

**ST. PETERSBURG HOUSING AUTHORITY
REQUEST FOR QUALIFICATIONS
RFQ #17-005
FEE DEVELOPER**

ADDENDUM #1

Part III – Submission Requirements, Method of Solicitation - The schedule is revised as reflected below.

DEVELOPER SELECTION SCHEDULE		
	INITIAL DATES	REVISED DATES
Availability of RFQ Package	Thursday, June 1, 2017	NO CHANGE
Pre-proposal Conference (Optional)	THURSDAY, JUNE 15, 2017 2:00 PM LOCAL TIME SPHA CENTRAL OFFICE 2001 Gandy Blvd. N. St. Petersburg, FL 33702	NO CHANGE
Deadline for Submission of Question to SPHA	Thursday, June 22, 2017	NO CHANGE
Issuance of Response to Questions (Addendum)	Thursday, June 29, 2017	MONDAY, JULY 10, 2017
Proposal Due Date and Time	THURSDAY July 13, 2017 2:00 PM LOCAL TIME	THURSDAY, JULY 20, 2017 2:00 PM LOCAL TIME
Preliminary Evaluation Completed/Firms Shortlisted	Thursday, July 27, 2017	MONDAY, JULY 31, 2017
Interviews of Shortlist Firms	Thursday, August 3, 2017	WEDNESDAY, AUGUST 9, 2017
Site Visits	August 7 – August 9, 2017	AUGUST 14 – 15, 2017
Recommendations to Board of Commissioners	Thursday, August 24, 2017	NO CHANGE

Summary of Pre-Proposal Conference.

Representatives of the St. Petersburg Housing Authority present at the pre-proposal conference were Cindi Herrera, Development Consultant; Pamela Hobbs, Procurement Officer; and Alexandra (Sandy) MacLennan, Special Real Estate Counsel, Squire, Patton, Boggs.

SPHA representatives highlighted various sections of the Request for Qualifications and provided the following clarifications.

- The project may consist of one or more financial transactions. In negotiations with HUD, the Authority provided a single tax-exempt bond and 4% tax credit transaction to demonstrate overall feasibility of a RAD portfolio conversion that will meet all rehabilitation needs of the properties pursuant to the RAD Physical Condition Assessments. However, the Authority does not anticipate use of a 9% LIHTC transaction as it would most likely not meet the RAD timeline requirements.

- It is expected that the Pinellas County Land Trust will be used for Jordan Park and may or may not be used for the Scattered Site properties.
- The SPHA proposed plan is not carved in stone and developers should be creative and aggressive in their proposals to minimize SPHA investment and maximize SPHA control of the project post-stabilization.

Questions and Answers

1. Is there an opportunity for property tax exemption of the sites?

The scattered site properties currently do not pay property tax. Jordan Park pays property tax on improvements but not on the land. There is an opportunity to speak with the property tax appraiser to determine if the Jordan Park improvements could be exempt. SPHA will file a request for exemption for 2017 under State Law 423 based on ownership by an affiliate of the Authority.

2. Are the recent Appraisal and Market Study available to determine annual operating expenses?

These documents are public record, so yes, they are available. However, these documents are not standard as they were prepared pursuant to specific HUD requirements for the Voluntary Conversion process. Attached to this addendum is the audited operating expenses for 2016 for Jordan Park and the 2017 Operating Budget for the Scattered Site properties.

3. What is the bedroom distribution for the properties?

The chart below provides the bedroom distribution as anticipated post-redevelopment. Note that the one-bedroom SPHA PBV units at Jordan Park are the new construction of senior units and the number may vary based on final design plans. All other units are RAD converting units and cannot be changed under the RAD one for one replacement requirements.

BEDROOM DISTRIBUTION			
BEDROOM SIZE	SCATTERED SITES	JORDAN PARK RAD	JORDAN PARK SPHA PBV
1 BR	47	5	60
2 BR	84	105	0
3 BR	2	79	13
4 BR	0	0	4
TOTAL	133	189	77

4. What is the square footage of the units?

The average square footage of all units is 660 for 1 bedroom; 1136 for 2 bedrooms; 1330 for three bedrooms; and 1432 for 4 bedrooms.

5. Is there any existing debt on the property that is required to paid off as part of the recapitalization?

No, there is not debt on any of the properties. All debt was satisfied as part of the purchase of Jordan Park and the scattered sites properties as traditional public housing have no debt.

All properties to have a Declaration of Restrictive Covenants (HUD DOT) which will be released as part of the RAD transaction.

