



# Public-Private Partnerships (P3s) for Housing

Solicitation for Development  
Partner Qualifications



Lumberton, NC | Summer 2019

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# About This Solicitation

This document is an invitation for experienced development teams to present qualifications that demonstrate their ability to undertake new construction of affordable multifamily housing in the City of Lumberton in Robeson County. 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 Lumberton for the conveyance of a City-owned parcel in East Lumberton for the development of a minimum of 65 units to serve elderly households earning at or below 60% AMI. The project must prioritize households displaced by Hurricane Matthew.

*Aerial view of Linwood and McPhail Site*



*Source: GoogleMaps*

*Downtown Lumberton*



*Source: Wikimedia Commons*

## ESTIMATED DEVELOPMENT TIMELINE:

- Aug 2019** ● Development partner selected
- Sep 2019** ● MOU signed
- Sep 2019** ● Preliminary LIHTC application submitted to NCHFA
- Q2 2020** ● Developer Agreement signed
- Q3 2020** ● Groundbreaking



## Linwood and McPhail Site Overview

The 4.5-acre site (PIN 030135665700) is ideally located in a Qualified Census Tract on the outskirts of downtown Lumberton, within a mile of essential amenities such as a grocery store, a pharmacy, and shopping choices. It is adjacent to a moderate income, single-family residential neighborhood, and in proximity to Hargraves Elementary School and the Lumberton Health Center. The site is outside both the 100-year and 500-year floodplains.

Currently zoned for single-family residential, the City has begun an entitlement process to rezone the property for higher-density development. The City anticipates approval of rezoning prior to the execution of an MOU and will assist the selected developer with a variance process, if needed.

A Phase I Environmental Site Assessment (ESA) was conducted in June 2019 and is available upon request.



## 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, 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 Linwood and McPhail 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).

*Flooding in Lumberton post Hurricane Matthew*



*Downtown Lumberton*



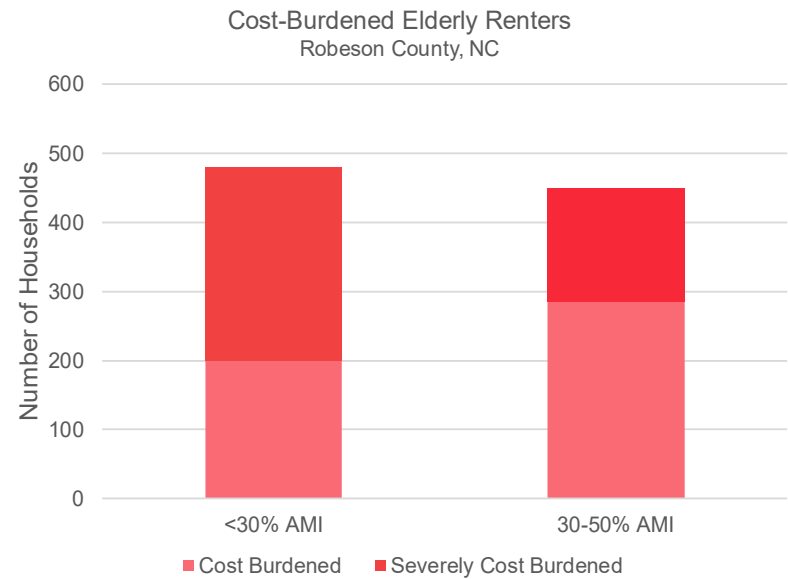
*Source: (top and bottom): Wikimedia Commons*



# Affordable Housing Market Overview

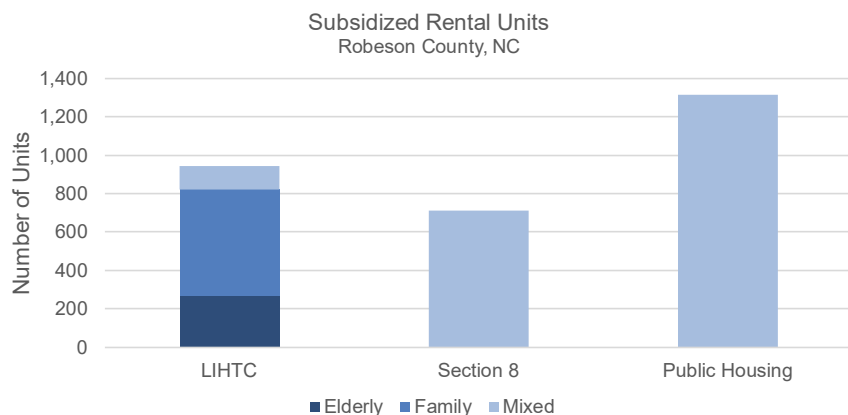
The City of Lumberton and Robeson County's elderly population faces an affordable housing crisis. Approximately 500 low-income, elderly households (or 21%) living in rental units in Robeson County are severely cost-burdened (HUD CHAS). These trends have been magnified by significant flood and hurricane events which deplete the stock of available housing. After Hurricane Matthew in 2016, 60% of the nearly 900 housing units damaged in Robeson County were rental properties (Coastal Resilience Center). And following Hurricane Florence in 2018, households sheltering over 3,000 occupants over the age of 65 applied for individual assistance from FEMA (FEMA).

