

505 W. Chapel Hill St. Disposition and Redevelopment

RFP Second Questions and Answers (March 21, 2022)

1. **Does the City expect affordable residential developers or commercial developers to enter into exclusive partnerships with lead developers?**
 - No, the City has no expectation of exclusivity. The City encourages pre-qualified firms to explore different teaming arrangements.

2. **In the first round of Q&A, the following question was posed: “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?” The answer provided was: “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.” Can the City provide additional clarity on the response? Would the restrictive covenants survive in the event of foreclosure? This would constitute a significant barrier to most conventionally-accepted products available for LIHTC financing.**
 - The city’s ultimate goal is to ensure ongoing affordability for the units produced at this site. The city is willing to engage with lenders to determine a path forward that protects the city’s City Council directed goals without inhibiting project financing opportunities.

3. **Although our Lead Developer is coordinating our proposal, will be the sole party contracting with the City, and will oversee and be responsible for delivering the overall Project, the Commercial and Residential components of the Project will in fact be developed, financed and owned by different parties related to the Affordable Residential Developer and the Commercial Developer. As presented, the portions of Appendix A dealing with Construction Financing, Permanent Financing and Yield Metrics do not easily facilitate clarity with regards to how the project might be financed – we will not have, for example, a single prime Construction Loan nor Mezzanine Loan. Though we can discuss some of this through text, may we modify the formatting of Appendix A to enable better clarity in our presentation with respect to financing expectations and yield metrics?**
 - Yes, teams may modify Appendix A to reflect their planned capital stack and to accurately capture how each element of the planned development will be financed and owned. Respondents must submit a full pro forma cash flow, in Excel format, in addition to completed Appendix A. The Excel file should be unlocked, contain active formulas, and have clear links to assumptions on which calculations are based. The pro forma should be broken up by phase, and should include a final roll up for the entire project.

4. To the extent you are able, can you provide any additional information on your expectations as to next steps in this process? Is there a tentative timeline for your review and evaluation of the proposals you receive, and once you have decided which teams you would like to interview, how much time will be provided for preparation?

- The City will send placeholder invitations for in-person interviews in Durham to teams who submit the Core Development Team Structure Forms this week. Pending evaluation of the RFP submission, confirmation of the City's interest in advancing to the in-person interview will be confirmed with individual teams.