



OFFICIAL NOTICE NUMBER 58113

**REQUEST FOR PROPOSAL FOR
EQUITY INVESTOR**

Highland Gardens

June 23, 2023

Request for Clarifications must be received by Friday, July 21, 2023 @ 4:00 P.M. CST

Submission Deadline: Friday, August 4, 2023 until 2:00 P.M. CST

***Housing Authority of the City of Milwaukee
Post Office Box 324
Milwaukee, Wisconsin 53201***

REQUEST FOR PROPOSAL

OFFICIAL NOTICE NUMBER: 58113 EQUITY INVESTOR – HIGHLAND GARDENS

THE HOUSING AUTHORITY OF THE CITY OF MILWAUKEE will receive an unbound original submission, and one digital copy on USB flash drive until 2:00 P.M. CST on Friday, August 4, 2023, from Equity Investor(s) at the Housing Authority of the City of Milwaukee BID DESK, located at 650 West Reservoir St., 2nd Floor Milwaukee, Wisconsin 53212. All submissions must be time-stamped by 2:00 P.M. CST, August 4, 2023 at the BID DESK, in order to be considered.

Copies of the Request for Proposal may be obtained via the Internet at <http://www.hacm.org/business/procurement>. Mr. Kent Britton may be reached at (414) 286-5863 or via email at kent.britton@hacm.org to answer any questions regarding this request for proposal.

Where appropriate, the contractor must comply with Executive Order 11246, Federal Labor Standards, Equal Opportunity requirements, and related program requirements as detailed in the Qualification Documents.

THE HOUSING AUTHORITY OF THE CITY OF MILWAUKEE IS AN EEO/AA/ADA
EMPLOYER

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
809 North Broadway, 3rd floor
P.O. Box 324
Milwaukee, Wisconsin 53201
By: Willie L. Hines, Jr., Secretary-Executive Director

Ad dates: 6/23/2003 & 6/30/2003

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Attachments

Attachment A: Proposed Partnership Agreement

Attachment B: Excerpts from Low Income Tax Credit Applications

Attachment C: Project Pro-forma

Attachment D: Market Studies

Attachment E: LIHTC Reservation Agreement

Attachment F: Designation of Confidential and Proprietary Information

Attachment G: Emerging Business Enterprises

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EQUITY INVESTOR – HIGHLAND GARDENS

I. Invitation

The Housing Authority of the City of Milwaukee (hereinafter referred to as HACM) invites proposals from Equity Investor(s) willing to accept the Partnership Agreement - **Attachment A** or offer more favorable terms for the Housing Authority.

The Housing Authority intends to work with the selected equity provider(s) for the next 5 to 10 years, subject to the financing terms and experience with the deal, HACM's portfolio conversions through the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) Program, and other development projects. The equity provider's financing proposals should be based on the closing of Highland Gardens, a RAD converted project.

For the future Developments projects, the Housing Authority will work with the selected Equity Investor(s) on the bases on their overall score excluding the financing terms, i.e. total of criteria B-F only.

II. Background

HACM is a state-chartered organization that has been in existence since 1944 and is governed by a seven-member Board of Directors that meets monthly. The HACM manages over 5,200 housing units and another 6,200 Section 8 vouchers. The annual budget is over \$89 million, and the staff includes 200 full-time equivalents. The HACM is an internationally recognized leader in affordable housing and has received numerous awards, including the National League of Cities – Municipal Excellence (Gold Award) (2007), World Leadership Award (2005), American Planning Association (2003), and Innovations in American Government (2000 Finalist). The HACM is using funds from the U.S. Department of Housing and Urban Development (HUD), low-income housing tax credits, Federal Housing Agency financing, Tax-exempt bond financing, private financing, private grants, and other city and state funds to finance new construction (affordable and market-rate housing, commercial/retail space, and common space) and acquisition/rehabilitation of housing.

Rental Assistance Demonstration (RAD) Conversion Project

The HACM applied for a total portfolio conversion into RAD for all of its public housing developments comprising of 3,181 units in 25 developments/sites. The Authority expects the RAD award to come in phases as RAD allocations from HUD become available. We started in 2017 and expect this conversion to RAD to last 5 or 10 years. To date HACM

has closed 19 RAD conversions which include approximately 1,700 units with an investment value of over \$400M. The HACM is using funds from the U.S. Department of Housing and Urban Development (HUD), low-income housing tax credits, Federal Housing Agency financing, Tax exempt bond financing, private financing, private grants, and other city and state funds to finance rehabilitation or construction of the units under this project.

