



Public-Private Partnerships (P3s) for Housing

Solicitation for Development
Partner Qualifications



ROCKY MOUNT, NC
THE CENTER OF IT ALL

Rocky Mount, NC | Fall 2019

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About This Solicitation

This document is an invitation for experienced private and non-profit development teams to present qualifications that demonstrate their ability to undertake the development of affordable housing on City-owned land in the City of Rocky Mount in Edgecombe County, North Carolina. Qualified developers will demonstrate experience with the use of 4% Low-Income Housing Tax Credit (LIHTC) and Multifamily Revenue Bonds (Tax-Exempt Bonds), as well as federal sources such as Community Development Block Grants (CDBG).

The selected developer will execute an agreement with the City of Rocky Mount for the conveyance of a City-owned parcel for the development of a minimum of 60 units to serve households earning at or below 60% AMI. The project must prioritize households displaced by Hurricane Matthew.

Downtown Rocky Mount



Source: Carl Lewis (Public Domain)

Aerial view of Tarboro Street Site

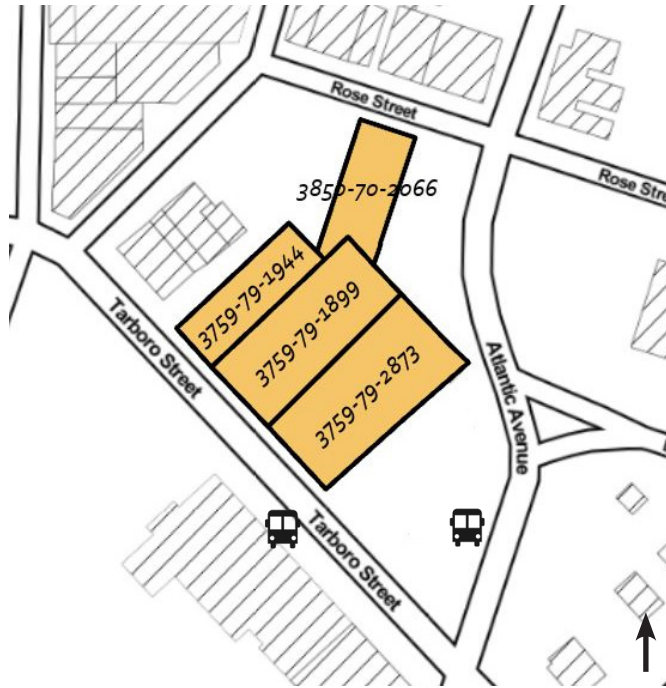


Source: GoogleMaps

ESTIMATED DEVELOPMENT TIMELINE:

Nov 2019	Development partner selected
Dec 2019	MOU signed
Jan 2020	Preliminary LIHTC application submitted to NCHFA
Q3 2020	Developer Agreement signed
Q1 2021	Groundbreaking

Site Overview



The 1.3-acre site at 218-242 Tarboro Street is ideally located in a Qualified Census Tract in eastern downtown Rocky Mount in Edgecombe County. It is within a mile of essential amenities such as a grocery store, pharmacy and shopping. Across from Edgecombe Community College near the heart of downtown, the site is also within walking distance of a medical center, community center and library. Two Tar River Transit bus routes have fixed stops within a block and stops for all other bus routes, Greyhound and Amtrak are located within a half-mile of the site.

The site is currently zoned B-4 Central Business District and is included in the Central City Area's exemption from minimum parking requirements. The site is outside both the 100- and 500-year flood plains.

Until 2005, the site operated as a dry-cleaning facility and then as a laundry business until 2012. As part of North Carolina's Dry-Cleaning Solvent Act, soil remediation activities were carried out from April to June 2016. In February 2018, AECOM, a multi-national engineering firm, installed a vapor intrusion monitoring system to further evaluate any affected groundwater, and determined that environmental contamination was below risk thresholds for both residential and non-residential use. In December 2018, a representative from the Dry-cleaning Solvent Cleanup (DSCA) program at the NC Department of Environmental Quality confirmed that the site can be used for residential development if conditions continue to be met. A summary detailing the above environmental activities and Phase I Environmental Site Assessment conducted in June 2019 are available upon request.

Amenities in proximity to project site



DFI's Role

The University of North Carolina at Chapel Hill's School of Government established the Development Finance Initiative (DFI) in 2011 to assist North Carolina communities with achieving their community economic development goals. Working with local governments and their partners, DFI provides specialized finance and real estate development expertise to attract private investment into transformative projects.

