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Request for Proposals	
Solicitation name and number	Debt & Equity Services for First Creek Phase 3 Q2207
Upload responses by	2:00 p.m. on June 2, 2022 (as KCDC's clocks show)
Upload your responses (<i>as one document</i>) to	https://vrapp.vendorregistry.com/Account/LogOn (Can also be accessed via KCDC's webpage)
Questions about this solicitation	KCDC will not accept questions via telephone. Submit questions to procurementinfo@kcdc.org by 6:00 p.m. on May 31, 2022.
Proposal opening	Since this is a proposal and not a bid, there will not be a public opening. Once an awarded decision is made, all information becomes public.
Award results	KCDC posts the award decision to its web page at: http://www.kcdc.org/procurement/ .
Open Records/Public Access to Documents	All documents provided to KCDC are subject to the Tennessee Open Meetings Act (TCA 8-44-101) and open records requirements.
Check KCDC's webpage for addenda and changes before submitting your response	



1. Background and Intent

- a. Knoxville's Community Development Corporation (KCDC) is the public housing and redevelopment agency for the City of Knoxville and for Knox County in Tennessee. KCDC's affordable housing property portfolio includes 20 sites with approximately 3,525 dwelling units. KCDC has extensive experience with the development, construction and renovation of affordable housing properties utilizing the Low-Income Housing Tax Credit (LIHTC) program as well as Multifamily Tax-Exempt Bond Authority (MTBA). In the last four years, KCDC has completed the following projects utilizing LIHTCs and MTBA in the Knoxville area:
 - 2017 completed construction on a 90-unit senior complex (9% LIHTC)
 - 2018 completed construction on an 84-unit family complex (9% LIHTC)
 - 2018 completed rehab on a 260-unit family complex rehab (4% LIHTC + MTBA)
 - 2018 completed rehab on a 175-unit family complex rehab (4% LIHTC + MTBA)
 - 2019 completed rehab on a 270-unit family complex rehab (4% LIHTC + MTBA)
 - 2019 completed construction on an 80-unit family complex (9% LIHTC)
 - 2019 completed construction on an 82-unit family complex (9% LIHTC)
 - 2022 completed construction on a 105-unit mixed income family complex (9% LIHTC) (phase 1A of Austin Homes)
 - 2021 closed on the financing for a 180-unit family complex (4% LIHTC + MTBA) (phase 1B of Austin Homes – currently under construction)
- b. In 1936, the State of Tennessee chartered KCDC as the public housing authority for the City of Knoxville. In 2012, KCDC assumed the duties of the former Knox County Housing Authority, and charter was expanded to all of Knox County. KCDC operates as a municipality under Tennessee law.
- c. KCDC's mission is to improve neighborhoods and communities by
 - Providing quality affordable housing
 - Advancing development initiatives
 - Fostering self-sufficiency
- d. In 2019, KCDC completed a nine-month master planning process for the redevelopment of the Austin Homes site, a 23-acre former public housing site owned by KCDC and located just east of Downtown Knoxville. It is approximately one quarter of a mile from the development site of a new \$85M minor league baseball stadium that recently started construction. Information can be found [HERE](#).

The Austin Homes masterplan called for the redevelopment of the site's infrastructure (including new roads and sidewalks, new underground utilities, improvements of the site's topography) and the development of 425-450 new residential units to be developed over three to four phases. Construction of the site's infrastructure began in the spring of 2020. The first phase of the site's infrastructure was completed in the fall of 2021 (funded through local external sources) and the second phase of infrastructure is expected to start construction in mid-2023. The first phase of residential construction, Phase 1a, broke ground in August 2020 and is a 105-unit mixed income development that was funded in part with an award of 9% LIHTCs.

Phase 1a finished construction in April of 2022 and is currently in lease-up. The second phase of residential construction, Phase 1b, broke ground in July of 2021 and is a 180-unit affordable development (with income averaging election) that was funded in part with an award of 4% LIHTCs and MTBA. The first buildings in Phase 1b will begin lease-up during the Summer of 2022, with the remainder of the buildings anticipated to finish construction and begin lease-up in early 2023.