By 2023, the number of households with members over the age of 65 are projected to increase by about 1,500, further tightening supply. Between 450 and 650 of those households will make less than 80% area median income (Esri BAO). Growth in affordable units are not projected to meet supply or restore units lost by natural disasters. Of the roughly 3,000 rental units subsidized by national housing programs, 20% are dedicated to elderly populations (CoStar).



Robeson County has about 950 active LIHTC units, 270 of which cater to elderly households. The vacancy rate for the LIHTC properties serving elderly households is 3.4%. In addition to LIHTC developments, the County has 1,300 public housing units and 700 units with Section 8 project-based vouchers (CoStar). However, these units may be at risk of physical deterioration. 89% of Robeson's public housing units were constructed prior to 1975. And in late 2018, nearly 600 public units within the City of Lumberton received HUD physical inspection scores of less than 70 out of a possible 100 points, suggesting a need for new, quality units (HUD).

Robeson County's Area Median Income is \$43,800. The fair market rents for a one-bedroom apartment are \$515 per month, and \$679 per month for a two-bedroom apartment (Novogradec). Current median rents are \$640 per month (Esri BAO).



# Development Plan

DFI worked with Tise-Kiester Architects and the City to identify a conceptual plan that respects the neighborhood's characteristics but also maximizes the potential density within the physical and regulatory constraints of the site. These plans reflect the North Carolina Housing Finance Agency (NCHFA)'s Qualified Allocation Plan (QAP) requirements for elderly housing development.

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 68 units for elderly households. The plan features 20 units as quadraplexes to respect the single-story character of the adjacent neighborhood and 48 units in a congregate 2-story building to maximize the density.

Preliminary cost estimates can be made 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. The original P3s for Housing program envisioned using State funding to address the gap, but NCORR is also exploring federal funding sources. 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 Lumberton has committed to conveying or leasing the property at no cost to the development, subject to affordability restrictions. The selected developer will enter into an option or lease agreement with the City upon execution of a Memorandum of Understanding (MOU). The option agreement for the land is available upon request.

*Conceptual plan for Linwood and McPhail Site*



# Submission of Qualifications

## 1. LETTER OF INTRODUCTION

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

## 2. DEVELOPMENT TEAM

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- 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

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- a. List of three current and/or completed projects (preferably in the last five years) relevant to proposed plans. 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 and other financing partners
  - Name and address of management company
  - Project development timeline (including submission of preliminary LIHTC application, if applicable, and construction start date)



- 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 three three projects listed in section 3(a)).
  - Include all information requested above in section 3(a)
  - Contact information for a representative of the primary public agency partner in the project

#### **4. TIMELINE**

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- a. Indicate whether proposed timeline under "Estimated Development Timeline" is feasible, and provide evidence of the team's experience (if any) completing a project under a similarly compressed timeframe. If other, include proposed timing here.

#### **5. DISCLOSURE**

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- 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.

## Submission Process & Timeline

Development Partner Qualifications are due at 5:00 p.m. EDT on Tuesday, August 13, 2019. Qualifications packages should be submitted electronically in PDF format to [odio@sog.unc.edu](mailto:odio@sog.unc.edu) and [dowling@sog.unc.edu](mailto:dowling@sog.unc.edu).

Qualifications packages must be prepared in conformance with the guidelines described under “Submission Requirements.” The e-mail subject must be “Development Partner Qualifications: Lumberton.” Proposals 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](mailto:odio@sog.unc.edu). The e-mail subject must be “PROTECTED: Development Partner Qualifications: Lumberton.”



## 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 Lumberton 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 Agree-

ment, 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.