III. DESCRIPTION OF PROJECT

Highland Gardens is a RAD Converted Project. It is an existing LIHTC project which HACM purchased the investor interest 3 years ago. This is a rehabilitation project of the Highland Gardens Apartments, an existing senior independent living rental development, totaling 114 rental units targeting senior residents over the age of 55 and/or adults with disabilities. The subject property is located at 1818 West Juneau Avenue, Milwaukee, Wisconsin, approximately 0.8 miles west of the recently redeveloped Milwaukee Bucks “Deer District” and approximately 1.5 miles west of Milwaukee’s central business district. This project received \$1,906,242 4% LIHTC allocation. We anticipate HUD financing, Affordable Housing Grant and Housing Trust Fund, Private Debt and other potential sources of funds. The project has 80 units with RAD and Regular Project Based Vouchers (PBV) and 34 straight LIHTC units.

IV. OWNERSHIP

A Limited Liability Corporation will be formed for the purpose of undertaking this project, and the Managing Member will be an LLC in which the Housing Authority will be the sole member.

V. EXPERIENCE/EXPERTISE OF THE DEVELOPMENT TEAM

The Housing Authority (Developer) has a strong track record and extensive experience in the development and management of affordable housing, as well as the planning and coordination of supportive services for residents in these developments. The Housing Authority has been in existence since 1944 and manages 14 midrise/high-rise developments for the elderly and/or disabled and 8 multifamily developments, totaling over 5,000 units of affordable housing. The Housing Authority has over 15 years of experience in developing Section 42 properties and plays the lead role in coordinating the development of Westlawn – a Choice Neighborhood funded project that is already in its final phase of completion. In 2017, HACM employed its wholly owned subsidiary Travaux, Inc. as Construction Manager as Contractor/General Contractor for all its development projects. Travaux had completed eight projects to date and three are currently ongoing. HACM will continue to use Travaux as general contractor for all HACM projects.

HACM is in the process of engaging legal counsel for this project. Baker Tilly is our consultant for this project. We expect to continue using SVA, Certified Public Accountants to be the project independent accountant.

VI. PROJECT SCHEDULE

Lender(s) and Investor(s) selected	August 2023
RAD Financing Plan to HUD	March 2024
Approval of RAD Financing	June 2024
Project Closed and Investor Entered	July 2024
Construction Start	July 2024
Construction Completion	Sept. 2025

*This project schedule could be accelerated depending on HUD’s review process. Lease up schedule is projected below: Please update attached pro-forma for this new lease up.

LIHTC Rent Up Tax Credit Delivery Schedule

YEAR	2024		2025		2026	
Jan	0	0.0%	10	8.7%	6	93.9%
Feb	0	0.0%	17	23.7%	7	100.0%
Mar	0	0.0%	0	23.7%	0	100.0%
Apr	0	0.0%	17	38.6%	0	100.0%
May	0	0.0%	0	38.6%	0	100.0%
Jun	0	0.0%	13	50.0%	0	100.0%
Jul	0	0.0%	10	58.8%	0	100.0%
Aug	0	0.0%	0	58.8%	0	100.0%
Sep	0	0.0%	17	73.7%	0	100.0%
Oct	0	0.0%	0	73.7%	0	100.0%
Nov	0	8.8%	17	88.6%	0	100.0%
Dec	0	8.8%	0	88.6%	0	100.0%
AVG OCC	0		88.6%		100%	

VII. SUBMISSION REQUIREMENTS

Interested investors are required to submit a proposal that includes the information outlined below, a letter stating that they will accept the Partnership Agreement in **Attachment A**, subject to changes acceptable to HACM and any proposed terms that are more favorable to the Housing Authority, and any other information, such as their willingness to sponsor an Affordable Housing Program grant and/or use CRA credits, that are relative to this Request for Proposal.

1. Investor Profile

Provide a comprehensive description of the organization, including the names and phone numbers of the principals who may be contacted for follow-up. Describe your firm's approach to working with Housing Authorities to maximize the use of their resources. Be sure to include information about any unique structures that you developed to maximize resources.

2. Experience

HUD Mixed-Finance and RAD Development Experience

- a. Describe the number, location, and type(s) of HUD Mixed Finance project(s) in which the proposer has participated. Indicate if the project(s) has/have closed.
- b. Describe the number, location, and type(s) of RAD conversion project(s) and RAD converted projects being re-syndicated in which the proposer has participated. Indicate if the project(s) has/have closed.
- c. Discuss any significant changes between your issuance of an LOI and closing during the past three years.

Wisconsin Project Experience

Identify by name, address, and general partner all Wisconsin LIHTC projects the proposer has participated in as Limited Partner/Investor.

