



ADDENDUM NUMBER TWO

September 29, 2015

DEVELOPMENT OF BYWATER VACANT SCATTERED SITE PROPERTIES REQUEST FOR PROPOSALS #15-911-34

THE FOLLOWING ADDENDUM IS BEING ISSUED TO INCORPORATE IN THE REFERENCED REQUEST FOR PROPOSALS:

ITEM #1 QUESTIONS ASKED

Q1: Currently under the 9% program with LHC, points are given for high vacancy buildings. I think the building on the Mazant property qualifies for these points. These points would be essential for the selected developer if 9% credits are the plan for financing. Currently the property is around the bubble scoring wise based on past years QAP, and these points may help make the project a winner. Is there a chance to receive those points?

A1: It is anticipated that the buildings on the Mazant Property will be demolished by the time a contract is executed to develop the property. HANO will provide letters of support that may be applicable to finance the redevelopment.

Q2: During the meeting it was mentioned that 710 Clouet Street had to be addressed through an addendum due to the lease. What is HANO's intention regarding the lease? Could a private party purchase the property so that Clouet Gardens could continue as a community green space? Can the addendum address all the sites having leases?

A2: The ground lease on 710 Clouet expires in 2021. There are no other sites in the RFP that are ground leased. HANO is revisiting the circumstances under which the ground lease was entered to determine the most appropriate use for the property within legal and regulatory requirements.

Q3: **What is the new submission deadline?**

A3: Proposals are due on Monday, November 2, 2015, at 2:00 p.m. Refer to Addendum #1.

Q4: Will the public housing units be Project Based Vouchers?

A4: No. Public Housing units will not accept Project Based Vouchers.

Q5: Would it be the equivalent of whatever a HAP is now?

A5: Project based (PBV) units will be administered under the Section 8 Housing Choice Voucher program guidelines.

Q6: Will it be a public housing unit?

A6: Refer to A4 above.

Q7: How do we consider the land value?

A7: An appraisal may be used to determine the land (property) value.

Q8: How do we consider what HANO's return is?

A8: The Developers conceptual plan should propose a viable and feasible scenario that meets all criteria contained in the RFP, to provide HANO the best financial return to HANO.

Q9: Do you want to sell any of the land?

A9: HANO expects to provide long term ground leases except in the case of homeownership.

Q10: Is there anything that prohibits you from considering condominium structures?

A10: No.

Q11: Are the percentages of public housing, affordable housing, and market rate housing rigid percentages or will you entertain more of one category or less of a category?

A11: 25% public housing and 2/3 affordable are minimum requirements. HANO will consider all proposals. However, the affordable and public housing commitments are the most essential components to a successful proposal.

Q12: How do you determine the amount of operating subsidy? Is it based upon the number of bedrooms?

A12: HUD form 53723 provides the calculation for operating subsidy. The calculation is reviewed by HUD and subject to a proration factor from Congress and often subject to another proration in the Regulatory and Operating Agreement. The subsidy calculation is not specific to bedroom size; it is a single calculation for all of the

public housing units at a given property based on the Units Months Leased (UML) of the prior year.

Q13: Can we use FMR so we're all using the same thing, or do you want us all to use the \$350?

A13: Developers should propose income calculations that match the type of units in their plan. Public housing unit income is generated differently than project based income or tenant based vouchers. It may be assumed that public housing units will received \$350/unit operating subsidy.

Q14: If you get to use the \$350 as an operating subsidy, can you still charge something to the tenant?

A14: Yes. Tenant rents for public housing residents are restricted to 30% of the adjusted monthly income based on HUD regulations.

Q15: What would your needs be in terms of the number of bedrooms for public housing?

A15: Developers should consider between one and three bedrooms to accommodate families living in public housing.

Q16: Would a potential team be disqualified if they brought in another partner?

A16: Pre-qualified Development Entities may enter into a subcontract and/or professional services agreement(s) with vendors/contractors.

However, the Master Agreement for redevelopment will be executed between HANO and the pre-qualified Development Entity approved by HANO's Board of Commissioners on February 24, 2015.

Q17: Can you clarify what "subcontract out" means?

A17: Subcontract - An agreement between a prime contractor and a third party contractor to perform work.

Q18: How many Project Based Vouchers (PBV) can we assume could be included?

A18: Assume that HANO can make available as many PBV available that can be used for this project. Except for housing developed for a special needs population, HUD limits the amount of PBV units to 25% of the total units in the development.

Q19: Would distribution of units matter if a developer proposes, as part of their development plan, a parcel that they already own or will acquire outside of HANO's portfolio?

A19: HANO looks to preserve affordable housing, especially in gentrifying neighborhoods. Any perceived concentration of affordability into a depressed area is discouraged. Increased concentration of affordable units in high-rent areas is encouraged.

In order to utilize PBV, housing units proposed for development must be distributed on contiguous parcels of land.

Q20: Could the developer use that parcel to meet the affordability requirements and, use all market rates on the property owned by HANO? Is there a requirement that the HANO property, which has a ground lease, have the 66%?

A20: Refer to A19.

Q21: Is the distribution over the entire development your concern?

A21: Yes. It is HANO's goal to distribute affordable housing units over the properties as a whole, not separately on each property (parcel).

Q22: After an extended period of time having a successful partnership with HANO, is there a structure of exit for the developer if they wish to do so?

