

# REQUEST FOR PROPOSAL (RFP) 2022-001

## CMHA FINANCE SERVICES

### INTRODUCTION

**T** Columbus Metropolitan Housing Authority (hereinafter, “HA”) is a public entity, formed in 1934 to provide federally subsidized housing and housing assistance to low-income families, in Columbus and Franklin County. CMHA is headed by a President & CEO and is governed by a Board of Commissioners and is subject to the requirements of Title 24 of the Code of Federal Regulations (hereinafter, “CFR”) and CMHA’s procurement policy. The Agency was brought into existence by resolution of the State of Ohio’s Board of Housing on May 8<sup>th</sup>, 1934. CMHA is a subdivision of the State of Ohio.

**C** Currently, the HA owns and/or manages: (a) 26 multi-family apartment complexes totaling 3,139 units; (b) eight senior complexes, totaling 733 units; and (c) four Service Enriched complexes, totaling 258 units. The HA also administers approximately 13,500 Section 8 Housing Choice Vouchers and manages the HUD Project Based Rental Assistance contracts covering 81,000 units in Ohio and Washington, D.C. through its subsidiary, Assisted Housing Services Corporation. The HA currently has approximately 125 employees.

**I**n keeping with its mandate to provide efficient and effective services, the HA is now soliciting proposals from qualified, licensed and insured entities to provide the services specified herein to the HA. All proposals submitted in response to this solicitation must conform to all of the requirements and specifications outlined within this document and any designated attachments in its entirety.

#### I. Scope of Work/Submission Requirements

Columbus Metropolitan Housing Authority (CMHA) is seeking one or more financial services firms to provide various lending products as sources of financing for three development projects. CMHA desires to close on the financing for each of these projects in 2022. Please forward an electronic comprehensive response to [technicalresponse@cmhanet.com](mailto:technicalresponse@cmhanet.com) on/or before 5:00 p.m. on Monday February 7, 2022, to be considered. All proposals received after that date will be considered non-responsive.

#### II. Scope of Work

##### A. Project Descriptions

##### i. The Meadows

The Meadows is a 95-unit Public Housing property built in 2000. CMHA will be converting the property to Project-Based Voucher (PBV) subsidy through the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) program. As part of this conversion, CMHA will also complete a substantial rehab of the site, including an estimated \$50,000 of work per unit. CMHA will finance this rehab work principally with 4% Low-Income Housing Tax Credits (LIHTC).

Please see Attachment A for a current pro forma. CMHA has received commitments for grant funding from the Ohio Housing Finance Agency (OHFA) and the City of Columbus. CMHA is seeking a qualified lender/underwriter to provide debt financing for this project under the 4% LIHTC program. In addition, CMHA will provide a Seller Note and recontribute a substantial amount of developer fee.

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OHFA regulations for this project require the permanent financing source to be a non-federal and non-CMHA source. Under these rules, Fannie Mae and Freddie Mac products are acceptable as well as traditional bank lending.

#### **ii. Oakwood Apartments**

Oakwood Apartments is a 53-unit community currently owned by a subsidiary of Community Properties of Ohio (CPO) and under a HUD project-based rental assistance (PBRA) contract. CPO will transfer the property to CMHA and at that time, also transfer the PBRA contract to a different site. CMHA and CPO will then complete a substantial rehab of the site, including an estimated \$100,000 of work per unit. The parties will finance this rehab work principally through the 4% LIHTC program.

Please see Attachment B for a current pro forma. CMHA has received commitments for grant funding from OHFA and the City of Columbus. CMHA is seeking a qualified lender/underwriter to provide debt financing for this project under the 4% LIHTC program. In addition, CPO will provide a Seller Note and the parties anticipate deferring a portion of developer fee.

OHFA regulations for this project require the permanent financing source to be a non-federal and non-CMHA source. Under these rules, Fannie Mae and Freddie Mac products are acceptable as well as traditional bank lending.