3. References

Identify five references, preferably from your RAD or Wisconsin Project experience who may be contacted.

4. Schedule

Indicate the proposer's ability to meet the time periods reflected in the schedule outlined above.

5. Legal Counsel

Provide the name of the proposer's legal counsel for the transaction.

6. Pricing – Equity Investment

Please provide pricing offer on the equity pay-in schedule below. Responding Firm may offer alternative equity pay-in schedule as an option for us to consider. Note that respondents are required to provide TWO pricing, one for HACM's desired pay-in schedule below and if the respondents choose to offer alternative. Please refer to the attached Project Pro-forma for details of the pay-in schedule.

HACM's desired pay-in schedule.

20% at closing

65 % at construction completion – issuance of Certificate of Occupancy

10% at achievement of stabilized occupancy and permanent loan conversion

5% upon 8609s issuance and final K-1

7. Construction and/or Permanent Loan Financing

While not required, should the equity investor respondent be able to offer complementary construction financing for the transaction provide details – amount, rate, term, fees, and requirements.

Equity Investor may offer in partnership with Construction and/or Mortgage Lender independently.

Construction and Permanent Financing Letter of Intent should provide details on the terms of financing, financing structure, and underwriting requirements.

8. Sample documents

Proposals must also include:

- a. A copy of the proposer's due diligence checklist.
- b. A copy of the proposer's model commitment letter.

9. Confidential or Proprietary Information

If a firm includes proprietary information that should not be disclosed, the firm is required to identify this proprietary information using the information in **Attachment - F**

If the firm fails to identify proprietary information, it agrees by submission of its response that those sections shall be deemed nonproprietary and may be made available upon public request after a contract award.

VIII. Proposal Submission Requirements and Selection Procedures

Proposals **must** include and/or clearly demonstrate the following:

1. The capability to perform the desired services.
2. Proof of current certificate of Professional Liability & Workers Compensation Insurance Policies in the amount of \$1,000,000.00 each,
3. Proposed form of contract, including a termination provision and proposed payment schedule.
4. **Prime Contractor Formal Contract Provisions for Subcontracting with Emerging Business Enterprises – See Attachment G**; all respondents shall return a completed Form A of Attachment G with the proposal.

IX. Submission Clarification and Deadline

An unbound original proposal, three copies and one copy in digital format, should be submitted to HACM's Bid Desk no later than 2:00 P.M. (CST), August 4, 2023. Late submissions will not be accepted.

Proposals should be mailed or delivered to:

Housing Authority of the City of Milwaukee
Bid Desk
650 W Reservoir Street
Milwaukee, WI 53212

Please identify the envelope as being: Proposal #58113, Equity Investor(s) due August 4, 2023 at 2:00 P.M. (CST). All proposals MUST be time stamped on or before 2:00 P.M. (CST) on the due date, at the bid desk, in order to be considered.

In the event that you are not interested in being considered at this time, we would appreciate a short letter or email to Kent.britton@hacm.org from you for our files.

All expenses associated with the preparation and submission of the proposals to the HACM and participation in interviews shall be solely born by the respondent.

X. Evaluation Criteria and Selection of Firm

Proposals must include complete information on each of the following criteria in order to enable the HACM to make accurate determinations regarding the qualifications of each firm. Each criterion will be weighted as indicated.

HACM will evaluate proposals for Equity and Loan Financing independently.

The equity proposals will be evaluated based on the criteria presented below.

A. Pricing of equity (total amount of proceeds to be invested in the project) and equity pay-in-schedule	50 points
B. Types of guarantees required of the general partner and level of required reserves and over-sight	20 points
C. Experience and participation in RAD conversion and Mixed Financed Developments	20 points
D. Ability/capacity to collaborate with Mortgage/Loan provider to streamline underwriting process	5 points
E. Willingness to sponsor AHP application(s)/provide CRA credits	5 points
TOTAL POSSIBLE POINTS	100 points

The HACM reserves the right to select more than one respondent, to select a respondent(s) for specific purposes or for any combination of specific purposes, and to defer the selection of any respondent(s) to a time of the HACM's choosing.

The Housing Authority will select the highest ranked firm as the Equity Investor. If the Housing Authority cannot reach agreement with the highest ranked investor, the Housing Authority may contact the next highest ranked investor and repeat the same procedure until an agreement is reached with the investor that provides fair and reasonable terms.

For future development projects, the Housing Authority will work with the selected Equity Investor(s) on the bases on their overall score excluding the pricing, i.e. total of criteria B-E above only.