6. Where are you in the disposition process, have you met the obsolescence test>

A Section 18 disposition application has been submitted to the HUD Special Applications Center (SAC). The property does not meet the obsolescence test; the disposition application is for other use. We have been in a discussion with HUD for almost two years and have reached agreement to dispose of these 31 units under the Section 18 provisions.

7. Where are you in the RAD process?

RAD applications have been submitted under Priority 1 of RAD Notice Revision 3. As noted, SPHA has been in negotiations with HUD for almost two years and has reached a compromise to recapitalize Jordan Park based on a portfolio RAD conversion with limited disposition. A CHAP (Commitment to enter into a Housing Assistance Payments Contract) is expected shortly.

8. What type of financial transaction are you anticipating?

SPHA has presented HUD with a single tax-exempt bond; 4% tax credit transaction for the entire RAD portfolio conversion. This was done to demonstrate to HUD a viable conversion structure that would meet all RAD requirements. The RAD applications were submitted on this basis but we have request two separate CHAP's. SPHA is open to other financing structures provided all RAD requirements and timelines can be met. Developers should submit creative and aggressive financing structures for all properties that assure long term control and financial viability.

9. Does SPHA have sufficient Property Management experience to meet investor/lender underwriting criteria?

Jordan Park has an extended use agreement so it remains under LIHTC compliance requirements. Florida Housing Finance Corporation approved SPHA as Property Manager for Jordan Park upon purchase. SPHA uses a third party independent compliance company to review and approve all tax credit resident files for initial lease up and annual recertification.

10. Are relocation costs to be included in the development budget or will they be paid separately by SPHA?

As stated in the RFQ, SPHA will be responsible for all relocation. It is expected that the developer will phase the construction to minimize the amount of relocation needed. Costs for relocation should be included in overall development budget. If SPHA pays relocation costs directly, funds for secondary financing may be reduced to account for the relocation costs.

11. Who is responsible for demolition and related costs?

SPHA has requested disposition approval only. The Developer will be responsible for the demolition of the 31 units are Jordan Park and all associated costs should be a part of the development budget.

12. Have you determined how you would handle the issue of age restricted units with non-age restricted units financed under a single transaction?

We recognize FHA's limitations on financing both age restricted and non-age restricted units in a single mortgage. Thus, we are not considering an FHA product for this transaction; we would expect the developer to provide an alternate permanent debt solution could consist of a tax-exempt loan or other similar product.

13. Will SPHA assist Developers in the Section 3 and W/M/DBE hiring process?

SPHA will share all contacts for both Section 3 and W/M/DBE firms with whom we have done previous business or with whom we have contact.

14. Will SPHA or the Developer be responsible for conversion to permanent financing?

The Developer will be responsible for conversion to permanent financing. SPHA anticipates that the Developer will remain in the transaction until stabilization which will ultimately be determined/defined by the investor but we anticipate that the developer would remain in the transaction until after conversion to permanent financing.

15. Do you anticipate that it will be difficult to secure an investor that will approve SPHA in the Managing GP role of the ownership structure?

We understand that we will need to meet all underwriting criteria from the investor including liquidity requirements. The RFQ suggests a minimum of six proposals from investors so we can identify those investors which will be agreeable to SPHA in the Managing GP role. Many investors are familiar with working with PHA's and other are not, we anticipate that SPHA will work very closely with the Developer in the final selection of the investment partner to assure they are agreeable to the goals of SPHA.

16. Do you have a third party RAD Consultant?

Cindi Herrera and Associates, LLC is our third party RAD Consultant. Cindi has converted over 6,000 units of Public Housing under the RAD Program and will be responsible for the HUD RAD process for this project including preparation of all RAD Program Documents.

17. Can you provide us with the estimate of funding for the financing gap?

SPHA has Replacement Housing Factor funds (RHF) as well as other program income funds available for the project. Obviously, we want to utilize the minimal amount necessary to make this project feasible and therefore are not providing an amount for gap financing. Our expectations are for the developer to secure as much secondary financing from other sources including Federal Home Loan Bank Affordable Housing Program and State of Florida SAIL and/or SHIP funds. Developers should list SPHA Secondary Financing as the gap amount on the financial proforma.

18. Please clarify which forms and exhibits need to be returned in the proposal.

Exhibit A and B are for information. All other forms must be completed and signed as applicable. If you have any further questions on forms, you can contact Pamela Hobbs, Procurement Officer at phobbs@stpeteha.org

19. Have some repairs been complete at Jordan Park?

Critical repairs are currently underway and include replacement of AC units as well as correction of any outstanding code violations. When SPHA assumed ownership of the property earlier this year, there was secondary debt from the City. Negotiations to forgive this debt included city inspections of all units which identified some minimal code violations.