A22: HANO is open to exit strategies proposed by Developers, as long as the strategy is in accordance with public housing or other affordable housing programs (i.e. low income housing tax credits) requirements.

Q23: Are there any restrictions on your additional property that a developer would bring to the table? Is it just the Bywater area or is it the City of New Orleans in general?

A23: Refer to A19 above.

Q24: Do you have a clear number in mind about how many potential units can go on a site in order to get the most value?

A24: No. The Developer should determine the number of units to be included in their conceptual plan that will generate the highest financial return.

Q25: The 10 point evaluation criteria talks about low income credits. Will we be penalized based on timing if we go for low income credits, unless we go right now? For example, if we're six months later because we're waiting for the next round with LHC on 9% credits, will that hurt us?

- A25: No. You won't be penalized for the timing of tax credit application cycles. We will evaluate the schedules based on specificity and practicability.
- Q26: Community engagement is conceptual. How will community engagement be effected?**
- A26: For submission proposes, Developers should discuss their methods, approach and plans to obtain innovative buy in to engage the community, as outlined in Part III – Submission Requirements in the RFP.
- Q27: When we get to the MDA, who will represent the landowner and the developer throughout the City Planning Commission, all the way through the protest for affordable housing in these areas?**
- A27: This is a partnership and HANO will stand together with the developer in defense of the proposal.
- Q28: Will the overall proposal be evaluated, or will each property within the proposal be evaluated?**
- A28: Proposals will be evaluated based on the Developer's overall conceptual plan as outlined in 4.2 Evaluation Criteria in the RFP.
- Q29: The most valuable parcel you have is within 50 feet of an active railroad track. Can we confirm that you will obtain HUD approval (waivers) if we use any HUD financing because it is too close to the railroad track for HUD?**
- A29: HANO cannot determine what type of waivers HUD will grant regarding noise assessments. However, HANO will take the lead and request environmental waivers that may be necessary to develop the project.
- Q30: Will you assist the developer in obtaining a waiver if it becomes an issue?**
- A30: Yes.
- Q31: Will the applications (proposals) be taken on an all-or-nothing basis?**
- A31: No. HANO anticipates room for negotiation if a substantial number of sites have been addressed.
- Q32: Will there be an extension to the proposal due date?**
- A32: Refer to A3 above and Addendum #1.

Q33: Can you expound on how you're going to evaluate since we're not comparing apples to apples?

A33: HANO is first seeking to provide affordable housing opportunities and then to capture the greatest financial return in order to create affordable housing citywide.

The Developers' proposals will be evaluated based on the criteria outlined in Section 4.2 Evaluation Criteria in the RFP.

Q34: So that we are all apples to apples, could you say that the entire city block - the France, Mazant block - will be only considered as a whole?

A34: No.

Q35: Have the available lots been under any blanket review; archeological or environmental?

A35: No.

Q36: Do you know what was the prior use of the concrete covered, vacant area across Mazant?

A36: No.

Q37: Are the lots that are listed still individual lots in the records, and have not been re-subdivided into one parcel?

A37: The lots have not been re-subdivided.

Q38: Could we propose to re-subdivide into one parcel?

A38: Yes. Developers may propose anything that meets the objectives as outlined in the RFP.

Q39: Could we propose using HANO to provide services, such as security, for a fee that would provide an opportunity for HANO to generate additional revenues for services? Is HANO potentially interested in that scenario?

A39: Yes. Developers may propose anything that meets the objectives as outlined in the RFP. HANO will consider all scenarios proposed.

Q40: Are electronic submissions allowed?

A40: No. Proposals shall be submitted in accordance with the Instructions to Offerors and Supplemental Instructions to Offerors as outlined in the RFP.

- Q41:** Are the submissions to be in binders, tabs, collated, on 8 ½ x 11?
- A41: Refer to A40 above.
- Q42:** Since you're going to consider partial proposals, are we able to break up our responses into multiple proposals?
- A42: Yes.
- Q43:** If there is one large building and there are additional buildings, and you're proposing on one, the major project that would have to be 67% affordable. But, if you propose all of it, could you do more market in one building and spread your affordable elsewhere?
- A43: Refer to A19 above.
- Q44:** Would HANO consider submissions from joint ventures consisting of two or more pre-qualified entities?
- A44: HANO will consider proposals from pre-qualified Developer joint ventures.
- Q45:** If we do a joint venture with another qualified developer and propose a separate entity that consists of two pre-qualified entities, would that be acceptable?
- A45: Refer to A44 above.
- Q47:** Is there a HUD cap on the amount of project based rent that can be on a project?
- A47:** The cap on the amount of rent on a project will be based on HUD FMR and a rent reasonableness determination. Also, refer to A18 above.
- Q48:** If you proposed more project based vouchers than could be provided to the project, would that invalidate or make your proposal not feasible and viable? Could you come back and rework the numbers?
- A48: HANO can only make available as many as you can use for your proposed plan for this project. Also, refer to A18 above.

Proposals must be received by the Housing Authority of New Orleans (HANO) in the Department of Procurement and Contracts no later than 2:00 p.m. CST on Monday, November 2, 2015. All terms and conditions shall remain as stated in the original Request for Proposals. All addenda must be acknowledged.

END OF ADDENDUM NUMBER TWO