

CNI RFQ Questions + Answers

1. Due to COVID-19, does the City of Detroit anticipate extending the submission deadline for this RFQ. If so, when will respondents be notified.

At this time, the City of Detroit does not anticipate extending the submission deadline for the RFQ. Please note that we have issued an RFQ (“Request for Qualifications”) instead of an RFP (“Request for Proposals”) in order to expedite the process for both Respondents and our internal Selection Committee.

2. While we understand that 100% of the target housing units will be replaced in the Target Neighborhood, is there a specific goal for how much (if any) HUD-assisted units remain on the Target Housing site post redevelopment? (0, 25%, 50%...)

The City’s current housing program projects that roughly 50% of the replacement units will be moved outside of the CKG site; however, this percentage will depend on negotiations with the selected developer and ACD. In addition, the City anticipates supporting the application for additional project based voucher assistance from the Detroit Housing Commission and/or another source to increase the total number of assisted units.

3. Is a JV partnership between ACD and the selected HIE to be the owner entity of all the redeveloped sites, or just the redevelopment of the Clement Kerns site?
 - a. If all sites, is there a targeted level of ownership share (% of General Partner) for ACD and the HIE?

The structure of the agreement will depend on negotiations between the selected partner and ACD. It is anticipated that ACD will be responsible for the redevelopment of the Clement Kern Gardens site, and the developer selected through this RFQ, responsible for the development of the other sites.

- b. If it is limited to Clement Kerns but some or all of the HAP budget authority moves offsite, will ACD be part of the Owner entity on the receiving property?

As replacement units will be required at all sites, the HAP contract on some units may need to be transferred to other sites that will be under the development authority of the selected developer (as specified by the partnership agreement). In addition, the City will be working with the HIE to seek award of new PBV units to increase the number of total assisted units across all phases.

4. Will there be additional rent subsidized units in the plan from HUD, the Detroit Housing Commission, or another subsidized property, or is 87 units (19%) the desired proportion of assisted units in the plan?

The City is working with the Detroit Housing Commission to secure additional Project-Based assistance for CNI, and anticipates that at least 30 additional assisted units will be made available.

5. By 20% “Market Units”, do you mean units at 120% AMI, the highest income tier allowed in a CNI-funded phase or do you mean truly unrestricted market-rate (which would have to be paid for outside Choice)?

The 20% “Market units” referenced will range from 80% to 120% of AMI. Based on market conditions, there will be opportunity to develop additional unrestricted market rate units outside of CNI on some of the identified sites.

6. Please elaborate on the description in Section 4.1 “the City is pursuing 9% Low-Income Housing Tax Credits from the Michigan State Housing Development Authority” for Phase I (“Left Field”).
 - a. Is the City assembling a MSHDA application for the April 9% round?

The City is supporting ACD’s application for the April 9% funding round.

- b. Is ACD a party to that application?

Yes.

- c. Is the intent that the HIE would slide into the General Partner role for that application following selection?

Potentially, but not necessarily.

- d. Will the 9% application or key aspects of the proposal be made available to HIE candidates prior to selection?

Additional information can be provided. The key aspects for the project are as follows - approx. 60-120 units with 80% of the units affordable to those making 80% or less of the area median income.

- e. Knowing the goal of the City is to have a “fully funded Phase I at the time of submission to HUD,” if the 9% application is not successful, is the intent to convert that phase to a 4%/bond project and provide additional gap funding? What will the HIE’s role be in creating and financing a “fully funded application” if there is not a 9% award in-hand this summer?

That is an accurate description of the planned funding approach should the 9% application not be successful for the April/May funding round. If

the 9% is not awarded, the City will support the HIE in an alternative strategy to ensure a fully funded Phase I.

7. Is the responding “Development Team” supposed to consist of the roles described in the RFP only, or should we have selected architects, engineers, contractors or other consultants?

The Development Team should consist of the roles described in the RFQ, however, respondents that bring architects, engineers, contractors, and other consultants on board will have the potential to score higher than Respondents that don't.

- a. Is Perkins + Will expected to have a continuing role after the Framework Plan is completed?

