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Request for Proposals

Solicitation Name	Equity Investor and CITC Services for Bell Street Flats Q2012
Responses Must Arrive No Later Than (As KCDC's Procurement Office clocks indicate)	11:00 a.m. on October 24, 2019
Deliver Responses to:	Knoxville's Community Development Corporation Procurement Division 901 N. Broadway Knoxville, TN 37917  Procurement is behind the main office building
Electronic Copies	Electronic copies are available on KCDC's webpage or by email at purchasinginfo@kcdc.org
Responses may be Emailed to KCDC	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Printed Responses Required	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Solicitation Meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Solicitation Meeting Connection	KCDC will host an on-line meeting. Email purchasinginfo@kcdc.org for the phone number and web link.
Solicitation Meeting is Mandatory	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Applicable
Solicitation Meeting Date and Time	October 16, 2019 at 11:00 a.m.
Submit Questions About This Solicitation	Submit questions to purchasinginfo@kcdc.org at least 5 days before the due date for this solicitation. KCDC will not accept questions via telephone
Award Results	KCDC posts a summary of the proposals received and the preliminary awardee 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 after preliminary award.
Check KCDC's webpage (https://www.kcdc.org/procurement/) 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 LIHTC. Just in the last three years, KCDC has done the following:
 - 2017 completed construction on 90 unit senior building (9% LIHTC).
 - 2018 completed construction on 84 unit family complex (9% LIHTC).
 - 2018 completed rehab on 260 unit family complex rehab (4% LIHTC).
 - 2018 completed rehab on 175 unit family complex rehab (4% LIHTC).
 - 2019 completed rehab on 270 unit family complex rehab (4% LIHTC).
 - 2019 completed construction on 80 unit family complex (9% LIHTC).
 - 2019 closed 82 unit 9% LIHTC deal (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. KCDC received a 2019 9% Low Income Housing Tax Credits (LIHTC) annual allocation of \$1.3 million for the Bell Street Flats development, through the Tennessee Housing Development Agency (THDA). KCDC is seeking a LIHTC investor for the 2019 allocation.
- e. THDA also offers the Community Investment Tax Credit (CITC) loan program and KCDC intends to use a CITC loan as an additional source of funds.
- f. This property is located in an opportunity zone.
- g. KCDC completed a nine-month master planning process earlier this year. HUD has already approved demolition on the site. Demolition and infrastructure will be funded through local external sources. KCDC expects demolition to be completed with road and utility improvements to be underway well before closing on the LIHTC deal. This site is currently proposed to be developed in four phases.
- h. KCDC's 2018 Final Audit is at:
https://www.kcdc.org/wp-content/uploads/2019/03/KCDC_FYE2018_Report.pdf.

- I. KCDC will also receive proposals for a Community Investment Tax Credit (CITC) investment lender as a part of this RFP. KCDC desires to find a CITC Lender to provide a construction to permanent loan. See <https://thda.org/business-partners/community-investment-tax-credit> for more details. Participation as a CITC lender is not a requirement for a prospective Equity Investor.

KCDC may award both the equity investment and CITC loan to the same proposer or separately.

2. **Changes after Award**

It is possible that after award KCDC will need to revise the service needs or requirements specified in this document. KCDC reserves the right to make such changes after consultation with the supplier. Should additional costs arise, the supplier must document increased costs. KCDC reserves the right to accept and negotiate these charges.

3. **Contact Policy**

Only KCDC's Procurement Division may be contacted about this solicitation from the issuance of this RFP 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**

KCDC alone determines the proposer's "responsive" and "responsible" status prior to preliminary award. Responsible means a business with the financial and technical capacity to perform the requirements of the solicitation and subsequent contract. A responsive proposal is one that fully conforms in all material respects to the solicitation document and all of its requirements, including all form and substance.

- a. 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.
- b. 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.
- c. KCDC's Evaluation Team may elect to first rank proposals with a simple numeric score and then detail score only the top tier of proposals.
- d. Proposers shall submit a formal letter of intent along with KCDC's Equity Investor spreadsheet, both of which serve as the basis for the evaluation of this proposal.