In November 2017, North Carolina Emergency Management (NCEM) engaged DFI to assist with attracting private investment for the development of affordable housing for low- and/or moderate-income households in hurricane-impacted communities. The effort, known as Public-Private Partnerships (P3s) for Housing, is now aligned with the NC Office of Recovery and Resiliency (NCORR). The program was designed to identify suitable sites for affordable housing development in Edgecombe County, analyze market, site and financial conditions, engage local stakeholders and solicit private development partners to execute on the local and State vision for housing development.

DFI will assist developers with understanding and responding to the City's requirements for the site's development. The development partner selected for the Tarboro Street development will be expected to finance the project with 4% LIHTC and tax-exempt bonds. DFI will also be available to help the selected developer pursue gap financing that may include Community Development Block Grants for Disaster Relief (CDBG-DR).

Rocky Mount Mills



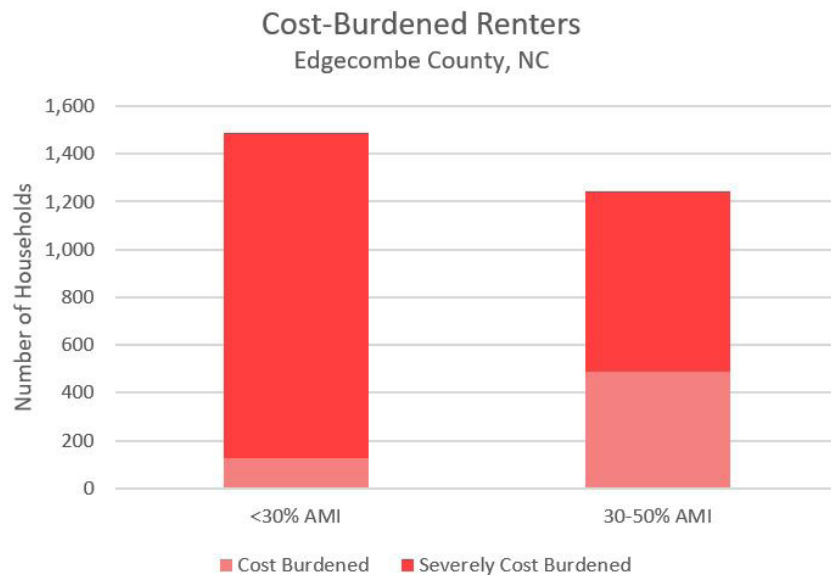
The Imperial Centre for Arts & Sciences



Source: (top and bottom): Wikimedia Commons

Affordable Housing Market Overview

The City of Rocky Mount and Edgecombe County face an affordable housing crisis. Approximately 2,200 low-income households living in rental units in Edgecombe County are severely cost-burdened, 41% of these are one-person households (Source: [HUD CHAS](#)). The lack of affordable rental housing has been magnified by significant flood and hurricane events which have further depleted the availability of housing stock. Following Hurricane Matthew in October 2016, over 1,300 rental households applied for assistance through FEMA (Source: [FEMA Housing Assistance Program](#)).



Source: HUD Comprehensive Housing Affordability Strategy (CHAS) 2012-2016

A limited supply of quality and naturally occurring affordable housing will drive demand for additional affordable rental units

over the next five years. The County has about 530 active low-income housing tax credit (LIHTC) units with vacancy rates of 3% or less. In addition to LIHTC, the County has 440 units of public housing, and 400 units with Section 8 project-based vouchers (Source: [National Housing Preservation Database](#)).

However, these units may be at risk of physical deterioration. In March 2019, 88% of public housing units – located in the City and built in 1954 – received physical inspection scores of 72 out of a possible 100 points, suggesting a need for new, high-quality units. Approximately 20% of subsidized units are located within the 100-year floodplain, placing them at risk for flooding (Source: [HUD Real Estate Assessment Center](#)).

Edgecombe County's Area Median Income is \$54,700. The Fair Market Rent for a one-bedroom apartment is \$555 per month, and \$721 for a two-bedroom apartment (Source: [HUD](#)). Current median rents are \$659 per month (Source: [2017 ACS 5-Year](#)).

Development Plan

DFI worked with Dekker/Perich/Sabatini Architects and the City of Rocky Mount to identify a conceptual plan appropriate for the site. The plan attempts to contribute to the vibrant downtown setting and maximizes the potential density within the physical constraints of the site and the regulatory requirements imposed by North Carolina Housing Finance Agency (NCHFA)'s Qualified Allocation Plan.