Acknowledgement of Addendum #1:

This acknowledgement must be signed and included in Tab 5 of the submission.

Firm: _____

By: _____ Title: _____

Signature: _____ Date: _____

Jordan Park Development Partners, Ltd.

Statement of Operations

Year Ended December 31, 2016

Revenue

Gross rent potential	\$	470,664
Tenant assistance payments		508,381
Less: Vacancy and concessions		(16,104)
Net rental revenue		962,941

Other revenue

Interest income		142
Laundry and vending fees		907
Tenant charges		20,464
Miscellaneous revenue		2,541
Total other revenue		24,054

Total revenue 986,995

Operating expenses

Administrative		335,727
Operating and maintenance		357,116
Utilities		71,626
Taxes and insurance		263,877
Total operating expenses		1,028,346

Net operating loss (41,351)

Other expenses

Interest expense		744,377
Depreciation expense		683,672
Investor service fee		5,000
Total other expenses		1,433,049

Net loss \$ (1,474,400)



St Petersburg Housing Authority
Statement of Operating Receipts and Expenditures
Clearview, Disston, Romayne, Gateway, SS, and Sunset Oaks
For the Month of January - 2017

	<u>ANNUAL BUDGET</u>	<u>CURRENT PERIOD</u>	<u>YEAR TO DATE</u>	<u>8.33 ACTUAL</u>
Expenditures				
Administrative				
4110 Administrative Salaries	95,162	6,439	6,439	6.77%
4130 Legal	30,000	0	0	0.00%
4140 Staff Training	3,000	0	0	0.00%
4150 Travel	1,500	0	0	0.00%
4171 Audit	1,170	98	98	8.33%
4190 Sundry	16,000	1,293	1,293	8.08%
4190.300 Telephone	10,000	749	749	7.49%
4190.400 Administrative Contracts	7,000	423	423	6.05%
4190.700 Computer Support	12,847	2,270	2,270	17.67%
4192.000 Management Fee	87,358	7,390	7,390	8.46%
4192.100 Accounting Fee	11,880	1,005	1,005	8.46%
4192.300 Asset Management Fee	16,080	1,340	1,340	8.33%
4190.800 CFP Management Fee	12,697	1,058	1,058	8.33%
4195 Museum Expense	0	0	0	0.00%
Total	<u>304,694</u>	<u>22,064</u>	<u>22,064</u>	<u>7.24%</u>
Resident Services				
4220 Sundry	4,000	282	282	7.04%
Total	<u>4,000</u>	<u>282</u>	<u>282</u>	<u>7.04%</u>
Utilities				
4310 Water & Sewer	64,568	1,243	1,243	1.93%
4320 Electricity	22,989	1,746	1,746	7.60%
4330 Gas	1,849	39	39	2.10%
Total	<u>89,406</u>	<u>3,028</u>	<u>3,028</u>	<u>3.39%</u>
Ordinary Maintenance				
4410 Labor	118,534	9,948	9,948	8.39%
4420 Materials	45,000	344	344	0.77%
4430 Contract Costs	136,000	10,954	10,954	8.05%
Total	<u>299,534</u>	<u>21,247</u>	<u>21,247</u>	<u>7.09%</u>



St Petersburg Housing Authority

Statement of Operating Receipts and Expenditures Clearview, Disston, Romayne, Gateway, SS, and Sunset Oaks For the Month of January - 2017

	ANNUAL BUDGET	CURRENT PERIOD	YEAR TO DATE	8.33 ACTUAL
Protective Services				
4480 Contract Costs	3,000	0	0	0.00%
Total	3,000	0	0	0.00%
General Expense				
4510 Insurance	80,239	5,432	5,432	6.77%
4520 Payment in Lieu of Taxes	28,053	1,932	1,932	6.89%
4570 Collection Losses	3,500	0	0	0.00%
4540 Employee Benefits	64,109	3,753	3,753	5.85%
Total	175,901	11,117	11,117	6.32%
Total Routine Expenditures	876,535	57,738	57,738	6.59%
Extraordinary Expenditures				
7540 Property Betterments	0	0	0	0.00%
Total	0	0	0	0.00%
Total Expenditures	876,535	57,738	57,738	6.59%
Net Residual Receipts	0	9,298	9,298	0.00%