- e. Austin Homes Phase 3 is the third and final phase of residential development at Austin Homes. Phase 3 will consist of 161 units of new residential construction and will be 100% LIHTC / affordable. KCDC has elected Income Averaging. Of the 161 units in this phase, 93 units will have a project-based subsidy attached to them: 43 units will be RAD-PBRA subsidized units and another 50 units will have a HUD Section 202 PRAC contract for elderly housing. In connection with the HUD 202 units, KCDC has received a \$7.5M HUD Section 202 Capital Advance grant to build the 50 units of affordable elderly housing (62+). The remaining 68 units will be LIHTC-only affordable units.
- f. KCDC has applied to the Tennessee Housing Development Agency (THDA) for an allocation of Multifamily Tax-Exempt Bond Authority (MTBA) as well as 4% non-competitive LIHTC to facilitate the development of Phase 3 at Austin Homes and received an award of 4% tax credits and firm commitment MTBA at the beginning of May. KCDC is seeking a LIHTC investor to purchase the LIHTCs and a lender to provide construction and permanent financing.
- g. THDA also offers the Community Investment Tax Credit (CITC) loan program. KCDC may utilize the CITC program in cooperation with a qualified CITC lender. More information on the CITC program can be found [HERE](#). KCDC prefers to utilize the CITC program where possible.
- h. The entire Austin Homes site is in an Opportunity Zone as well as a Qualified Census Tract (QCT).
- i. A summary of KCDC's financial performance and recent audits can be found [HERE](#).
- j. KCDC will serve as the issuer of the MTBA. The estimated amount of bonds to be issued will be \$35,000,000. In the event a bond underwriter and advisor are required, Raymond James will likely serve as the bond underwriter and initial purchaser of the bonds.
- k. Bell Street 2 LP is a single purpose entity and will serve as the ownership and loan borrower entity of Phase 3. Bell Street 2 Corporation will serve as the Special Limited Partner and as the developer. Bell Street 2 Corporation is 100% owned by KCDC. Bell Street 2 GP, LLC will serve as the General Partner of Bell Street 2 LP. Bell Street 2 GP, LLC is 100% owned by Southeastern Housing Foundation, the property's non-Profit Sponsor under the HUD Section 202 Program. KCDC will act as management agent for the property upon completion.
- l. KCDC also intends to use this RFP process to establish a pool of qualified firms from which KCDC may quickly solicit proposals in the future for additional needs without issuing another formal RFP. However, KCDC may issue additional RFPs in the future, if so desired. If the panel of qualified firms is established, the panel may extend for a maximum of five years.

2. Changes after Award

It is possible that after award KCDC will need to revise the requirements specified herein. KCDC reserves the right to make such changes after consultation with the proposer. Should additional costs arise, the proposer must document increased costs. KCDC reserves the right to accept or reject and negotiate these charges. Generally, such changes will not be of a “cardinal” nature.

3. **Contact Policy**

Only contact KCDC’s Procurement Division about this solicitation from the issuance of this solicitation until award. Information obtained from an unauthorized officer, agent, or employee will not affect the risks or obligations assumed by the proposer or relieve the proposer from fulfilling any of the conditions of the resulting award for the purpose of this project. Such contact can disqualify the proposer from the solicitation process.