The Housing Authority reserves the right to reject any and all proposals and re-solicit new proposals. Furthermore, the Housing Authority reserves the right to waive any informality in proposals received whenever such waiver is in the interest of the Housing Authority. The Housing Authority also reserves the right to request additional information from any respondent after the submission deadline.

XI. Contract Terms

A. Insurance Requirements: See Attachment H

B. General HACM RFP Requirements

1. Interpretations of RFP

Any requests for interpretation should be submitted in writing to Kent Britton - Housing Authority, 809 N Broadway, 3rd floor, Milwaukee, WI 53202 or via email at kent.britton@hacm.org by July 21, 2023 by 4:00 P.M. (CST). No oral interpretations will be made to any firm as to the meaning of the RFP specifications. All interpretations will be summarized in the form of an addendum to the RFP, which will be posted on HACM's website, www.hacm.org/Business/Procurement at least five days before closing of Requests for Proposals. All such addendum(s) shall become a part of the contract, and all firms shall be bound by such addendum. Addendum shall be signed and returned with the RFP.

No information will be available to any firm regarding the status of their response. However, HACM reserves the right to enter into discussion with firms for purposes of clarification or further information.

2. Responsibility of Prospective Firm

The HACM shall award a contract only to a responsible prospective firm who is able to perform successfully under the terms and conditions of the proposed contract. A "responsible" prospective firm must:

- a. Have adequate financial resources to perform the contract, or the ability to obtain them;
- b. Have a satisfactory performance record;
- c. Have a satisfactory record of compliance with public policy (e.g., Equal Employment Opportunity); and
- d. Not have been suspended, debarred or otherwise determined to be ineligible for award of contract by the U.S. Department of Housing and Urban Development or any other agency of the U.S. Government.

3. Receipt of Proposals

Proposals received prior to the time of opening will be secured. The officer whose duty it is to open them will do so after 2:00 P.M. (CST) on the closing day, and no proposal received thereafter will be considered. No responsibility will be attached to an officer for the premature opening of a proposal not properly addressed and identified.

Respondents are cautioned to allow ample time for transmittal of proposals by mail or otherwise. Respondents should secure correct information relative to the probable time of arrival and distribution of mail at the place where proposals are to be forwarded.

4. Withdrawal of Proposals

Proposals may be withdrawn on written request dispatched by the respondent in time for delivery in the normal course of business prior to the deadline for submission. Negligence on the part of the respondent in preparing their proposal confers no right of withdrawal or modification of the proposal after such proposal has been opened.

5. Rejection of Proposals

HACM reserves the right to reject any and all responses and waive any irregularities and the proposal of any respondent who: 1) has previously failed to perform properly or completed a contract(s) of a similar nature on time; 2) is not in a position to perform the contract, or 3) has habitually and without just cause neglected the payment of bills or otherwise disregarded his/her obligations to subcontractors or employees.

6. Contract Payments

HACM and the firm will agree on a performance and payment schedule. The firm will submit an invoice to HACM itemizing the services performed and cost incurred since the last request for payment. Payment will be made after review of the HACM's work product and upon acceptance by HACM of the services performed.

7. Sales Tax

Pursuant to Section 77.54(9a) of the Wisconsin State Statutes, the HACM is exempt from Wisconsin Use and Sales Tax. Respondents, therefore, shall not add State of Wisconsin sales tax or use tax to their proposals, but shall include in their lump sum proposals only the taxes they will be required to pay directly as a consumer, when obtaining materials, etc. to fulfill the contract requirements should they be the successful firm. Firms are, however, responsible for determining the impact of the State of Wisconsin's Sale and Use Tax on their proposal.

8. Request for Proposal

This RFP is not an offer to buy and must not be assumed as such.

9. Indemnification

The firm agrees that it will indemnify, save and hold harmless the HACM their officers, employees, or agents, from and against all claims, demands, actions, damages, loss, costs, liabilities, expenses, judgments, and litigation costs, including reasonable attorney's fees, photocopying expenses and expert witness fees, recovered from or asserted against the HACM on account of injury or damage to person or property or breach of contract to the extent that such damage, injury, or

breach may be incident to, arising out of, or be caused, either directly or proximately, wholly or in part, by an act or omission, negligence or misconduct on the part of the firm or any of its agents, servants, employees or sub-consultants.

The HACM shall tender the defense of any claim or action at law or in equity, arising out of or otherwise related to an act or omission, negligence, misconduct, or breach of contract on the part of the HACM or any of its agents, servants, employees or subcontractors, to the HACM or its insurer and, upon such tender, it shall be the duty of the firm and its insurer to defend such claim or action without cost or expense to the HACM.

