHA will adjust the model as needed in accordance with 2023 OHFA Multifamily Underwriting Guidelines.**

Please also note that CMHA's projections issued on 03/20/24 are preliminary, and were drafted before HUD approved the $1,050 rent included in the 04/01/24 CHAP. The projections had included $990 per month, not $1,050, so the DCR will increase.

5. Do you have a more detailed breakout of the proforma expenses?
   See Addendum 1 number 3, which states - an operating budget with more detail will be developed as part of the financing plan in May/June 2024. However, CMHA's projections include per unit per year operating expense levels forecasted for fully renovated/like-new rehabbed properties, similar to sites currently managed by CMHA's affiliate, Touchstone Property Services.

6. Does the current expense assumption include the issuer and trustee fees? We are assuming they are included.
   All bond-related fees, based on estimated generated from actual costs from prior projects, are included in the Marquette Manor development budget. These fees are not included in eligible basis, please see CMHA's projections.

7. Do you anticipate the ground lease have any payments associated with it?
   See the description of CMHA's existing Energy Performance Contract debt that HUD requires be paid at closing, on page 12 of the RFP, the balance of the ground lease will be paid with cash flow, as subordinate debt. See further details in question 9.

8. Tax Credit Delivery/BINS: We want to be sure we are on the same page with your Phasing and Delivery Schedule. It looks like 80 tax credit units will be completed by 9/28/2025, with the remaining 60 units completed by 3/7/26. Given this is one building, we wanted to see if this will have multiple BINS (such that the 80 units completed in 2025 will get credits delivered in 2025), or if this will be one BIN, and therefore we shouldn't expect credits to be delivered until 2026.
   This project will include one BIN. The building is planned to be placed in service in 2026.

9. Sponsor Acquisition Soft Loan $7,920,000
   a. Interest Treatment: Will this loan be structured as unrelated party debt for tax purposes, such that it can be included in minimum gain, and the accrued interest losses can be deducted? **Yes**
   b. Availability / Funding Date: Based on the draw schedule, it looks like this will fund in full at closing. **Correct**
   c. Interest Rate: **To be determined, as needed, by selected syndicator.**
   d. Will principal be repaid subject to available cash flow? **Yes**

CMHA

e. What % of cash flow will go towards repayment? **After repayment of the following, as applicable: 1) investor credit reduction and loans, 2) reserves, 3) deferred developer fee, 4) CMHA anticipates 100% of cash flow would go toward this loan, and any other CMHA subordinate loans be included next in the cash flow distribution.**
f. Does unpaid interest accrue: **Yes**
g. Will unpaid interest compound: **Yes**

10. CMHA Capital Funds Soft Loan $2,092,987
    a. Interest Treatment: Will this loan be structured as unrelated party debt for tax purposes, such that it can be included in minimum gain, and the accrued interest losses can be deducted? **Yes**
    b. Availability / Funding Date: Based on the draw schedule, it looks like this will fund in full at closing. **Correct**
    c. Interest Rate: **To be determined, as needed, by selected syndicator.**
    d. Will principal be repaid subject to available cash flow?: **Yes**
    e. What % of cash flow will go towards repayment?: **After repayment of the following, as applicable: 1) investor credit reduction and loans, 2) reserves, 3) deferred developer fee, 4) CMHA anticipates 100% of cash flow would go toward this loan, and any other CMHA subordinate loans be included next in the cash flow distribution.**
    f. Does unpaid interest accrue: **Yes**
    g. Will unpaid interest compound: **Yes**

11. CMHA GP Developer Fee Contribution Soft Loan $5,850,000
    a. We want to make sure we understand this source. Is this CMHA lending their paid developer fee back into the deal as a soft loan? **This is paid developer fee funded by equity. OHFA requires that a certain percentage be reinvested into the project. See page 15 of the 4% QAP published by OHFA on November 15, 2023. This is to generate eligible basis increasing equity and developer investment.**
    b. Interest Treatment: Will this loan be structured as unrelated party debt for tax purposes, such that it can be included in minimum gain, and the accrued interest losses can be deducted? **Yes**
    c. Availability / Funding Date: Based on the draw schedule, it looks like $1.46MM will fund in at closing with the remainder in month 18. **Correct, or at construction completion in order to reduce equity bridge loan interest, particularly during this current market of relatively high interest rates.**
    d. Interest Rate: **To be determined, as needed, by selected syndicator**
    e. Will principal be repaid subject to available cash flow?: **Yes**
    f. What % of cash flow will go towards repayment?: **After repayment of the following, as applicable: 1) investor credit reduction and loans, 2) reserves, 3) deferred developer fee, 4) CMHA anticipates 100% of cash flow would go toward this loan,**

and any other CMHA subordinate loans be included next in the cash flow distribution.

g. Does unpaid interest accrue: **Yes**
h. Will unpaid interest compound: **Yes**

12. City Funds Soft Loan $750,000
    a. Availability / Funding Date: Based on the draw schedule, it looks like this will fund in full at closing. **No, see CMHA's financial projections for city funds anticipated to be drawn during construction period.**
    b. Interest Rate: **While notice of the award has been received, the terms have not been disclosed by the City.**
    c. Will principal be repaid subject to available cash flow?: **Yes**
    d. What % of cash flow will go towards repayment?: **CMHA will negotiate timing of payment and % of cash flow with the City of Cincinnati.**
    e. Does unpaid interest accrue: **Yes**
    f. Will unpaid interest compound: **CMHA will negotiate this with the City of Cincinnati.**

END OF ADDENDUM TO DATE 4/10/24