

ADDENDUM 2

DATE: August 25, 2021

RFQ – Developer/Owner-Entity and Interim Property Manager for
Alexander County Housing Authority

This Addendum 2 to the RFQ for Developer/Owner-Entity and Interim Property Manager for Alexander County Housing Authority (ACHA) is being issued to respond to questions to date, including those posed at the on-site visit held on August 10, 2021, the pre-submission conference virtual meeting held on August 11, 2021, and those submitted in-writing directly to the contracting officer. The attendees of the on-site visit and virtual meeting are also included.

All attachments to Addendum 2 are provided at this dropbox link:

<https://www.dropbox.com/sh/noeingr2h4u7spa/AACuZ8QfqCFyz6bZ87VTbGTia?dl=0>

Question #1 - What is the ACHA funding level planned for pre-development expenses?

Response: ACHA intendeds to participate in pre-development expenses. The exact split will be determined during negotiations of the developer agreements.

Question #2 - Does HUD have in mind a proposed split of developer fee to be earned by the developer and ACHA?

Response: ACHA does not intend to collect a developer fee. It is anticipated that a portion of the developer fee will be directed to reduce a potential funding gap, to add desirable feature(s), or to cover higher reserves to enhance long-term sustainability. The developer fee will be capped in accordance with RAD and tax credit agency rules.

Question #3 - Will ACHA be in the project's ownership structure?

Response: No. The exact ownership structure will be negotiated after a developer is selected.

Question #4 - Does the Pulaski County Housing Authority have an HCV Program?

Response: No, the Pulaski County Housing Authority does not have an HCV program.

Question #5 - Who administers the TPVs that were available for the relocation of the old ACHA properties?

Response: The Menard County Housing Authority. Other nearby PHAs administer voucher programs.

Question #6 - Would there be Faircloth units to develop, either now, or in the immediate future?

Response: ACHA's available Faircloth authority is outside of the scope of this RFQ. However, the development of additional housing in Alexander County could be considered at a later time, should the selected developer present a viable development plan.

Question #7 - The RFQ states a public entity will hold title and the developer take a long term lease. After RAD conversion to PBRA, who will own the properties and hold title to the land?

Response: See Section 1.4(A)(11) of PIH Notice 2019-04, Rev-4 of the RAD Notice that explains the ownership requirements for a RAD transaction. ACHA is open to alternative ownership, subject to negotiations and approval by HUD.

Question #8 - Can you provide a list of projects for capital needs and M&R being undertaken with receivership or capital grant funds?

Response: Smith – Phase 1 – currently under construction

- Replacing building domestic water supply lines and sanitary sewer stacks, lateral, and main.
- Resurfaced exterior walkways, balconies, and stairs.
- Replaced all exterior unit doors and screen doors.
- Converting 5 units previously used as PHA offices back to dwelling units – two – 2-bedroom units and one – 1-bedroom unit – all 504 compliant.

Smith Phase 2 – future this year (funded through emergency and normal formula capital fund grants)

- Replace exterior doors, interior stairwell doors, and interior hallway firebreak doors. These enhancements will further secure the buildings for the tenants.
- Renovate and reconfigure first floor of Smith building – includes replacement of storefront, adding a computer lab, and a tenant community space.

2020 Receivership grant – funded and 95% design complete

- Replace roofs on Shuemaker, Harrington Estates, Butler Homes, Greaney Gardens, and Moreland Manors. Once this project is complete all buildings, with the exception of Smith, will have new roofs. The age of the Smith building roof is approximately 10 years.
- Modernize Shuemaker elevators (Smith elevators modernized 2019). These are the only two buildings with elevators.
- Security cameras at Scattered sites – security cameras at Smith and Shuemaker installed in 2019.

2021 Receivership grant – ACHA submitted the grant application on August 21, 2021

- ACHA will be replacing the boilers in the Smith high-rise (pending grant award). At this time, it is looking like the boilers will be removed and VRF units (mini-splits) will be installed in all units providing both heat and AC, as well as furring and insulating the units exterior block walls.

Question #9 - Will any additional receivership grant funds be added to the \$3.5M of Capital and operating funds?

Response: No.

Question #10 - Please provide the PNA, a POC of the firm that prepared it, a list of other capital needs, if it exists.

Response: A link to the PNA report is attached. A list of other capital needs does not exist.

Question #11 - Will HUD complete the Capital Work included in the Emergency Safety and Security and Receivership grants?

Response: HUD will assist ACHA to complete the capital work included in the Emergency grants that have already been awarded under those grants. However, post-transition, it is expected that the new owner will move to reposition the agency as soon as practicable. The capital projects will be managed by the ACHA architects in accordance their agreements already in effect. But the new management agent will be responsible for oversight of the work, processing the pay applications received by the architect, paying the contractors and architect, as well as submitting the required capital fund vouchers and revisions to the CFP 5 year plan and annual statements as needed. HUD's involvement in these capital projects currently executed, funded and nearing completion for bidding, and near future projects will be minimal in an oversight role.

Question #12 - Can we get a list of capital projects currently underway?

Response: See the response to Question #8 above.

