



Addendum 1 to RFP Mixed Income Multi-Family Developments

Respondent Questions and Answers

As of 1/21/2022

- Can funds be drawn during construction? Does our equity need to go into the project first?

Funds will be available during construction, subject to the Developer/Contractor securing performance bonds for the project.

Additionally, the funds will be provided on a reimbursement basis and will be matched dollar for dollar to the developer's equity investment up to the full amount of ARPA funds awarded.

- Any operating restrictions outside of limiting rents and incomes to a percent of area median income (AMI)? Will a LURA (land use restrictive agreement) be attached to the property to restrict rents?

If it is a low-income housing tax credit (LIHTC) project, you will follow Minnesota Housing Finance Agency (MHFA) guidelines. If tax credits are not involved in your project, there will not be a LURA. However, there will be income restrictions and verifications required on affordable units and corresponding reporting; market rate units will not be restricted.

- The restricted unit's rents can grow with AMI growth, correct?

Yes: Any affordable unit rent growth must adhere to the limits for St. Louis County as published annually by MHFA

(<https://www.mnhousing.gov/sites/multifamily/limits>).

- Are there any restrictions on selling the property after stabilized?

No, but our development agreement will require that the City approve all sales (such approval will not be unreasonably withheld). This is standard in our agreements because we will be entering into agreements with selected

Respondents, in part, because of their credentials, and we reserve the right to protect the City's interest in the project.

- Is it correct to assume we do not need to apply utility allowances to the max allowable rents?

Correct.

- Any other restrictions tied to using these funds we should be aware of?

Yes, though they are focused around compliance and reporting. Selected Respondents will be required to provide annual documentation evidencing the affordability of their units, for example.

- The funds do not require repayment after stabilization, correct?

Correct.

- Are there any city fees tied to using the funds we should budget for?

There are regular entitlement fees (permitting, plans review, etc.), but there is no specific ARPA fees. If Respondents are going to request additional financial assistance (i.e. TIF or abatement) a \$3,000 application fee is required as well as any subsequent consultant fees.

- Do we need to register for the City business subsidy policy before applying?

You do not need to register, but you must enter into a project labor agreement and adhere to the City's Community Benefits policy; these will be included in the development agreement.

- Are there restrictions stating where the income restricted units need to be located within a mixed-income building?

Yes: each unit must have windows and equal access to all building amenities, and there must be affordable units available for each bedroom size (no restriction on how many of each).

- Are we ok to assume an allocation of tax increment financing (TIF) on application for funding?

If your project has a gap that requires TIF, please include it as a presumed source in your proforma. There is no guarantee that TIF will be provided for any project.

- What if our site is a redevelopment and commercial space is not possible or, if there is commercial space, it is already included? And how do we include the cost if it is already built?

You are encouraged to submit a proposal and indicate what space exists and, of that, what could be available. Please include a base gross lease rate per square foot for existing space.

- Can we submit proposal in coordination with low income housing tax credit applications?

Yes, you can include the ARPA request in a LIHTC application capital stack, but the City is not considering 9% tax credit applications due to the ARPA funds time restrictions. If your project is selected, award of ARPA fund will be subject to an award from MHFA.

- Our cost estimates from general contractors are coming in much higher than anticipated. Is it still worth submitting proposals if we would require millions of dollar of ARPA?

Yes, we encourage you to submit proposals with real-world costs. Construction costs are going to be high for all Respondents and we will take market realities into consideration during scoring.

- What is the expected timeline of the ARPA award and approval process?

The City is planning to convene a Proposal Review Committee during the second week of February. After selections are made, selected Respondents will enter into a Development Agreement with the City that will be brought to City Council for approval. We are targeting agreement and approval process completion by spring so that projects may commence with construction as soon as possible.

Please acknowledge receipt of this addendum by including a copy of it with your proposal. Pages included will not count toward any page limitations identified in the RFP, if any.

Posted January 24, 2022