- Total value of the Tax Credit proposal incorporating:
 - Total amount of equity proposed
 - Assume the following Pay-In Schedule so all proposals can be reviewed equally:
 - i. 10% at closing
 - ii. 5% at construction completion
 - iii. 82% after a date certain of January 1, 2021
 - iv. 3% at 8609
 - Description of adjusters
 - Capped amount of due diligence, legal, or other closing fees
 - Construction management fees if applicable
 - Any ongoing fees charged to the project
 - Reserve Requirements (Operating, Capital, etc.)

- Pay-in schedule of Developer Fee

- Ability to rely on proposal

- Terms of the proposal
 - Anticipated purchase option language
 - Any guaranties required and limits to guaranties – Non-Recourse is preferred
 - Detailed description of the terms of recapture
 - Any other terms for consideration as necessary

- CITC Lending
 - Experience in combining CITC and tax credits or
 - Willingness to incorporate a separate CITC Lender, as has been done on KCDC's last three 9% LIHTC deals.
 - See <https://thda.org/business-partners/community-investment-tax-credit> for details

- Participation as a CITC Lender (if applicable)
 - Anticipated sizing (subject to adjustment based on equity proposal): \$17 million construction/\$5.5 million permanent. Interest only during construction with amortization of 35 years and a term of 17.5 years. HUD will require subordination to RAD Use Agreement (HUD Covenants).

- Please Describe:
 - Any loan/due diligence fees.
 - Minimum Debt service coverage ratio.
 - Any prepayment penalties.
 - Any KCDC guaranties. (Non-recourse is preferred)
 - CITC Loan Interest Rate Cap
 - Experience with CITC lending, including any experience with combining tax credits and CITC.

5. **General Instructions**

KCDC does not insert “General Instructions to Suppliers” in solicitation documents. These instructions are at www.kcdc.org. Click on “Procurement” and the link to the instructions. The supplier’s submittal means acceptance of the terms and conditions set forth in KCDC’s “General Instructions to Suppliers.”

For this solicitation the following paragraphs in the “General Instructions” document ***do not*** apply:

4, 11, 15, 16, 18, 23, 32, 41, 42, 43, 47, 48, 50, 51, 54, 55, 56, 61, 62, 63, 64, 65, 67, 68.

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. Proposer shall provide KCDC with Certificates of Insurance evidencing such insurance prior to contract execution.

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 subsequent to 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 in reference to this RFP, and all reports, charts, displays, schedules, exhibits, and other documents provided by companies will become KCDC’s property of when received.

10. **Project Description**

The property owner will be Bell Street LP, a Tennessee Limited Partnership, with Bell Street Corporation, a Tennessee Corporation (100% KCDC owned instrumentality) as the General Partner.

KCDC has begun the process of redeveloping Austin Homes – a twenty-three acre Public Housing site – into a mixed income, mixed use urban neighborhood. The site is a quarter of a mile east of the “Old City” and Downtown Knoxville; adjacent to a newly proposed minor league baseball stadium; 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.

The first phase of the mixed-income development will be built on approximately five acres owned by KCDC, with a ground lease to the partnership. Demolition of current units is in progress and should be completed (along with the site preparation) by March 2020. That scope of work, along with perimeter infrastructure work is excluded from this project and is funded from other local sources. The proposed Bell Street Flats mixed-income development consists of 105 units in 9 buildings. There will be 79 LIHTC units of 34 one bedroom units; 24 two bedroom units; 17 three bedroom units and 4 four bedroom units; and 26 Market Rate units of 12 one bedroom and 14 two bedroom.

The 79 LIHTC units include 43 units of HUD Section 8 Project Based Rental Assistance (PBRA) under a Housing Assistance Payment (HAP) contract with an initial 20 year term and an automatic 20 year renewal term.

The development contains 26 market rate units. Given the proximity to downtown, the Old City, and the proposed minor league ballpark (the ownership group has already purchased the needed adjacent property) as well as a market analysis, demand is expected to be strong for all unit types.

Construction is estimated to begin in May 2020 with delivery and lease up completed in fall of 2021.