Question #13 - Please confirm there are two AMPs for conversion, and confirm the properties in each AMP.

Response: The properties for conversion and their AMPs are shown in the Part I – General Background Information of the RFQ. ACHA anticipates a single RAD transaction for all 158 existing ACHA units.

Question #14 - Assuming transfer of title to the Developer selected, will there be additional properties from the DOT available for ownership and transfer? Will there be other AHCA properties, not in the DOT, available for ownership by the Developer selected?

Response: The land available as part of the transaction is the land that is necessary for the removal of the 158 units in ACHA inventory. See RAD Notice, Revision 4 for land that is eligible to be released under RAD authority. Any additional development initiative comprising property owned by ACHA would be considered separately from this transaction.

Question #15 - Are there any HUD unique requirements due to the properties being in the New Madrid Fault Zone?

Response: HUD has no seismic design requirements. All projects are expected to meet all relevant design criteria, as well as state and local code requirements. If the developer plans on utilizing FHA financing, the developer must follow the 2020 MAP guidance regarding earthquake design. <https://www.hud.gov/sites/dfiles/OCHCO/documents/4430GHSGG.pdf>

Question #16 - Please provide the ER Phase I copy with POC of firm that prepared it?

Response: The draft Phase I ESAs are attached. Lead-based paint reports are also attached. A final response from the Illinois State Historic Preservation Officer concerning the Smith/ Shuemaker/ Maintenance building Environmental Review is pending.

Question #17 - Please confirm that there is no FSS participation.

Response: There is no FSS participation.

Question #18 - Any requirement for previously selected architects being involved?

Response: No.

Question #19 - Can we get a copy of ACHA's Operations budget?

Response: Yes, see attached.

Question #20 - Can we get a copy of ACHA's Management Agreement with Pulaski County Housing Authority?

Response: ACHA pays the Housing Authority of Pulaski County (HAPC) on a monthly basis for professional property management services provided by HAPC in the form of a management fee. The management fee was based on HUD's 2019 management fee table of 155 units * \$49.02 per unit = \$7,598 per month. The flat monthly fee of \$7,598 applies to management services provided by the managing agent acting in the role of Executive Director. The maximum amount for monthly compensation for other direct costs of other Pulaski staff shall not exceed an average of 16 hours per week (\$40.74 per hour) for a Maintenance Supervisor and shall not exceed an average of 24 hours per week (\$27.25 per hour) for an Administrative Support staff, which amounts to a maximum of \$5,223.36 per month. After a maintenance supervisor was hired and trained, ACHA no longer used the Maintenance Supervisor on the HAPC management agreement contract. However, ACHA continues to use the Administrative Support staff (24 hours per week) for recertifications and other administrative functions.

The term of the agreement is 90 days with three 30-day options for a total of six months. The current management agreement will be renewed in September 2021, effective October 1, 2021. The agreement may be terminated upon 30 days written notice by either party. Expenses for the management agreement are posted to 91300, Management Fees.

Question #21 - What PHA software does ACHA currently use?

Response: ACHA uses PHA Web software for housing and operations management.

Question #22 - What is the current occupancy at ACHA?

Response: As of end-of-day August 10, 2021, there were 4 vacancies and 14 additional units offline. The 14 offline units are utilized as temporary relocation units for the plumbing stack replacement for the Smith modernization project.

Question #23 - How many families are on the waiting list?

Response: There are currently 28 families on the waiting list.

Question #24 - How many zero income families live at ACHA?

Response: ACHA has four zero-income families.

Question #25 - What security equipment does ACHA utilize?

Response: ACHA has security cameras at the Smith and Shuemaker buildings. The recording device has an 8 TB hard drive for each system. The Smith and Shuemaker buildings have magnetic locks with key card readers. Tenants need a key card to enter these buildings after business hours.

Question #26 - How is ACHA currently staffed if there are no ACHA employees?

Response: ACHA's employees are contracted through Southeast Leasing. This includes administrative staff (property manager and occupancy clerk) and maintenance staff (three maintenance and three custodial). ACHA has a management agreement with the Pulaski County Housing Authority which includes the Executive Director and one administrative support staff. The current management contract expires September 30, 2021, and has options for a month-to-month renewal afterwards.

Question #27 - Do any of ACHA's properties have Wi-Fi for residents?

Response: The Smith building has free Wi-Fi for ACHA residents.

Question #28 - Is there a Resident Advisory Board?

Response: There is a Resident Advisory Board (RAB). The management agent and Co-Recovery Administrators/Co-Board Chairs meet with the RAB monthly (4th Wednesday of each month). Resident meetings will resume once pandemic restrictions are lifted. ACHA currently does not

provide funding to the Resident Advisory Board or pay for training or industry group meetings. A resident needs assessment has not been conducted.

Question #29 - Are there designated smoking areas?

Response: There are three designated smoking areas marked with signage (one at each end of Shuemaker and one between Smith and Shuemaker). There are also designated smoking areas for the scattered site properties.

Question #30 - Are there any concerns with non-residents in the area?

Response: ACHA maintains a “no trespass list.” There are two individuals on the list.

Question #31 - Are utilities PHA-paid or tenant paid?