The selected development partner will be expected to refine its own site plans; however, these conceptual plans should serve as a framework for the type and scale of development desired by the local government partner.

DFI tested the feasibility of a conceptual plan with 60 family units affordable to households earning at or below 60% of the Area Median Income (AMI). The plan includes a mix of 30 studios, 24 one-bedrooms, and 6 two-bedrooms with 66 parking spaces to accommodate the development on the 1.3 acre site. NCHFA parking standards are 1.75 spaces per unit, so the selected development partner must seek NCHFA approval to reduce the standards prior to the preliminary application for tax credits.

Preliminary cost estimates of the tested concept are available upon request. The project is expected to utilize 4% LIHTC and tax-exempt bonds. It is anticipated that additional gap financing will be required. Federal funding sources may be available to address the gap. For that reason, respondents will be evaluated in part on their experience utilizing federal financing sources such as CDBG, CDBG-DR, and HOME, among other federal sources.

The City of Rocky Mount has committed to conveying or leasing the property at no cost to the development, subject to affordability covenants or restrictions. The selected developer will enter into an option agreement with the City upon execution of a Memorandum of Understanding (MOU). An example of an option agreement for the land is available upon request.

Conceptual plan for Tarboro Street Site



Submission of Qualifications

1. LETTER OF INTRODUCTION

- a. Include a summary of the respondent's qualifications, experience, current capacity and commitment to commence and complete the project within the proposed timeframe, and reasons for interest in this opportunity. The letter must be signed by a principal or authorized officer of the entity.

2. DEVELOPMENT TEAM

- a. Identification of partner firms and roles, including co-developers, architects/designers, and potential general contractor or subcontractors and management firm.
- b. Overview of each firm on the team, including brief history of firm, licensure, past experience working with the developer, and relationship of the firm's parent company with the office responsible for this project, if applicable.
- c. Documentation of partner firm's eligibility for LIHTC awards in North Carolina and identification of management team with at least one LIHTC project in current portfolio. Include proof of valid NC real estate license and registration with NC Secretary of State.
- d. Identification and resumes of lead staff (principals and project managers) who will be responsible for negotiating a development agreement and completing the remainder of the preconstruction approval process.

3. EXPERIENCE AND REFERENCES

- a. List of three current and/or completed projects (preferably in the last five years) relevant to proposed plans. Specifically include projects demonstrating experience with 4% LIHTC and environmentally sensitive sites. Include the following information:
 - Location and name of project (preference for projects in North Carolina)
 - Development team members, including architects/designers and general contractors
 - Scope and scale of development program
 - Photos/illustrations of completed project
 - Total development budget by use
 - Capital stack, indicating governmental sources
 - Financing partners
 - Name and address of management company
 - Project development timeline

- b. Two most recent examples, if any, of the development team's experience using federal sources such as CDBG, HOME or NSP funds (may be one or more of the projects listed in section 3(a).

- Include all information requested above in section 3(a)

- c. Name, organization, title and contact information for three local government or other public agency officials or staff that have engaged with your team on one or more of the projects listed above.

4. TIMELINE

- a. Indicate whether proposed timeline under "Estimated Development Timeline" is feasible. If not, include proposed timing here.

5. DISCLOSURE

- a. Disclosure of any potential conflicts of interest that could be relevant to this project in any manner.
- b. Disclosure of any projects/financing on which the team or any of its members has defaulted.
- c. Disclosure of whether the developer or any officer, director, or owner thereof has had judgments entered against it, him or her within the past 10 years for the breach of contracts for governmental or nongovernmental construction or development.
- d. Disclosure of whether the developer has been in substantial noncompliance with the terms and conditions of prior construction contracts with a public body.
- e. Disclosure of whether any officer, director, owner, project manager, procurement manager, or chief financial official thereof has been convicted within the past 10 years of a crime related to financial fraud or to governmental or nongovernmental construction or contracting.
- f. Disclosure of whether any officer, director, or owner is currently debarred from bidding or contracting, pursuant to an established debarment procedure, by any public body, agency of any state, or agency of the federal government.

Evaluation Criteria

Once DFI and City staff have reviewed all respondents' qualifications, staff will recommend a development partner to City Council. While an endorsement by Council will not be a final approval, it will trigger an exclusive period of negotiation between the City and their selected partner for a development services agreement for the development of affordable housing on City-owned land.

