

505 W. Chapel Hill Street Disposition | RFP Initial Questions and Answers (February 23, 2022)

1. Would the City consider modifying parking ratios for this project?

- There is no minimum required vehicular parking in the Downtown Design District according to the UDO. Bike parking would be required and we do not anticipate modifying those ratios.

2. Can you clarify what is meant by opportunities for minority ownership?

- Minority ownership refers to the opportunity for equity ownership in the project by women and people of color. The City recognizes this project as an opportunity to articulate its commitment to diversity, equity, and inclusion and to foster participation which reflects Durham demographics. The City will consider how well diversity, equity and inclusion are reflected in team composition, site design, retail offerings, equity ownership opportunities, financing, etc. The City expects development teams to display thoughtfulness and creativity in how to incorporate diversity, equity and inclusion throughout their proposal.

3. What instruments will be available to support affordability of units in perpetuity? How should development teams address conflicts that arise between financing requirements and the perpetual affordability period?

- Restrictive covenants represent the primary legal means of preserving affordable units onsite in perpetuity. The City does not prescribe what financing resources Developers may use.

4. Under the roles established (Lead Developer, Affordable Residential Developer, and Commercial Developer) in the RFP, will the Commercial Developer be in compliance with the established City RFP parameters if an Affordable Developer is engaged to develop a mixed-income project including at least 80 affordable units, and then the Commercial Developer separately develops a market-rate project elsewhere on the site without engaging the Affordable Residential Developer for any role on the 2nd residential project?

- Lead Developers will be in compliance with RFP parameters if they undertake a market-rate residential building onsite separately from a mixed-income building including at least 80 affordable units that is led by the Affordable Residential Developer, provided that the separate market-rate residential building does not comprise the majority of the residential units onsite.

5. If the Affordable Residential Developer, as defined in the RFP, defaults on its obligations per the commitments made in the final RFP response, or in the execution of the project onsite, will the City look solely to the Affordable Residential Developer to remedy the default, or will the City look to the Lead Developer for the remedies?

- More detail will be specified in the draft term sheet to be provided by the City regarding the responsibility for remedies of the Lead Developer as compared to the Affordable Residential Developer. At a minimum, if the developer of the affordable residential component of the project fails to meet the obligations and commitments set forth in any agreement with the City, and the failure is not successfully cured within the specified cure period, the City will have the right thereafter to pursue certain remedies, such as commencing an action at law, which includes a right of reentry to recapture the property.

6. On Design District projects of similar size in other markets, the discovery period, site evaluation, planning, pricing, and formal response periods are frequently longer than currently provided. Respectfully, the RFP schedule is placing pressure on conceiving clear and effective partnerships with the Affordable Residential Developers, which is in the critical path of the thoughtful conception of dynamic plans that will sustain the test of time, be priced accurately, optimize the net proceeds to the City, and meet the extensive criteria within the RFP. Would the City consider extending the response deadlines for 60-90 days to allow for more thorough partnership discussions, development of site plans, the project conception, pricing of multiple asset classes, pro formas, and ultimately, the final response?

- The City of Durham is not making changes to the RFP submission deadline at this time. The City is changing the deadline to submit the Core Team Structure Form to Wednesday, March 23, 2022.