Perkins + Will is under contract for the Greater Corktown Neighborhoods Framework plan. As part of that contract, Perkins + Will may provide renderings that will be used in completing the application for CNI. No other design services will be provided by Perkins + Will.

8. Which entity has the role and responsibility to document the physical distress and need for redevelopment of the Target Housing, as required in the CNI application?

The City of Detroit's Housing and Revitalization Dept holds the role and responsibility for documenting physical distress and need for the redevelopment of the Target Housing. HRD is working with ACD regarding the documentation of Clement Kern Gardens.

9. The RFQ mentions 460 units, and the presentation makes reference to 460 units plus 115 replacement units. Could you please clarify, if possible, the density that the City anticipates the CNI Grant application will encompass?

The anticipated 460 units is inclusive of the replacement units. However, there will likely be some opportunities for pure market rate development in addition to CNI phases on the various sites with Historic and North Corktown.

10. Given the sizable land area of the Clement Kerns site and significant developable land in Greater Corktown, it seems that there may be an opportunity for development beyond the currently stated unit count on these parcels. Will the City consider expanding the number of units beyond the initial density/scope projections referenced in the RFQ as land availability and financial feasibility allow?

The initial density/scope projects are preliminary and have the ability to move with the development of the Housing Plan and input of residents.

11. Has a People Implementation Entity been selected yet? Are PIE and HIE being considered separately or is the applicant team required to include both HIE and PIE?

No, there has not been a People Implementation Entity selected yet. Our intention is that a Housing Implementation Entity would bring a People Implementation Entity to the table, and both the PIE and HIE would be scored as a whole.

12. Is HIE expected to develop the “Phase 1” site at 2120 Cochrane or is that in process with another developer already?

Not necessarily, because a fully funded Phase 1 project by the application date to HUD, HRD is working with ACD to develop this site. However, there is a potential for additional units to be developed by the HIE at this site in the future.

13. Will Clement Kerns be solely redeveloped by ACD or is there an opportunity to incorporate additional housing units for HIE?

The plan for redevelopment of the CKG site will be dependent on negotiations between ACD and the selected HIE partner, with responsibilities delineated clearly within a partnership agreement. At this time, ACD intends to be responsible for redevelopment of the CKG site.

14. Fountain Court Co-Op is categorized as a housing priority area – could the city provide commentary on why? Is there an opportunity to incorporate additional rental or for-sale housing units?

Fountain Court is highlighted within the presentation because it is the only other housing development within the target area that includes HUD-assisted units. While we do not anticipate an opportunity to develop or redevelop units on-site, the City would prefer that the CNI application is thoughtful about how Fountain Court residents are engaged in the Greater Corktown Planning work, and are served through CCIs that help connect them to amenities developed/improved through CNI. The City anticipates that the Fountain Court site may be redeveloped in the future (post-CNI) as the North Corktown market is strengthened.

15. Victor Attar Apartments are categorized as a catalytic site – could the city provide commentary on why? Is there an opportunity to acquire the apartment building through the RFP?

Victor Attar Apartments is a former LIHTC-assisted 29 unit development that went through a foreclosure in 2018, ending the extended-use affordability restrictions and putting residents at risk of displacement when the 3-year transition period is up in 2021. There is currently a legal dispute around the foreclosure, but in the case that residents are displaced, the City would like to

offer them priority to occupy new CNI LIHTC or PBV units (after CKG residents).

The site cannot be acquired through the RFP as the City does not have site control; however, the selected team is welcome to pursue acquisition of the site independently.

16. Is there any expectation for American Community Developers to have a longer-term interest in the subject matter of this RFQ? We understand that they will be a partner through the redevelopment of Clement Kerns Gardens, but will they be involved further?

The involvement of ACD will be dependent on negotiations between ACD and the selected HIE partner, with responsibilities delineated clearly within a partnership agreement.

17. In the RFQ it states under "Developer Roles" that "The HIE and Development Partner(s) will create and implement a competitive process for selecting the most qualified General Contractor." Are Development Partners barred from working with their in-house General Contractors based on this?