A development partner will be selected to enter into negotiations with the City based on the following criteria:

- Qualifications and experience of the development team, in particular with the following: 4% LIHTC and tax-exempt bond financing with proof of development partner's eligibility for LIHTC awards in North Carolina.
- Federal funding sources, such as HOME or CDBG multi-family development
- Demonstrated ability to secure complicated funding to execute a project of similar scale and complexity in a reasonable timeframe.
- References from previous local government partners, if any.
- Ability to meet or exceed estimated timeline.

City officials may request interviews (by phone or in person) with respondents prior to the selection of a preferred partner.

Submission Process & Timeline

Development Partner responses are due at 5:00 p.m. EDT on Friday, November 22. Responses should be submitted electronically in PDF format to Sarah Odio at odio@sog.unc.edu and Rory Dowling at dowling@sog.unc.edu.

Responses must be prepared in conformance with the guidelines described under “Submission of Qualifications.” The e-mail subject must be “Development Partner Qualifications: Rocky Mount.” Responses received after the deadline will not be considered.

All responses are subject to public disclosure under the North Carolina Public Records Law. DFI recognizes that respondents must submit financial information that it may deem confidential and proprietary to comply with the requirements of this solicitation. To the extent permissible by law, DFI agrees to keep confidential any confidential proprietary information included in a response, provided that (1) the respondent identifies the confidential proprietary portions of the response, (2) the respondent identifies as confidential and proprietary only those portions of the submittal that are confidential and proprietary, and (3) the respondent states why protection is necessary. Respondents shall not designate their entire response as confidential and proprietary, nor shall they so designate information that is already public.

Any information that the respondent would like to remain confidential should be e-mailed under separate cover to odio@sog.unc.edu. The e-mail subject must be “PROTECTED: Development Partner Qualifications: Rocky Mount.”

Please direct any questions regarding the solicitation to Sarah Odio at odio@sog.unc.edu.

Additional Information

All facts and opinions stated in this solicitation are based on available information and are believed to be accurate. Nevertheless, neither the City of Rocky Mount nor the UNC School of Government, nor any of their officers, agents, or employees, shall be responsible for the accuracy of any information provided to any respondent as part of this solicitation or vetting process. All respondents are encouraged to independently verify the accuracy of any information provided. The use of any of this information in the preparation of a response to this request is at the sole risk of the respondent.

Those submitting responses to the Solicitation for Development Partners assume all financial costs and risks associated with the submission. No reimbursement or remuneration will be made by the City, NCORR, or UNC to cover the costs of any submittal, whether or not such submittal is selected or utilized.

The City reserves the right to reject any or all submittals, or to waive irregularities or informalities in any submittal, in its sole and absolute discretion and accepts no responsibility for any financial loss by such action. Furthermore, although programs of financing have been developed by NCORR and NCHFA for projects similar to the one envisioned by this solicitation, there is no guarantee that this project will be approved for such funding. Respondents assume all risks and costs associated with the application process for such funding and for the possibility of being rejected by one or more programs of financing. DFI's predevelopment analysis and coordination with the City have been conducted in order to reduce the risk as much as possible, but the financing risk cannot be eliminated.

Any agreements that may be entered into between the developer(s) and the City, including but not limited to a Development Services Agreement,

are subject to all statutory and legal requirements and ultimate approval by the City Council in its sole and absolute discretion and nothing herein is to be construed as binding on the City. In modeling this project, it was assumed that the City will convey the property to a private developer pursuant to its authority to convey property for affordable housing under Chapter 157 and section 160A-456 of North Carolina General Statutes, among other statutory authority.

The City makes no express or implied warranty as to matters of title, zoning, tax consequences, physical or environmental conditions, valuation, financial conditions or economic matters, accuracy of the any materials or reports provided, governmental approvals, governmental regulations, or any other matter or thing relating to or affecting the properties described herein or any proposed transaction or agreement contemplated herein.

DFI does not act as a broker or agent of the City, and no representation made by DFI during the solicitation and vetting process shall be binding on the City. Notwithstanding any provision herein, this solicitation shall not constitute an offer to contract on the part of the City and shall not be construed to impose any legal obligations on the City.

This solicitation does not create any obligation or relationship such as a partnership, joint venture or other similar legal relationship between the City and any potential party. Any references to "partner," "partners" or other similar terms will not be deemed to create a legal relationship or otherwise alter, amend or change the relationship between any parties in the absence of a formal written agreement specifically detailing the rights, liabilities and obligations of the parties as to a new, specifically defined legal relationship.

