

Pre-proposal Meeting - November 12, 2021 at 10:00 a.m. EST

Proposals due November 22, 2021 at 4:00 p.m.

Heritage Park is a 12 acre site with 122 units. Currently it is approximately 45 years old. RHA has completed an obsolescence test so we are looking at submitting a Section 18 application. Heritage Park is situated in downtown Raleigh near the 300-acre Dorothea Dix park, which will be similar to a Central Park type area with an amphitheater, sports fields, and natural areas. It is important for our residents to have these amenities nearby. Dorothea Dix park is less than a quarter of a mile from Heritage Park. Also, the Red Hat amphitheater is diagonal as well as the convention center a block away. There is a lot of job opportunities as well as cultural opportunities. The City of Raleigh is also putting in Bus Rapid Transit system. The second phase will be Western Blvd. which borders our property.

Development Principles:

- At least 122 units available to residents making 30% AMI or less. Large % of the residents at Heritage Park are making 30% AMI or below. We want to make sure we have units available for at least the same number of families currently living at Heritage Park.
- Phasing the redevelopment – residents have options as far as relocation or if they would like to stay on-site. Through phasing, RHA would move residents around the property if necessary so that they can stay on-site and then move into the redeveloped areas once they are complete to try and minimize the displacement of residents.
- Build back more units. The preliminary master plan currently shows 370 units which is three times the number of units on-site currently. RHA wants to add more affordable housing but keep it manageable as well, while making sure it works with the City's plans and the residents have access to the services they need.

Introduced Rhae Parkes with EJP Consulting which RHA has contracted with to assist with the overall master planning of Heritage Park. We have also contracted with Morning Star, a local law firm, for rezoning and with Public Participation Partners (P3) for community engagement.

Questions and Answers

Q. Pre-development funding – will RHA provide pre-development funding to pay for architecture and other 3rd party due-diligence costs? Previously we see Housing Authorities putting up a significant amount of pre-development funding. In determining the developer fee split between the HA and the developer, the amount of pre-development funding is important.

A. RHA will put in some funds for the pre-development. We have several funding options available and since we have settled on Section 18 as the route we are going to go, then that is putting us on a path of going to certain buckets to use that funding. We will be putting some money in to the pre-development.

Q. Do you have any idea what that split would be? The mixed-finance rules would be 75% housing authority and 25% developer but it could be at any point between 0% to 75%.

A. It will be closer to the 75% given the funds we have available and what our uses could be for those funds.

Q. Sounds like you want to be the property manager of the property. We do a lot of public housing partnerships where the developer is the property manager and stay in as partners through the compliance period (15 years) or the housing authority is the manager and we do a turnkey. Seems to have indicated in the RFQ that RHA wanted something in the middle where RHA is looking at having a partnership with a developer to be there through the life of the partnership but the HA would be the manager.

A. The RFQ states that the developer would stay in the partnership for the time required by NCHFA which is currently two years. After that RHA would want the developer to step out.

Q. Does RHA have experience managing mixed-income housing?

A. Yes. We have completed two Hope VI, and one redevelopment we call HOPE VII because RHA did not receive a HOPE VI. Two of the sites have PH, affordable market rate, and a senior tax credit building. The other site just has PH and affordable market rate. One tax credit property has finished the 15-year compliance period and our non-profit arm has purchased the property and is continuing to manage the property. The other tax credit site finishes their 15-year compliance period this year and our non-profit arm is purchasing that site and will continue to manage it.

Q. Section 18 comes with Tenant Protection Vouchers that can then be project based. Is that the HAs plan?

A. That is one of the options. This is why RHA brought EJP on board is to help choose the best option. That is one reason we are looking at Section 18 is because with that process RHA will be able to collect higher rents which will help with the financial viability of the property.

Q. What are your thoughts on what you mean about mixed-income? What are the ratios planned for the mixed income? Will you be using your Faircloth administration?

A. The Faircloth is an option and we will consult with EJP on what the best route is. With the mixed income piece, previously the affordable market rate units are owned by our non-profit arm CAD. The rents are such that 75% of the tenants in those units have to be at 80% AMI or below. It is something we will look at to make the numbers work since there will be at least 122 units at 30% AMI or less. Maybe the TPVs are used for the 0 to 30% AMI and then do something else for the other ranges there. If market rate units are what is needed to make the numbers work then that is something we would look at.

Q. Currently 370 units are shown on the preliminary site plan. What is the sense of your ability to be successful with greater density?

A. We have had some meetings with the residents and city council. City council would like RHA to go much denser than what the preliminary plans show. RHA has to be able to afford to build a denser development. There are several different options for funding. The city has passed an affordable housing bond so some of those funds may be available. RHA wants to make sure that it is something that looks nice and is manageable. The city wants to push the density higher than what is currently proposed due to the need for affordable housing. RHA has contracted to have additional community discussions to determine the wants and needs of the residents.

Q. For the mix between affordable and market rate units, is this up to the discretion and the funding capability of the development team that is responding?

A. Yes

Q. For the infrastructure on the site, should respondents factor all of the infrastructure costs into the planning or are there resources for infrastructure?

A. To be on the safe side, factor it into your plans. Depending on where the final costs for the redevelopment come in, RHA has some Capital Funds and reserves that can be used for the redevelopment.

Q. Just to confirm, the respondent would include costs for infrastructure but not for demolition.

A. Yes.

Q. Can we allow an electronic delivery?

A. After discussing the receipt of the proposals electronically with our consultant, they recommended we continue to receive the proposals via hard copy (including flash drive) as published in the RFQ.

Q. Can we confirm tenancy %s of current residents for Heritage Park? Family or Elderly?

A. It is a family site. It does have 20, 4 and 5 bedroom units. Will have to see what the demand is for 4 and 5 bedroom units as we currently do not have a large population on our waitlist that need a 4 and 5 bedroom unit. Currently there

are 99 families at Heritage Park; 25 are elderly households, 26 are disabled households, and 40 households show income from wages.