

DHCD RFQ NO. 2019-01, RIGHT OF FIRST REFUSAL (ROFR)

Questions and Answers: 12/30/2019

DHCD Responses are in BOLD

1. I have two questions regarding one of the information requests in the RFQ. For Tab 5, it asks responders to provide i) a list of all “mixed-income and mixed-finance developments with which the Developer has been involved; ii) a list of all multifamily rental housing the Developer has managed in the past five years; and iii) a list identifying the locations, financing structures, and resident populations of the communities. My two questions are:

- a. Does “mixed-income and mixed-finance” specifically mean developments that serve income-restricted and non-income-restricted residents (“mixed-income”) or are financed by both private capital and public housing subsidies (“mixed-finance”), or do these terms mean, in their more general sense, developments that serve residents in a number of income-restricted segments and that are financed by a combination of different debt, equity and grant sources?

These terms mean the latter of what you stated: "developments that serve residents in a number of income-restricted segments and that are financed by a combination of different debt, equity and grant sources"; I would add income restricted in combination with market-rate.

- b. Should the list of development locations, financing structures, and resident populations encompass all multifamily properties the Developer has managed in the past five years (in [Question Submitter]’s case, that would be our entire portfolio of [Number removed] units), or a specifically defined sub-group of “mixed-income and mixed-finance” communities?

It should include the entire portfolio with an emphasis on the mixed-income and mixed-finance properties.

2. Is Tab 5 asking for a list of all of the different sources used for each project?

Yes – Please provide the mix of different financing sources for each project the applicant (or applicants) has developed during the past 5 years.

3. Is Tab 5 asking for a list of all of the project source *amounts* for each project?

Yes – In addition to the information listed above, please provide the amount of each of the financing sources for each project the applicant has developed during the past 5 years.

4. Is Tab 5 requesting the source/use amounts for projects that have been developed in the past five years only?

Yes – Sources/uses for projects developed in the past five years must be provided as part of Tab 5; scoring will focus on these. However, if applicants believe the

additional inclusion of sources/uses information for projects they developed greater than five years ago serves to more adequately demonstrate their abilities, qualifications, and financial constraints, while not required, these projects can also be included.

5. Is Tab 5 requesting the source/use amounts for projects that we have been managing over the past five years even if they were developed in say the 2000s?

Sources/uses for projects your organization has managed during the past five years will not need to be provided if they were developed over five years ago.

6. Regarding the Financial Capacity question: Can you clarify what you are looking for when asking us to put a dollar figure maximum limit on our financial ability to develop? This is something that would be very hard to compute, as any given deal would come with its own personal amount of resources required (predevelopment funding, sponsor note gap funding, etc.), so there would be too many variables to put a single number on it. Are you able to be any more specific on what you are looking for in this question?
- **DHCD does not expect any applicant organization to put a single number to its financial ability to develop, own, manage and operate. We are simply looking at organizations to provide hypothetical ranges of the above items to help DHCD, as part of its initial screening, to narrow down, or “match” these ROFR offers to organizations best-suited to take action on these projects based on size and scope. While there are certainly many variables an organization must understand for a particular project, to gauge its ability (and interest) in exercising the ROFR on DHCD’s behalf, we are seeking “ballpark” estimates or “ranges” of the organization’s capacity and appetite to purchase these ROFR projects, or financial and operational constraints. More specifically:**
 - **Numbers of units: What size projects are *potentially* within the organization’s capacity and comfort zone to own and operate? For example, is your organization equipped to manage projects with 100 to 500 units, or projects with 20 to 100 units, etc.?**
 - **Acquisition amounts: What range of acquisition costs for an already operating project could *potentially* be within the organization’s capacity to complete a purchase, with the assumption that purchase of the property would need to be completed within the timeframes specified by the Prince George’s County Code for ROFR, the existing financial resources of the organization, and the need to obtain financing from one or multiple sources? For example, would your organization be better-equipped (better capitalized, have the existing financial resources, or access to and relationships with lenders) to handle projects with sales prices between \$2-10 million, or between \$5-20 million?**
 - **Any other financial figures, or any other parameters your organization would want DHCD to be aware of as part of its very initial screening when assessing if your organization could be a potential “match” for a ROFR offer?**

- **DHCD understands that applicant organizations selected to respond to the ROFR offer would have to review the offer package submittals and perform their due diligence in order to confirm their ability (and willingness) to move forward with an acquisition. We also imagine this “matching” process will involve interaction and some amount of discussion between DHCD and the organization(s) selected to review and respond to the ROFR offer packages.**