#### **iii. McKinley Manor**

McKinley Manor is a new-construction project located in the Franklinton neighborhood of Columbus. The property will consist of 44 units for seniors with up to half serving as permanent supportive housing for seniors. CMHA use the 4% LIHTC program as the principal source of financing for this project.

Please see Attachment C for a current pro forma. CMHA has received commitments for grant funding from the Ohio Housing Finance Agency, Franklin County, and the City of Columbus. CMHA is seeking a qualified lender/underwriter to provide debt financing for this project under the 4% LIHTC program.

OHFA regulations for this project require the permanent financing source to be a non-federal and non-CMHA source. Under these rules, Fannie Mae and Freddie Mac products are acceptable as well as traditional bank lending.

### **B. Anticipated Lending Products**

#### **i. Permanent Financing**

As noted above, OHFA required non-federal lending products for the amounts of the loans to be counted as leverage. Therefore, CMHA will only accept responses that meet this requirement.

CMHA expects Freddie Mac Tax-Exempt Loan (TEL) and Fannie Mae MBS as Tax-Exempt Bond Collateral (MTEB) loan products will provide the most benefits to the projects.

In addition, CMHA anticipates the approximate size of the permanent loans for each project to be as follows:

- The Meadows: \$2,500,000
- McKinley Manor: \$3,200,000
- Oakwood Apartments: \$3,100,000

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### ii. Construction Financing / Equity Bridge Loans

Each project will also require financing during construction (new construction for McKinley Manor and rehab for The Meadows and Oakwood). This construction period financing will be paid off principally by the LIHTC equity, which the LIHTC equity syndicators will provide to the projects upon substantial completion. Therefore, CMHA anticipates either a traditional construction loan product or an equity bridge loan product would be appropriate for each project.

In addition, CMHA anticipates the approximate size of the construction / equity bridge loans for each project to be as follows:

- The Meadows: \$6,000,000–\$7,000,000
- McKinley Manor: \$6,000,000–\$7,000,000
- Oakwood Apartments: \$3,000,000–\$5,000,000

### C. Proposal Summary Table

Property	Loan Amounts	
	Construction / EBL	Permanent
The Meadows	\$6,000,000–\$7,000,000	\$2,500,000
McKinley Manor	\$6,000,000–\$7,000,000	\$3,200,000
Oakwood Apartments	\$3,000,000–\$5,000,000	\$3,100,000

### III. Submission Requirements

A financial services firm may respond to one or more of the six opportunities listed in Section II.C., above. Firms must submit the following:

- A standard term sheet for each product and each project included in its response.
- A narrative summary of their previous work with CMHA, with other housing authorities, and with the LIHTC program.
- Contact information for the person who will be the principal point of contact at the firm for CMHA.

### IV. Selection Process

After the submission window closes, a committee of CMHA staff will review all submissions received and make selections as appropriate. The committee will then inform the CMHA Purchasing Manager of its final decision. The Purchasing Manager will notify the selected financial institution(s) and provide them the mandatory forms CMHA requires for all contractors.

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**Attachment A**  
**The Meadows Pro Forma**

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## The Meadows Sources & Uses

### Construction Financing & Equity Sources

Type	Source Name	Amount	Interest Rate
Construction Loan	CMHA Construction Loan	\$ 6,500,000	2.000%
Tax Credit Equity	OEF Investment Fund	\$ 493,710	
Deferred Developer Fee	CMHA	\$ 304,169	2.000%
Historic Tax Credit Equity		\$ -	0.000%
HDAP	OHFA HDAP	\$ 1,425,000	2.000%
Other1	City Non-Federal Bond Funds	\$ 1,000,000	NA
Other2	CMHA Seller Note	\$ 8,300,000	2.000%
Other3			N/A
Other4	OHFA HDL	\$ 2,000,000	0.000%
Other5	Post Closing Items	\$ 174,250	
	Total	\$ 20,197,129	
	# of Sources		8