10. Slavery Disclosure

“If the successful firm was in existence during or prior to the slavery era (i.e. before 1865), then the bidder shall complete an Affidavit of Compliance for Disclosure of Participation in or Profits Derived from Slavery by Contractors affidavit in accordance with Milwaukee Code of Ordinance 310-14 before a purchase order or contract can be executed (unless such an affidavit has already been submitted and it is on file with the Business Operations Division of the City of Milwaukee). For details on this requirement, see the following website:

<http://city.milwaukee.gov/Directory/Procurement/Forms.htm#.U4oSpKMo71I>”

11. Wisconsin Public Records Law

Both parties understand that the HACM is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. 19.21, *et seq.* The firm acknowledges that it is obligated to assist the HACM in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of this Agreement, and that the firm must defend and hold the HACM harmless from liability under that law. Except as otherwise authorized, those records shall be maintained for a period of seven years after receipt of final payment under this Agreement.

12. Legal Obligations

Compliance with Law in General. The firm shall comply with all the requirements set forth in the Housing and Community Development Act of 1974 and all regulations promulgated pursuant to this Act as contained in 24 CFR 570. The firm shall also comply with all other applicable federal, state and local laws and ordinances, including Affirmative Action. The firm shall assure that its subcontractors/consultants comply with all applicable federal, state and local laws and ordinances.

Compliance with Specific Federal Laws and Regulations. In addition to Law in General above, the Underwriter shall comply with all Federal laws and regulations as referenced or set forth below.

(1) Intellectual Property

A. Copyrights. If this Contract results in book or other copyrightable materials, the author is free to copyright the work, but HACM reserve a royalty-free non-exclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, all copyrighted material and all materials which can be copyrighted.

B. Patents. Any discovery or invention arising out of or developed in the course of work aided by this Contract shall be promptly and fully reported to the HACM for determination as to whether patent protection on such invention or discovery shall be sought and how the rights in the invention or discovery, including rights under any patent issued thereupon, shall be disposed of and administered in order to protect the public interest.

13. Termination of Contract for Cause/Convenience

If, through any cause, the firm shall fail to fulfill in a timely and proper manner their obligations under this contract or if the firm shall violate any of the covenants, agreements or stipulations of this contract, HACM shall thereupon have the right to terminate this contract by giving written notice to the firm of such termination and specifying the effective date thereof, at least five work days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, reports, or other material related to the services prepared by the firm under this contract shall, at the option of HACM, become the property of HACM. On HACM's option and sole discretion, HACM shall determine and pay for the value of services already performed by the firm. Notwithstanding the above, the firm shall not be relieved of liability to HACM for damages sustained by HACM by virtue of any breach of the contract by the firm.

Termination for Convenience of the HACM. The HACM may terminate this Contract at any time for any reason by giving at least ten (10) days' notice in writing from the HACM to the firm. If the firm is terminated by the HACM as provided herein, the firm will be paid an amount which bear the same ratio to the total compensation as the services actually and satisfactorily performed bear to the total services of the firm covered by this Contract, less payments for such services as were previously made. Provided, however, that if less than sixty percent (60%) of the services covered by this Contract have been performed upon the effective date of such termination the firm shall be reimbursed (in addition to the above payment) for that portion of the actual out of pocket expenses (not otherwise reimbursed under the Contract) incurred by the firm during the Contract period which are directly attributable to the uncompleted portion of the services covered by this Contract. If this Contract is terminated due to the fault of the firm, Paragraph (VI.C) above, relative to termination, shall apply.

14. Equal Employment Opportunity

The firm agrees that there will not be discrimination as to race, sex, sexual orientation, religion, color, age, creed, or national origin in regard to obligation, work, and services performed under the terms of any contract ensuing from this RFP. Firm must agree to comply with Executive Order No. 11246, entitled "Equal Employment Opportunity" and as amended by Executive Order No. 11375, as supplemented by the Department of Labor Regulations (41 CFR, Part 60).

15. Ethics

HACM may not enter into a contract, subcontract, or arrangement in which any of the following classes of people has an interest, direct or indirect, during his or her tenure or for one year thereafter: 1) any present or former member or officer of the HACM Commissioners, or any member of the HACM Commissioners immediate family; 2) any employee of HACM who formulates policy or who influences decisions with respect to the contract, or any member of the employee's immediate family or the employee's partner, or 3) any public official, or State or local legislator, or any member of such individuals' immediate family who exercises functions or responsibility with respect to the contract or the HACM.