4. **Evaluation**

- a. KCDC will evaluate this proposal as detailed below. KCDC alone determines (using the National Institute of Governmental Procurement’s definition and other relevant sources as appropriate) the proposer’s “responsive” and “responsible” status prior to award. Responsible means a business with the financial and technical ability to perform the requirements of the solicitation and subsequent contract.
- b. KCDC will review all proposals and reserves the right to request necessary modifications, waive minor technicalities, reject all proposals, reject any proposal that does not meet mandatory requirement(s) or cancel this RFP, according to KCDC’s best interests. KCDC further reserves the right to adjust its evaluation scenario if this is in KCDC’s best interest and consistent with good business practices.
- c. KCDC’s Evaluation Team may elect to interview one or more respondents prior to making an award. Interviews may include an in-person discussion of the proposal. KCDC will not reimburse respondents for any costs associated with the interview process.
- d. KCDC’s Evaluation Team may elect to first rank proposals with a simple numeric score and then score the remaining top tier of proposals in greater detail.
- e. Proposers shall submit a formal letter of intent to serve as the basis for the evaluation of this proposal.
- f. KCDC may award both the LIHTC equity investment and loan opportunity to the same proposer or separately.
- g. LIHTC equity proposals are to include the following information:
 - Total amount of equity provided and purchase price per dollar of tax credit
 - Provide an equity pay-in schedule
 - Description of downward and upward adjusters
 - Amount of due diligence, legal, or other closing fees as well any fees during construction, if applicable; please note any caps on costs/fees
 - Any ongoing fees charged to the project after placed in service
 - Waterfall terms for operating cash flow and sale proceeds
 - Estimated annual credit delivery based on lease-up schedule provided in underwriting
 - Reserve Requirements (Operating, Capital, et cetera)

- Developer Fee pay-out schedule
- Ability for KCDC to rely on proposal and provide approval process and timeline to execute partnership agreement and close transaction
- Summary of investor’s purchase option and ROFR terms
- Any guaranties required and limits to guaranties
- Detailed description of the terms of recapture
- Any other terms for consideration as necessary

h. Debt proposals are to include the following information:

- Indicate which of the following loan structures you prefer, or an alternative structure that is not contemplated below, and tailor the remainder of your loan proposal based on the structure selected:
 - A) Provide a CITC construction loan only (include maximum amount of construction loan in proposal) and do not commit to purchasing the amount of the bonds. This structure will require a public bond offering which would likely be underwritten and initially purchased by Raymond James. Lender may purchase a portion of the bonds from the underwriter via the public offering. Bonds will be cash collateralized. When a draw is needed to pay project costs, CITC loan proceeds will be disbursed to an account (established with the bond trustee) that secures the bonds and the bond trustee would disburse a like amount of bond proceeds to pay the project costs. After all bond proceeds are disbursed, the remaining CITC loan proceeds would be disbursed directly to pay project costs.
 - B) Provide a (non-CITC) construction loan (include the maximum amount of the construction loan in the proposal) which would be structured as a privately placed conduit bond issue with a Series A bond and a Series B Bond. The Series A bond would be in a principal amount of up to \$35,000,000 and would be tax-exempt for federal income tax purposes. The remaining amount would be the Series B bond amount and would be taxable for federal income tax purposes. The project would serve as collateral for the bonds.
- In addition to the above construction options, or alternative debt structures, indicate if the construction loan will convert to a permanent loan (permanent term to be no less than 17 years). Note, KCDC prefers a construction to permanent loan execution.
- For proposals with qualified CITC construction loans and an ability to convert to a permanent loan, indicate if the permanent loan will also qualify for the CITC program for the term of the permanent loan.
- Provide the following loan terms for each of the scenarios above:
 - Construction loan and permanent loan interest rate; note any rate floors or caps; for option A, also indicate bond interest rate
 - Construction loan proceeds (in the event option A or C above are selected, indicate amount of any secondary construction loan proceeds available in addition to the \$35,000,000 of bond proceeds) and permanent loan proceeds

- Loan term (in months or years) for construction and permanent loans
- Amortization and any periods of interest only
- Any loan/due diligence, commitment or origination fees
- Minimum DSCR covenants
- Any prepayment penalties
- Mortgage constant calculation for loan sizing and covenants (amortization, interest rate and coverage ratio)
- KCDC guaranties (non-recourse is preferred)
- Reserve requirements
- Ability for KCDC to rely on proposal and provide approval process and timeline to execute partnership agreement and close transaction

5. General Instructions to Proposers

KCDC's General Instructions to Proposers are at www.kcdc.org . Click on "Procurement" and the link to the instructions. The proposer's submittal means acceptance of the terms and conditions found in KCDC's "General Instructions to Proposers." The following paragraphs in the General Instructions to Proposers do not apply: 15, 16, 18, 29, 33, 42, 44a, 44b, 44d, 50, 57, 65, 69.

