



## **RAD Multi-Site Bond Program Q&A**

*April 3, 2015*

1. If the developer submitted a Qualification Determination with the 2015 9% pre application process, do we need to submit a separate qualification determination for the RAD Multi-Site Bond Program?

If the respondent submitted a Qualification Determination in the 2015 9% LIHTC pre-application, the respondent need only to submit any updates since the original submission in order to meet the requirement of this specific RFQ criteria. Documentation for other criteria is still required. In general, an applicant should report any major changes to a Qualification Determination occurring after submission to DCA.

2. Will an Independent Accountant's Report on Applying Agreed-Upon Procedures qualify as documentation exhibiting that each property reached stabilization (90% occupancy for 90 consecutive days)?

Yes, an AUP report is acceptable, as long as it verifies that the newly constructed or rehabilitated development achieved 90% occupancy for 90 consecutive days.

3. If a PHA elects to opt-out of the program after the qualified developer has submitted their package to the PHA (Day 135) or after the concept meeting/site visit/ mutual due diligence (Day 165), does the qualified developer receive new project to replace those of the PHA?

All parties understand that in developing a partnership between a developer and a group of PHAs, the deal – and the final portfolio of projects – must work for everyone. An interested PHA may withdraw at any time for any reason up through the developer selection date (Day 165 listed in the Program Description). If a PHA withdraws from the program, there is no replacement project provided to the developer. In a similar fashion, an interested developer may withdraw at any time for any reason up through the tentative match and subsequent due diligence (Day 180 listed in the Program Description). Time has been built into the process for the developer to run financial projections and advance due diligence to confirm that a deal is viable after the tentative match is made and before the match is confirmed. However, if the developer withdraws, there is no compensation or replacement project provided.

4. What is included in the mutual due diligence process? (i.e. financial, compliance, operational history)

To the extent available, the PHAs will provide the authority's audited financial statements, the RAD Physical Condition Assessment for each property, property operating expense history for two completed years, property operating budgets (including year-to-date comparisons) for the current year, copies of recent HUD inspection reports, rent rolls (with identifying information such as name and social security number excluded) and any environmental investigation reports in the authority's possession or control. The PHAs will reasonably respond to additional due diligence requests.

5. The Concept Meeting with potential developer partners and the PHAs is scheduled for AFTER the second-stage submissions under the RFQ. Should the developers visit the properties/markets before the 2nd RFQ deadline? The qualified developer would not have reviewed any due diligence to develop their proposed partnership structure? Compensation?

A pre-proposal meeting will be held at a central location before the second stage RFQ deadline. At this meeting, all the participating PHAs will be present to describe their properties. The meeting does not require developers to participate in order to submit a proposal, but their attendance is highly recommended.

The second stage RFQ will contain some due diligence information regarding each property including, at a minimum, summary information from the RAD Physical Condition Assessments, operating expense information and a summary of each PHA's experience with certain tasks (such as relocation, property management, LIHTC compliance, etc.) to inform the developer's proposal regarding roles, responsibilities, and allocation of transaction benefits. The Facilitator will be working with the PHAs to maximize the due diligence information provided with the second stage RFQ.

There is no compensation for preparing responses to the RFQ. The developer will, of course, propose appropriate compensation in the form of developer fee as part of the developer's proposal.

6. Converting an entire portfolio requires close attention to the relocation needs of the residents; who will develop relocation plans to minimize the impact construction will have on residents?

The relocation plans depend in large part on the nature of the transaction and construction plans, which the developer partner will formulate. The developer partner will need to work with the PHAs to develop the relocation plans.