

# Question and Answers

## General RFP Questions:

- ✚ Question: Is this truly a portfolio investor request? The RFP notes that future developments for the next “five to ten years” will be with the selected investor, ignoring their future pricing.

Response: Your response to this RFP will be for Highland Gardens Project, which already a LIHTC award. In the future, when HACM will have another project, it is the intention of HACM to solicit only to investors who responded to this RFP. The solicitation will only for pricing as we already have the scores and evaluations for the other criteria. This will minimize respondent’s submission for the future projects/deals.

- ✚ Question: Do we need to have (3) paper copies and a USB physically delivered?

Response: Please see addendum #1 which states, “Electronic submission will be permitted, providing they are received on or before 2:00 PM, September 22, 2023, which will indicate date and timestamp. Late submission will not be accepted.”

- ✚ Question: The pro forma and RFP have two different pay in schedules. Can you please clarify what the pay in schedule should be?

Response: Please use the pay in schedule from the RFP.

## Pro Forma Questions:

- ✚ Question: Will the Sellers Note be disaffiliated to provide good minimum gain?

Response: The Sellers Note will not be disaffiliated.

- ✚ Question: What is the \$30,000 of interim construction costs related to?

Response: Construction documentation and inspection fees

- ✚ Question: Please confirm the relocation fees of \$456,000 will be capitalized and not expensed.

Response: Confirmed

- ✚ Question: Can you confirming timing assumptions?

Response: Closing (July 2024); Construction Completion (September 2025); Loan Conversion (May 2026)

- ✚ Question: What is included in the \$250k Other Misc. Costs budgeted?

Response: This is a soft cost contingency.

- ✚ Question: Confirming no utility allowance?

## Question and Answers

Response: Confirmed. The landlord pays for all utilities.

- ✚ Question: What is the -\$11k for Misc. Taxes, Licenses, Permits, and Insurance?

Response: This was an error in the pro forma. There should not be a negative for misc. taxes, licenses, permits and insurance.

- ✚ Question: Do you have term sheets for the construction, perm, and soft loan?

Response: We are anticipating utilizing WHEDA for the construction and permanent loan. We have attached WHEDA's fixed rate tax exempt bond financing term sheet, and WHEDA's most recent rates can be found on their website.

- ✚ Question: How long will it take for lease-up to complete after construction completion?

Response: It is expected that lease up will be complete prior to January 1, 2026.

- ✚ Question: Are you planning on receiving any rental income during construction?

Response: Yes, for un-relocated tenants. There will be RAD rehab assistance as well for units under rehab.

- ✚ Question: What security measures are being taken at the property? I see \$3.4k budgeted in security/payroll contracts. However, there appears to be significant crime in the vicinity of the property. What type of crime has happened at the property?

Response: The property has very minimal crime onsite. Given the elderly and disabled nature of the building, calls for service are traditionally more health related than crime related.

### **Relocation and Credit Delivery Questions:**

- ✚ Question: Will the property be one building or two, and, if two, will one building be completed before the other?

Response: The property is one building

- ✚ Question: What is projected occupancy rate during the rehabilitation process?

Response: Estimated Occupancy during construction will range between 75-80%. At this time occupancy is at 85%, however, we will hold vacant units during construction to create units for temporary relocation. Traditionally turnover is approximately 10% so we expect over the next year another 12 units may become vacant.

- ✚ Question: Developer numbers appear to show approx. 88% of credits being delivered in 2025, on about 101 of the 114 units. Question is, unless fully occupied by end of 2025, how may credits be claimed without incurring the 2/3 penalty?

## Question and Answers

Response: We anticipate that the building will be fully leased by the end of 2025. The published lease up schedule assumes a longer lease up to account for potential construction delays.

- ✦ Question: Can you confirm if we should assume that the project is an "In-Place" rehab for credit delivery purposes (i.e. tenants will be returned to their completed units in the same month that the renovation commences)?

Response: Relocation will not guarantee residents will be moved out in and return in the same month. The approximate unit turn time is 3 weeks which may overlap from months. Residents will be temporarily housed in units onsite and will never formally lose occupancy or have a change in lease.

- ✦ Question: Can you confirm this is 1 building with a single BIN?

Response: Confirmed.

- ✦ Question: Will hotel units be utilized or will tenants return to their respective units each night?

Response: Residents will not have access to their units during construction. Residents will have "hotel" units onsite at Highland but will not return to their original unit for approximately 3 weeks.

- ✦ Question: What percentage of residents will do you anticipate staying post-closing?

Response: It is anticipated approximately 75% of existing residents will remain housed post-closing.

- ✦ Question: Can you provide an updated place in service, lease up, and credit delivery schedule?

Response: No update – same as in the RFP.

- ✦ Question: How many units are expected to be renovated at any given time?

Response: The current construction plans indicate on average approximately 10 units will be in undergoing renovations at a time.

### Other Questions:

- ✦ Question: Can we get a current rent roll? We would like to see what the current rents are on the 60% units.

Response: Attached.

- ✦ Question: On the 12% vacancy – is it mostly in the unsubsidized units? Why so many vacant?

## Question and Answers

Response: A buildup of vacant units was created under a previous property management company. When the new property management firm took over, there was a backlog of vacant units which required renovations. The priority was given to occupying RAD and PBV units first. Marketing efforts to occupy LIHTC only units ceased when the tax credit award was announced.

- ✚ Question: For the GC entity – do you still have the same staff in place as in previous deals?

Response: Yes.

- ✚ Question: The seniors/disabled model (although it used to be mandated by HUD), is not generally considered best practices now and could account for some of the vacancy. HUD doesn't always require it now – can we confirm it is both senior and young disabled?

Response: There are no HUD restrictions. The preference for occupancy managed by section 8 is Elderly & Adult Disabled, then Near Elderly, then General Occupancy.

- ✚ Question: Are there any funding requirements for the age restriction or disability?

Response: There are no funding requirements for the age restriction to disability.

- ✚ Question: Can you provide unit break-out for each of the 2 buildings?

Response: Highland Gardens is only 1 building. See breakdown below.

Unit Size	PBV	RAD	TC Only
1 BD	17	45	31
1 BD ADA	12	1	0
2 BD	4	0	3
2 BD ADA	1	0	0
TOTAL	34	46	34

- ✚ Question: Can we get an Org chart?

Response: Attached.

- ✚ Question: Can we get PNA, Scope, and Historical operating expenses for the past three years?

Response: Capital Needs Assessment and Historical Operating Expenses are attached. The project scope is still in process.