11. **Construction Information**

- a. KCDC will competitively bid construction using our Standard HUD contract.
- b. The estimated closing date is May 15, 2020.
- c. Proposers can assume a 15-16 month construction to completion schedule. Phased unit delivery is planned. Delivery of completed units is estimated to begin 12 months after the notice to proceed. Many factors are still unknown in order to set specific months and number of units at this time.

12. **Development Team**

a. **General Partner:**

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

b. **Developer:**

The Bell Street Corporation will also serve as the developer.

c. **Property Manager:**

As on previous deals, KCDC will be the management entity for this property.

d. **Construction Consultant/Owner's Representative:**

Partner's Development. Partners Development has been the Owner's Representative for KCDC on our four most recent LIHTC developments (2015-18), as well as numerous other non-LIHTC development projects. Their role includes oversight of all A/E, construction and budgetary monitoring.

e. **Architect:**

Johnson Architecture and Gensler.

f. **Attorneys:**

Jordana Nelson and Mark Mamantov of Bass, Berry, & Sims.

g. **General Contractor:**

To be determined by formal bid process.

13. **2019 Low Income Housing Tax Credit Application**

Any specific questions not addressed with the information provided will be answered upon request.

14. **Market Study**

KCDC has posted the Market Study to its webpage.

15. **Master Plan**

KCDC has posted the Master Plan to its webpage.

16. **Submittal Structure Instructions**

Order your proposal in this sequence:

- Introductory cover letter
- Response to the evaluation criteria listed above
- Solicitation Document A General Information
- Solicitation Document B Affidavits
- Bell Street Flats Equity Proposals

This and the previous pages do not need to be returned

**Equity Investor and CITC Services for Bell Street Flats LIHTC Q2012
Solicitation Document A General Information**

General Information about the Supplier					
Sign Your Name to the Right of the Arrow					
Your signature means you agree to "KCDC's General Instructions to Suppliers" on www.kcdc.org .					
Printed Name and Title					
Company Name					
Street Address					
City/State/Zip					
Contact Person (Please Print Clearly)					
Telephone Number					
Cell Number					
Supplier's E-Mail Address (Please Print Clearly)					
Addenda					
Addenda are at www.kcdc.org . Click on "Procurement" and then on "Open Solicitations" to find addenda. Please check for addenda prior to submitting a proposal.					
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"/>

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 resulting award or the proposer's business.
2. No KCDC employee, officer or agent will participate in selection, or in the award or administration of an award 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. KCDC'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.

General:

5. Proposer fully understands the attached offer, all pertinent circumstances respecting such offer and the proposer attests that the offer is genuine and is not a sham offer.

Accuracy of Electronic Copies:

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

Non-Collusion:

7. The proposal presented to KCDC is 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 other parties to KCDC's disadvantage.

No Contact/No Advocacy Affidavit

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

Non-Discrimination

10. KCDC does not discriminate on the grounds of race, color, creed, religion, sex, natural origin, age, sexual orientation or disability. Proposers concur with KCDC's non-discrimination standard and extend it to any resulting award. Proposers will provide equal access to subcontractors (if needed) and award to them without respect to race, color, creed, religion, sex, natural origin, age, sexual orientation, or disability.

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.

Signed by 	
Printed Name 	
Title 	
Subscribed and sworn to before me this date	
By (Notary Public) 	
My Commission Expires on 	
Notary Stamp	

Equity Investor and CITC Services for Bell Street Flats LIHTC Q2012
Solicitation Document C Pro-Forma Attachment

Bell Street Flats		
THDA Tax Credit Line Item	LIHTC Application Estimate	Estimated Basis
Total Construction Contract Cost	16,056,550	12,042,414
Construction Contingency	1,605,655	1,204,241
Total Construction Cost	17,662,205	13,246,655
Soft Cost and Fees	1,626,647	767,664
Developer Fee	2,102,148	1,576,611
Total Estimated Development Cost*	21,391,000	15,590,930
SOURCES		
Perm Loan	5,500,000	
Soft Debt	1,500,000	
Equity and GAP	13,341,665	
Deferred Developer Fee	1,049,335	
Total	21,391,000	

APPENDIX A - SITE MAP