6. Insurance

The proposer agrees to maintain at its sole expense during the term of this agreement insurance coverages and limits in accordance with the proposer's standard business practices and acceptable to KCDC. Upon request, the proposer shall provide KCDC with Certificates of Insurance evidencing such insurance.

7. Licenses

The proposers shall maintain all licenses necessary to conduct business in the State of Tennessee.

8. Reservation of Rights

- a. KCDC reserves the right to terminate a contract awarded pursuant to this RFP, at any time for its convenience, upon 10 days' written notice to the successful proposer.
- b. KCDC reserves the right to retain all proposals submitted and not permit withdrawal for a period of 60 days after the deadline for receiving proposals without the written consent of KCDC's Procurement Director.
- c. KCDC reserves the right to negotiate the fees proposed by the proposer if it so desires.
- d. KCDC has no obligation to compensate proposers for costs incurred in responding to this RFP.

9. Submittals

All proposals, responses, inquiries, or correspondence relating to or about this RFP, and all reports, charts, displays, schedules, exhibits, and other documents provided by companies will become KCDC's property when received.

Project Description/Scope of Work

10. Project Description

- a. The property owner will be Bell Street 2 LP, a Tennessee Limited Partnership, with Bell Street 2 Corporation, a Tennessee Corporation (100% KCDC owned instrumentality) as the Special Limited Partner and developer. Bell Street 2 GP, LLC, a subsidiary of Southeastern Housing Foundation, a Tennessee 501(c)(3), will serve as General Partner and project sponsor for purposes of the HUD Section 202 Program.
- b. KCDC is in the process of redeveloping Austin Homes – a twenty-three-acre Public Housing site – into a dynamic mixed-income, urban neighborhood. The site is a quarter of a mile east of the “Old City” district and of Downtown Knoxville; adjacent to a new, \$80M minor league baseball stadium that is in development; and a quarter mile north of a proposed \$100 million children’s science museum. Increased connectivity via new street connections, greenways, and sidewalks, make this a site capable of supporting all types of residential and neighborhood retail uses.
- c. Phase 3 will be built on approximately 5.34 acres owned by KCDC, with a 75-year ground lease to the partnership with a nominal annual lease payment. The Phase 3 development will consist of 161 units in six buildings with a separate maintenance garage. There will be 93 one-bedroom units, 48 two-bedroom units and 16 three-bedroom units. Income averaging will be utilized – 43 units will be restricted to incomes of 30% of AMI or less, 50 units will be restricted to elderly residents (62+) with incomes of 50% of AMI or less, 4 units will be restricted to incomes of 60% of AMI or less and 64 units will be restricted to incomes of 80% of AMI or less.
- d. The project is under a CHAP with the Department of Housing and Urban Development and is in the process of securing Project Based Rental Assistance (PBRA) on the 43 units specified within the CHAP and reserved for incomes less than 30% of AMI.
- e. The project has received an award under the HUD Section 202 Supportive Housing for the Elderly program. This award entails reserving 50 units for elderly (62+) households with incomes below 50% of AMI. Under the award, the project will receive \$7.5M of Capital Advance funds in the form of a 0% interest forgivable loan. In addition, the units under the program will operate under a HUD PRAC operating subsidy. KCDC intends to locate a supportive service coordinator at the property to serve the residents covered under the HUD Section 202 program.
- f. The project has also received a \$900,000 grant from THDA through its’ National Housing Trust Fund program. The grant will require that the 43 PBRA/RAD units will be income restricted to 30% of AMI or lower for individuals.

