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Addendum

Solicitation Name	Equity and Debt Services for the Development of Phase 1b at Austin Homes Q2112	Addendum Number	1	Date	01/13/2021
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This addendum answers questions raised about this solicitation. Questions are generally verbatim as received. To aid in readability, the questions are in black, the answers are in **bolded blue** and the answers follow immediately below.

Q1	I do not see a full source and uses in the underwriting packet, only the uses. Do you have a full source and uses that you could share?
	KCDC has posted a document to its webpage that reflects the preliminary sources and uses. The debt and LIHTC equity amounts shown in the sources are preliminary figures and KCDC is looking to proposers to hopefully meet or exceed those amounts. KCDC is anticipating a construction loan amount of approximately \$29,000,000.
Q2	I do not see a listing of the project sources within the package. Am I missing it?
	See the answer to question 1.
Q3	Can you tell me if you are open to utilizing the CITC for the construction period only and then rolling into a provided permanent takeout via a FNMAE MTEB? We have done numerous transactions like this where we provided the equity investment, construction financing and perm financing. This can provide several advantages for you, but I wanted to see if this approach would be attractive to you given the RFP only mentioned the CITC facility. Please advise
	KCDC is familiar with the structure that is proposed and is open to loan structures other than CITC.
Q4	We are currently projecting a construction loan amount close to \$27M. We see based on your numbers you are estimating \$470,000 in construction interest. Can you tell us how you are getting to that interest amount? We are assuming a 20-month construction period and a 6 month lease up period and our estimate for construction interest is coming in slightly over \$1M. Can you provide the term and rate and any other pertinent information as to how you are calculating your interest during construction please?
	KCDC's construction interest expense estimate was based on a ~\$29M construction loan that was outstanding from start of construction (based on a draw down) through stabilization and had a 1.0% interest rate based on a CITC structure. A CITC rate currently would be 0% but KCDC assumed rates move up during construction and therefore underwrote 1.0%. Certainly, if KCDC opted for a loan other than a CITC structure, KCDC would expect a different interest rate expense during construction.
Q5	Do you anticipate this project will be financed through the CITC Program? I am not sure what the process is to become a CITC participant, but we are currently not a qualified CITC lender. This will bump up our construction interest quite a bit from what you are estimating in your numbers with a CITC construction loan. We were looking to finance this project with our Private TEL Program, which is a private placement so there is no selling, purchasing or rating of bonds required.



	KCDC is open to either CITC or non CITC structures. Ultimately, KCDC will make its selection based on the most favorable structure for KCDC. KCDC will consider not only interest expense but also third-party fees and costs that may be impacted by the loan structure proposed. Please refer to the posted summary on the CITC program provided by THDA.
Q6	Can you advise if the 1/19 submittal date will be extended? If not, I am afraid given our current volume we would unfortunately be unable to deliver a detailed LOI by that date.
	KCDC can extend the deadline to 11:00 a.m. on 01-21-21.
Q7	Are you interested in one closing or 2?
	Multiple closings are fine if we have a permanent loan in place at closing. KCDC would obviously have to consider additional fees associated with a second closing, if applicable.
Q8	What is the anticipated closing date?
	KCDC expects closing in May or June, depending on THDA's timing to issue firm commitments.
Q9	Last year THDA ran out of capital. What is KCDC's level of confidence that you will get THDA funding.
	KCDC's application was the #2 application received by THDA. Therefore, we should be in a good position to secure the requested bond authority.
Q10	Your RFP refers to the CITC program. We have not had great success in permanent loans with the CITC program-though we have with construction. Would you consider other options such as conventional loan?
	KCDC is certainly open to a conventional arrangement-either on the construction or on the permanent or both. KCDC has been successful with both styles in the past. KCDC will consider all options and make a decision based on the best economics and certainty of execution.
Q11	Does KCDC have an appraisal on the "as builts?"
	Not yet but this will likely occur when an investor is selected.
Q12	What is Phase 1a's status?
	Construction started in August 2020. We anticipate renting the first units in August 2021 and completing the rentals by the end of 2021.
Q13	Is Phase 1a structured the same as Phase 1b?
	No. Phase 1a consists of PBRA, LITHC-only and market-rate units. 1b will be income averaging but all units will be LIHTC.
Q14	Beyond the 4% tax credit, are there any other subsidies?
	KCDC is looking at other opportunities for grants to fill potential financing gaps; however, we do not expect those grants to materially change the set-asides or proforma.
Q15	Are there any restrictions that would survive a foreclosure?
	Yes. the land is restricted for Affordable Housing Purposes, which means any activity that supports the pre-development, development, rehabilitation or operation of other RAD conversions, public housing, housing assisted under Section 8 of the Act, properties subject to low-income housing tax credit use restrictions, or properties participating in other federal, state or local housing programs serving households with incomes at or below 80% of area median income, or that provides services or amenities that will be used primarily by low-income families as defined by the Act.
Q16	Are the restrictions 3 years in length?
	They are 20 years in length.
Q17	Are the same "partners" involved in both Phase 1a and Phase 1b?

	<ul style="list-style-type: none"> • The General Contractor on Phase 1a is the J.A. Fielden company. • The Construction Manager on Phase 1b is the Hardaway Company. • The Owners Representative for both phases is Partners Development. • The Architectural firm for Phase 1a was Johnson Architecture. • The Architectural firm for Phase 1b is Johnson Architecture in collaboration with Southeast Venture.
Q18	Are there any cross use/shared use functions between the phases?
	1a and 1b are stand-alone but eventually we will have discussions about shared space (such as for leasing activities) and maintenance.
Q19	Are driveways between 1a and 1b shared?
	No, the sites are separated by a public right of way.
Q20	Who is the investor in Phase 1a?
	Pinnacle Financial Partners.
Q20	Will Phase 1b have tax abatement?
	Yes, it is a ground lease with a PILOT arrangement.