### Permanent Financing & Equity Sources

Type	Source Name	Amount	Interest Rate
Tax Credit Equity	OEF Investment Fund	\$ 6,717,960	
HDAP: OHTF or HOME	HDAP: OHTF or HOME	\$ 1,425,000	2.000%
HDAP: NHTF	HDAP: NHTF	\$ -	0.000%
Historic Tax Credit Equity		\$ -	0.000%
Deferred Developer Fee	CMHA	\$ 304,169	2.000%
Permanent First Loan, Hard Debt	Freddie Mac TEL	\$ 2,450,000	4.700%
Permanent Second Loan		\$ -	0.000%
Other 1	City Non-Federal Bond Funds	\$ 1,000,000	N/A
Other 2	CMHA Seller Note	\$ 8,300,000	2.000%
Other 3			N/A
Other 4			0.000%
Other 5		\$ -	0.000%
		\$ 20,197,129	

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SOURCES & USES		FOR REFERENCE: Total Costs
Acquisition	Land	\$ 610,000
	Land Broker Fees	\$ -
	Building Acquisition	\$ 7,690,000
	Other	\$ -
	Other	\$ -
Predevelopment	Survey(s) Costs	\$ 5,000
	Architectural Fees	\$ 329,518
	Engineering Fees	\$ 47,074
	Appraisal	\$ 8,000
	Market Study	\$ 5,000
	Environmental Report	\$ 23,537
	Title & Recording	\$ 114,000
	Other PCNA	\$ 12,000
	Other Green Fees	\$ 35,305
Site	Demolition	\$ -
	Off-Site Improvements	\$ -
	On-Site Improvements	\$ 443,599
	Relocation	\$ 332,500
	Other	\$ -
Other	\$ -	
Hard Construction	General Requirements	\$ 290,994
	Permit	\$ 70,611
	Site Security	\$ -
	Commercial Costs (Non-Construction)	\$ -
	Hard Construction (Residential New Const.)	\$ -
	Hard Construction (Residential Rehab.)	\$ 4,263,795
	Hard Construction (Commercial)	\$ -
	Hard Construction (Amenity Fee Items*)	\$ -
	Construction Contingency	\$ 470,739
	Furniture, Fixtures & Equipment	\$ 199,500
	Contractor Overhead	\$ 96,998
	Contractor Profit	\$ 290,994
	Other	\$ -
Other	\$ -	
Interim Finance	Construction Insurance	\$ 59,375
	Construction Interest	\$ 183,750
	Construction Loan(s) Fees	\$ 100,000
	Permanent Loan(s) Fees	\$ 49,000
	Costs of TE-Bond Issuance	\$ 251,500
	Impact Fees/Tap Fees/Taxes	\$ -
	Rent-up Costs/Marketing	\$ 23,750
	OHFA HDL Fee	\$ 11,600
	Other Negative Arbitrage	\$ 108,000
	Other	\$ -
Professional Fees	Legal Fees (not syndication related)	\$ 140,000
	Accounting Fees	\$ 40,000
	Developer Fee (DV)	\$ 3,100,000
	Application/Development Consultant Fees (DV)	\$ -
	Construction Management Fees (DV)	\$ -
	Guarantee Fees (DV)	\$ -
	Developer-Charged Financing Fees (DV)	\$ -
	**Organizational Fees	\$ -
	**Syndication Expenses	\$ 80,000
	Developer-Charged Asset Management Fee (DV)	\$ -
	Soft Cost Contingency	\$ 50,000
Other	\$ -	
Other	\$ -	
Compliance	Housing Credit Application Fee	\$ 5,000
	Housing Credit Reservation Fee	\$ 43,085
	Compliance Monitoring Fee	\$ 228,000
	Other	\$ -
	Other	\$ -
Reserves	**Operating Reserves	\$ 384,905
	**Replacement Reserves	\$ -
	Other	\$ -
	Other	\$ -

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**Attachment B  
Oakwood Apartments Pro Forma**

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**Attachment C  
McKinley Manor Pro Forma**