11. Construction Information

- a. Jenkins & Stiles will serve as the Construction Manager and will be engaged by the partnership through an executed AIA 133 contract – Construction Manager as Constructor with a Guaranteed Maximum Price. To-date, Jenkins & Stiles has provided a construction cost estimate of \$45,324,463 based on design development documents. Jenkins & Stiles will provide updated cost estimates as part of the GMP exercise in June and July of 2022, and a GMP will be entered into simultaneously with closing of the partnership. Samples of Jenkins & Stiles’ experience in construction can be found [HERE](#).
- b. Construction on Phase 3 is estimated to begin in late winter or early spring of 2023 and take up to 20 months to complete all six buildings. Lease up is expected to begin in early 2024 and anticipated to be complete by late 2024. A copy of the proposed lease-up schedule is included in the underwriting package.

12. Development Team

a. General Partner:

Southeastern Housing Foundation II created Bell Street 2 GP, LLC, a 100% owned instrumentality of SHF II, to be the General Partner and Non-Profit sponsor for purposes of the HUD Section 202 program and National Housing Trust Fund. SHF II has experience working within both the LIHTC industry and other affordable housing programs within the State of Tennessee.

b. Special Limited Partner:

KCDC created Bell Street 2 Corporation, a 100% owned instrumentality of KCDC, to be the Special Limited Partner. KCDC has a great deal of experience with the LIHTC program over the years, and KCDC developed/managed properties currently have over 1,100 units either currently operating or under rehab/construction within the LIHTC program.

c. Developer:

The Bell Street 2 Corporation will also serve as the developer.

d. Property Manager:

KCDC will be the management entity for this property.

e. Construction Consultant/Owner’s Representative:

Partner’s Development is KCDC’s Construction Consultant/Owner’s Representative. Partners Development has been the Owner’s Representative for KCDC on our most recent LIHTC developments, as well as numerous other non-LIHTC development projects. Their role includes oversight of all A/E, construction and budgetary monitoring.

f. Architect:

Southeast Venture and Johnson Architecture are KCDC’s architects on the project.

g. Attorneys:

Jay Moneyhun and Mark Mamantov of Bass, Berry, & Sims are KCDC’s attorneys on the project.

13. Underwriting Package

An underwriting package including a development budget, operating proforma and a unit matrix with a lease-up schedule has posted to the procurement section of the KCDC website in connection with this RFP.

14. Market Study

A copy of the Phase 3 market study has posted to the procurement section of the KCDC website in connection with this RFP.

15. Architectural Plans

100% Design Development stage architectural drawings have been posted to the procurement section of the KCDC website in connection with this RFP.

16. Submittal Structure Instructions

Order your proposal in this sequence:

- Response to the evaluation criteria listed above
- Solicitation Document A General Information
- Solicitation Document B Affidavits

This and the previous pages do not need to be returned.

Solicitation Document A	General Information about the Proposer
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Note: Complete all cells even if the answer is "Does not apply"

Sign Your Name to the Right of the Arrow

If completing this document in Adobe, an electronic signature is acceptable to KCDC.

Your signature indicates you read and agree to "KCDC's General Instructions to Proposers" (www.kcdc.org) and that you are authorized to bind the proposer or are submitting the response on behalf of and at the direction of the proposers' representative authorized to contractually bind the proposer. I represent that the proposer or its applicable representative(s) has reviewed the information contained in this Solicitation Package and that the information submitted is accurate.

