

**2017 REQUEST FOR QUALIFICATIONS
Development of Mixed-Income For-Sale Housing
on Real Property located at 2907-2915 Welton Street**

Addendum # 1
September 13, 2017

The above referenced RFQ is hereby addended as follows:

1. Evaluation of the Required Application Materials listed in Section C.2 of the RFQ Proposal Guidelines will be weighted as follows:

1.1 - Demonstrated experience and success developing condominiums)	20%
1.2 – Demonstrated experience and success developing income-restricted housing	30%
1.3 – Demonstrated experience and success leveraging public financing and/or working with public sector partners	
1.4 – Development team experience	
1.5 – Respondent financial capacity/access to capital	
2.1 – Project Vision	15%
2.2 – Project Financing	10%
2.3 – Implementation Strategy	25%
2.4 – Construction Defects Strategy	
2.5 – Community Engagement Strategy	

2. The following questions and their answers are hereby incorporated into and made part of this Request for Qualifications:

(Q) Questions and (A) *Answers*

- Q1. Are the ten areas of review listed in Section C.2 of the Proposal Guidelines equally weighted?

A. Yes, see Addendum item #1 above.

Q2. Why prioritize condo experience when affordable housing is affordable housing; why give preferential treatment to those developers who have experience in condominium development versus other affordable housing developments?

A. Prior to releasing the RFQ, OED and RTD conducted extensive research on construction defects including interviews with condo developers as well as legal and insurance experts. We found that a critical element of success building condos involves certain approaches to construction that are different from other multi-family residential construction, noted briefly in Section B.4 of the Proposal Guidelines. Respondents should demonstrate an awareness of and capacity to implement these techniques, either through direct experience or plans to engage partners with that experience.

Q3. Are you looking for the immediate community's engagement or the larger community so that their feedback can be included in the other models going forward?

A. We're focused primarily on the neighborhood and the immediate community, but if the respondent has a vision for engaging the community more broadly with an eye towards replication, we are open to considering such an approach as a community benefit. As described in the Proposal Guidelines, Section C.2, Application Material 2.2, responses that propose additional public benefits will be evaluated in relationship to the amount of public financing requested.

Q4. Will all questions and answers received be sent out to potential applicants?

A. Yes, all questions will be answered in an Addendum format. If you're on the email distribution list, you'll get a notice that an Addendum has been published on the website. Email OEDProposals@denvergov.org to be included on the distribution list.

Q5. You mentioned an opportunity for TIF financing – how does that work with the timing of going through City Council?

A. DURA: The process to amend the existing Welton Corridor Urban Renewal Plan and create a new tax increment area for the project will take a few months to work through the statutory procedures which is why we would like to meet with anyone seeking TIF assistance prior to make sure they understand timing when building their timeline. Since it's in an existing urban renewal area we don't have to perform a blight study so that will save time.

Q6. Will preference be provided to a project that has more than 25% restricted units?

A. Yes, there is a possibility that we would give preference to a project that provided a greater proportion of affordable units. As described in the Proposal Guidelines, Section C.2, Application Material 2.2, we will consider responses that propose a higher proportion of affordable units (as well as other potential added public benefits) in relationship to the amount of public financing requested.

Q7. How do you want to have the income-restriction units deeded? For life, or time-delay, for example?

A. We are contemplating that the affordability will be secured by a deed restriction, although respondents may propose another way of securing affordability. By ordinance, any affordable units with City investment must be income-restricted for a minimum of 20 years. In terms of the length of the restriction, that will be one of the factors we consider when we look at the public benefit that we receive for the amount of subsidy requested, as described in the Proposal Guidelines, Section C.2, Application Material 2.2.

Q8. When you decide on the weighting of the ten review categories, will that information be published before October 17, 2017; if so, how much earlier before?

A. The weighting is included in this Addendum.

Q9. In this endeavor, is there any preference or priority to local residents/businesses to participate?

A. In general, that would fall under the category of public benefits that a respondent can propose.

Q10. How do the partners expect to address any financing gap?

A. Section B.5 of the Proposal Guidelines describes opportunities to access public financing to fill any financing gap. We expect OED will be part of filling the gap; it may be that TIF could be another source of financing that could help make a project feasible, but we're also looking to the creativity of respondents to propose how the project comes together. We would encourage respondents to review [OED's term sheets](#) as a starting point, although we are open to proposals for additional financing or financing on other terms.

Q11. What is RTD willing to sell the land for? Is an appraisal available? Does the appraisal take into account that the project will include affordable housing?

A. The RTD Board of Directors resolution requires fair market value for the sale of the property, which was appraised at \$1.8 million. The appraisal does not take into account a specific planned use. The appraisal may be made available in a second addendum.

Q12. Are the drawings previously prepared set in stone or is there flexibility?

A. No, the purpose of the drawings was for the partners to assess the potential yield of the site given the constraints of the design guidelines. Respondents MAY work from the existing drawings or may work from their own design. We expect that the project design will be finalized with further input from the community.

Q13. Regarding the first floor space – does this have to be designed by RFQ response (i.e. grocery, etc.)? Is the commercial/retail area weighted in the RFQ? Are there any specific users slated for occupancy of the commercial space?

A. Our primary concern is that the first floor is activated in response to the applicable design guidelines. We expect the selected developer to determine the final use of any commercial space to in consultation with the community. Respondents may describe specific plans to do so in response to Application Material 2.5 in Section C.2 of the Proposal Guidelines. Appendix C of the Proposal Guidelines also includes community feedback on desired uses.

Q14. May the developer hold the commercial condo under a separate financing structure?

A. We would be open to responses that propose for the construction of a commercial space to be financed separately, and we are open to various ownership or leasing structures for any commercial space.

Q15. Would the city consider LIHTC application, with the project converting to tenant ownership conversion in 15 years?

A. No, we are looking for a project to provide affordable for-sale units to the market today.

Q16. Will TIF funds be available?

A. DURA: There's a chance; in order to determine the level of TIF funding a project is eligible for, DURA typically uses the lesser of three amounts—the financing gap, the TIF capacity of the project (how much sales and/or property tax increment it is expected to generate) or the eligible costs. Since RTD owns the property, the current taxable basis is \$0 which works in a redeveloper's favor when determining the amount of tax increment generated on a site.

Q17. Is there any TIF available from surrounding sites?

A. DURA: No, this is a spot-specific TIF area. All tax increment generated will be created from the parcel within the boundaries of the TIF area.

Q18. Is the City anticipating waiving any fees?

A. No, permitting and other development fees are controlled by other agencies and are needed for those purposes. Those costs could be part of what leads to a gap, but we are not anticipating any fee waivers for this project. The City anticipates that proposed projects, because they are providing affordable units, will be exempt from the City's Affordable Housing Fee.

Q19. Are the plans from the architectural study that was done available? Or perhaps the size and mix of 1-bedroom and 2-bedroom units and commercial space?

A. The architectural study may be made available in a second addendum.