Not at all, bring your in-house GC to the table. We want to see the qualifications from the entire team.

18. How does the COD envision the relationship structure between ACD, Inc. and the HIE?
a. What is ACD, Inc.'s understanding to their commitment/ownership in the Clement Kern project?

ACD is committed to the redevelopment of the Clement Kern site. It is understood that the selected developer will work together with ACD to develop a partnership agreement that clearly delineates development responsibilities at Clement Kern.

19. Considering the delay with MSHDA LIHTC applications and the QAP, does the COD anticipate the Clement Kern LIHTC app to go in for the October 2020 Round?

The City of Detroit anticipates a LIHTC application for the Clement Kern Gardens site to be submitted at a later date.

20. What if any agreement is already in place, or agreement in principle, with American Community Developers, Inc., in order for the Choice site control requirement to be met?

The selected HIE developer will need to negotiate a partnership agreement with ACD following selection to achieve the goals of 1) site control 2)

maximum scoring on HIE capacity. This partnership agreement will detail the respective responsibilities of each member for development of specific sites.

21. Is ACD open to selling Clement Kerns Gardens to the HIE? If not, will ACD's role be limited to the first-phase redevelopment?

ACD has not communicated openness to selling the Clement Kern Gardens. ACD's role is expected to be limited to the Clement Kern Gardens and Tiger's Stadium Left Field site.

22. Is ACD willing to convey the property at a fair price point, recognizing resources for acquisition will be limited by overall budget constraints?

This is something that the selected HIE would need to negotiate with ACD. ACD is not interested in selling CKG.

23. If ACD is interested in a co-developer role with the HIE as part of JV or similar structure, ACD will need to be included in the CNI application and ACD's capacity as part of the HIE will be evaluated by HUD. Will ACD's experience allow for full capacity points to be achieved?

ACD is a very experienced affordable housing developer, and has specific experience with award, management and transfer of HUD contracts. In the case that multiple parties enter into a Joint Venture (JV), the City expects HUD to consider the capacity of all partners within the JV and score accordingly.

24. Are there additional details on the first phase that is referenced in the RFQ as currently seeking funding? If not led by the HIE, how will it be counted toward the CNI Housing Plan?

The Phase I project will include approximately at least 60 units, with 80% of the units affordable to those making 80% or less of the area median income, and 20% at market-rate. Units will range from 1 to 3 bedrooms and will include both townhome and apartment style building types.

25. How does Clement Kerns meet the criteria for severe distress?

Though the City believes the combination of physical design and capital needs are sufficient to meet the criteria for physical distress, the final determination is under process with an appropriate architecture and engineering firm familiar with the requirements of HUD.

26. At what stage is this redevelopment relative to the need to have a fully funded first phase at time of submission?

The City is prepared to have a fully funded phase I project prior to the submission of the CNI application to HUD.

27. What City and State resources are expected to be available for the redevelopment effort?

As mentioned in Section 5.1.3, there are City resources available through HRD's Notice of Funding Availability process. As CNI is a City priority, we anticipate that these resources will be available to support CNI phases. The Michigan State Housing Development Authority offers Low Income Housing Tax Credit rounds twice a year, as well as rolling applications for their 4% programs. MSHDA also offers gap funds associated with 4% transactions.

28. How will the City fill funding gaps if CNI application is unsuccessful?

The City would leverage federal grant dollars, with PILOT's, and discounted land sales to maximize all available sources including private debt and equity sources.

29. Is the City committed to prioritizing each phase of tax credit financing, and signaling that commitment to MSHDA, in order to maximize unit production within the 5-year Choice window?

Yes, the City of Detroit is committed to seeing this project to completion within the required timeline and will prioritize the need to fund the phases of this development project.

30. What are the current Section 8 contract rents and unit mix for the Clement Kern Gardens site?

There are 87 total units, 86 of which are Section 8 assisted:
16 units are 1-BR units. (12 units for elderly; 4 units for handicap).
46 units are 2-BR townhome units.
24 units are 3-BR townhome units.
1 unit is a non-restricted 3-BR townhome.

Contract rents may be shared by ACD upon request.