Printed Name and Title

Legal Corporate Name

Street Address

City/State/Zip

Contact Person (Please Print Clearly)

Telephone Number

Cell Number

Proposer's E-Mail Address (Please Print Clearly)

Addenda

Check for addenda prior to uploading your submittal. KCDC posts addenda are at www.kcdc.org. Click on "Procurement" and then on "Open Solicitations" to find addenda

Acknowledge addenda have been issued by checking below as appropriate:

None <input type="checkbox"/>	Addendum 1 <input type="checkbox"/>	Addendum 2 <input type="checkbox"/>	Addendum 3 <input type="checkbox"/>	Addendum 4 <input type="checkbox"/>	Addendum 5 <input type="checkbox"/>
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Conflict of Interest

1. No commissioner or officer of KCDC or other person whose duty it is to vote for, let out, overlook or in any manner superintend any of the work for KCDC has a direct interest in the award or the proposer providing goods or services.
2. No employee, officer or agent of the grantee or sub-grantee will participate in selection, or in the award or administration of an award supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when the employee, officer or agent, any member of his immediate family, his or her partner, or an organization, which employs, or is about to employ, any of the above, has a financial or other interest in the proposer selected for award.
3. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from proposers, potential proposers, or parties to sub-agreements.
4. By submission of this form, the proposer is certifying that no conflicts of interest exist.

Drug Free Workplace Requirements

5. Private employers with five or more employees desiring to contract for construction services attest that they have a drug free workplace program in effect in accordance with TCA 50-9-112.

Eligibility

6. The proposer is eligible for employment on public contracts because no convictions or guilty pleas or pleas of nolo contendere to violations of the Sherman Anti-Trust Act, mail fraud or state criminal violations with an award from the State of Tennessee or any political subdivision thereof have occurred.

General

7. Proposer fully understands the preparation and contents of the attached offer and of all pertinent circumstances respecting such offer.
8. Such offer is genuine and is not a sham offer.

Iran Divestment Act

9. Concerning the Iran Divestment Act (TCA 12-12-101 et seq.), by submission of this bid/quote/proposal, each proposer and each person signing on behalf of any proposer certifies, and in the case of a joint bid/quote/proposal, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each proposer is not on the list created pursuant to § 12-12-106.

Accuracy of Electronic Copies

10. If the proposer provides electronic copies of the bid/proposal/quote to KCDC, the proposer certifies that the information provided on paper and in the electronic format is identical unless specifically noted otherwise.

General

- 11. Neither the said proposer nor any of its officers, partners, owners, agents, representatives, employees or parties interest, including this affiant, has in any way colluded conspired, connived or agreed, directly or indirectly, with any other responder, proposer, or person to submit a collusive or sham offer in connection with the award or agreement for which the attached offer has been submitted or to refrain from making an offer in connection with such award or agreement, or collusion or communication or conference with any other proposer, or, to fix any overhead, profit, or cost element of the offer price or the offer price of any other proposer, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against KCDC or any person interested in the proposed award or agreement.
- 12. The price or prices quoted in the attached offer are fair, proper and not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the proposer or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.



No Contact/No Advocacy Affidavit

- 13. After this solicitation is issued, any contact initiated by any proposer with any KCDC representative concerning this solicitation is strictly prohibited-except for communication with the Procurement Division. My signature signifies that no unauthorized contact occurred.
- 14. To ensure the integrity of the review and evaluation process, respondents to this solicitation nor any firm representing them, may not lobby or advocate to KCDC staff or Board members. My signature signifies that no unauthorized advocacy occurred.

Non-Boycott of Israel Affidavit

- 15. Concerning the Non-Boycott of Israel Act (TCA 12-4-1 et seq.), by submission of this bid/quote/proposal, each proposer and each person signing on behalf of any proposer certifies, and in the case of a joint bid/quote/proposal, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each proposer is not boycotting Israel pursuant to § 12-4-1 and will not during the term of any award. Note: Applicable only to contracts of \$250,000 or more and to proposers with 10 or more employees.

The undersigned hereby acknowledges receipt of these affidavits and certifies that the submittal in response to this solicitation is in full compliance with the listed requirements. Failure to properly acknowledge issues concerning the above is grounds for bid rejection and may subject the signer to penalties as directed by the appropriate laws.

Signed by		
Printed Name		
Title	