Response: ACHA pays resident utilities. There are individual electrical meters at Smith and the scattered site properties.

Question #32 - Has the locality been involved in repositioning discussions?

Response: HUD met with the Mayor of Cairo and the Alexander County Board of Commissioners in June 2021 to explain the RFQ and answer questions.

Question #33 - When emergencies occur, how is the police response time?

Response: The city police respond to calls, and the response rate is typically quick (within minutes).

Question #34 - What amenities (food, shopping, transportation etc) exist in Cairo?

Response: For more information on healthcare in the area, please visit: <https://www.chesi.org/>. The nearest grocery store is the Stop & Shop in Mounds, which is approximately 7 miles from ACHA. There are other grocery stores in Sikeston, which is approximately 32 miles from ACHA. Public transportation is available through Shawnee MTD Public Transportation, which includes transportation from Cairo to Marion, Carbondale, Cape Girardeau, and Sikeston.

Question #35 - Are any of the properties at risk for flooding?

Response: One ACHA building (Johnson Terrace) that is the subject of this RFQ is at the edge of the 100-year flood plain and requires flood insurance.

Question #36 - Are there any indications of mold?

Response: We are not aware of any mold issues at this time.

Question #37 – What is the ACHA Unit mix?

Response: The unit summary and bedroom configurations are included in the RFQ, Part I – General Background Information.

Question #38 - How is laundry handled at the various sites?

Response: The scattered site properties all have washer and dryer hookups. There is a laundry room on every residential floor of the Smith and Shuemaker high-rises.

Question #39 - What property is under ACHA control aside from the property described in the RFQ?

Response: ACHA has vacant land from the Elmwood and McBride sites in Cairo and Thebes in Thebes, IL. ACHA owns 102 vacant lots of land in Cairo that are non-federal properties.

Question #40 - What is ACHA's Faircloth limit?

Response: 534 units. ACHA currently has 155 units with construction nearing completion on three additional units (previously used as management offices), giving ACHA 158 units by year-end.

Question #41 - What single-family properties does ACHA operate?

Response: The only single-family properties in the ACHA portfolio are four buildings at Harrington Estates.

Question #42 – Is this an Opportunity Zone?

Response: Yes, Census Tract 17003957900.

Question #43 - Is TIF (Tax Increment Financing) available?

Response: The developer will need to do their own due diligence on this question. Neither HUD nor ACHA has investigated.

Question #44 - How many vehicles does ACHA own?

Response: ACHA currently owns six trucks and one passenger car.

Question #45 – Can you confirm there are no electric meters at Shuemaker, and that there are gas meters at scattered sites?

Response: Correct, there are no individual electric meters at Shuemaker, and the scattered sites do not have individual gas meters.

Question #46 - Are the Elmwood and McBride utilities still intact?

Response: Part of the justification to demolish Elmwood and McBride was their failing utility systems and infrastructure. The utilities for these sites were abandoned in place.

Question #47 – Please provide the last audited fiscal year financials.

Response – A copy of the FY 2020 Audit is attached.

Question #48 – Can we get a copy of the Parcels/real estate appraisals?

Response: We are not providing appraisals at this time.

Question #49 - Has the onsite staff/HUD staff performed a RAD Tool spreadsheet that they would be willing to share?

Response: No. A current RAD Inventory Assessment Tool spreadsheet has not been completed. The RFQ contained an illustrative proforma for a RAD/ PBRA transaction based on current best estimates.

Question #50 - Is it possible to identify the skill set and certifications of the staff currently on site?

Response: The current maintenance and administrative staff have a variety of experience levels and capabilities.

Question #51 - At least two units are being returned to service as 2 Bedroom units, please confirm the total unit count, which appears to be 160.

Response: The units for conversion are indicated in the Part I – General Background Information of the RFQ. There will be 158 units for conversion. ACHA does not have 160 units.

Question #52 - Please provide the AHCA current budget and the last variance analysis on year-to-date financials.

Response: See Question #19 response concerning the current ACHA Operations Budget. The last variance analysis is attached.

Attendees of the on-site visit and pre-submission meetings are below. Attendees of the on-site visit are identified by an *:

HUD

Dan Esterling * (on-site visit via telephone)

Nicole Willingham *

Jeff Evans *

Seema Radhakrishnan

Jim Cunningham

CVR

Kris Warren

Gordon Sprewell

Lee Mitchell

Interested Vendors:

Katie Anderson - BGC advantage *

Jim Harbison - US Management services *

Anna Wilkinson - BGC Advantage

Cindi Herrera - Herrera and Associates

Emily Mercer – Herrera and Associates

James Perrino - CDO US Management Services

Jennifer Miller - IHDA

Michelle Weinhold — Jackson County Housing Authority

Pete Levavi - Brianshore Development

Reginald Howell - IHDA

William Cleary - US Management Services

John Cronin

Steve Gladden - IHDA

Bill Schneider - Turnstone Development Corporation

Mark Carlson – Carlson Consulting

Jim Harrisonburg

Brigitta Mac-Rizzo, Jackson County Housing Authority * (on-site visit only)

END OF ADDENDUM 2