



Request for Proposals Solicitation for Tax Credit Equity Limited Partner & Construction and/or Permanent Debt

Farolito Senior Community

9% LIHTC

Multifamily Housing Development

Date Issued: May 22, 2023

Date Due: No later than June 26, 2023

Time Due: No later than 4 PM MDT

I. EXECUTIVE SUMMARY

Farolito Senior Community is a new construction, 82-unit mixed-use, low-income rental development consisting of 1-bedroom and 2-bedroom units designed with features for seniors 55+ to age in place. Utilizing the Average Income Election, the project will exceed affordability minimums with 30%, 50%, 60% and 80% AMI project set-asides for 35 years. Farolito Senior Community was awarded a 9% allocation of 2023 Low Income Housing Tax Credits in the amount of \$1,622,805 in annual credits from the New Mexico Mortgage Finance Authority on May 17, 2023. The project has received a \$4,187,152 commitment of pass-through HOME funds from the City of Albuquerque; the remaining capital stack will consist of a construction/permanent loan and LIHTC equity. Construction is planned to start as early as December 2023 and to be completed approximately sixteen months later.

The project will be developed and operated by a nonprofit developer, Greater Albuquerque Housing Partnership (GAHP). GAHP brings leadership and development expertise, as well as strong local presence to the project. (See [Exhibit 3](#) for Developer's Resume and Financial Statements).

Through this solicitation, Greater Albuquerque Housing Partnership (GAHP) invites responses from experienced investors, lenders, syndicators, placement agents, or equity funds interested in and capable of successfully purchasing tax credits and maximizing equity for this affordable housing project. The respondent selected will be the investor ("Investor") for Farolito Senior Community.

II. PROJECT CHARACTERISTICS

A. Unit Income Mix

In keeping with GAHP's goal of achieving a mixed-income community, the project will exceed affordability minimums with 30%, 50%, 60% and 80% AMI project set-asides. All unit types are distributed evenly among the income tiers. The weighted Average Income is 52%.

The New Mexico Mortgage Finance Authority (MFA) will require a recorded land use restriction agreement that regulates tenant incomes, rent rates, reserves, compliance monitoring, and other terms of LIHTC subsidy. The term of MFA's use restriction agreement will be 35 years (15 year compliance + 20 year extended use).

Given the HOME requirements, the City of Albuquerque affordability period will be 20 years from marked completion in HUD's IDIS system. The project will apply for 25 Project Based Voucher units in June 2023 from the Albuquerque Housing Authority.

B. Financing Plan

The total development cost is currently estimated at approximately \$24 million. Permanent sources of funds include a conventional permanent first mortgage loan and

Low-Income Housing Tax Credit (LIHTC) proceeds. There will also be a \$4,187,152 City of Albuquerque contribution of HOME funds, which were awarded to GAHP in March 2023. The GAHP as General Partner will then loan the funds into the partnership on a cash-flow only note. There is also anticipated to be an additional GP loan to support the project. See Exhibit 4 for Development Budget, Sources and Uses of Funds, Rental Schedule, Operating Budget, LIHTC Calculation and Cash Flow Projections.

C. Developer and Development Team

Farolito will be developed, owned, and operated by GAHP, a nonprofit developer.

The architect on the project is Dekker/Perich/Sabatini of Albuquerque. The project’s management agent will be Monarch Properties and the general contractor will be determined later in the year through a competitive process.

D. Schedule

The following schedule includes key dates with respect to this RFP, as well as with respect to the financing and development of the project.

ACTIVITY	COMPLETION DATE
Equity/Debt Investor Solicitation Issued	5/22/2023
Investor Responses Due	6/26/2023
Investor Selected	7/12/2023
Investor Commitment Letter Executed	7/17/2023 to 7/21/2023
Carryover Allocation to MFA	11/15/2023*
Investor Admitted / Loan Closing	12/7/2023 to 1/4/2023
Construction Start	1/2/2024 to 1/8/2024
Construction Completed	4/30/2025 (16 Months later)
Lease-up Completed	10/31/2025

* Site control for MFA given the Partnership executed ground lease with State of New Mexico Commissioner of Public Lands in January 2023

III. SUBMISSION REQUIREMENTS

Responses to this solicitation must include the following:

A. Firm Experience: Investor Candidate Experience:

1. A profile of the firm and its experience, specifically in Housing Tax Credit transactions;
2. Information detailing the firm's principals, the personnel assigned to the Farolito closing and their relevant experience;
3. A list of tax credit transactions recently closed in New Mexico or other Southwestern states, if any, and, if not, transactions recently closed elsewhere;
4. The name and contact number of at least three developers, preferably in New

Mexico or other Southwestern states, who have closed on tax credit deals with your firm in the last three years;

5. The firm and name of the lead attorney who will represent your firm in this transaction, and a summary of that firm's previous Housing Tax Credit experience (note we will seek to cap investor/lender legal fees at LOI);
6. A copy of your standard form commitment letter; and
7. An estimated schedule for completion of due diligence and partnership or loan documents following the delivery of a complete package from the developer.

B. Estimate of Eligible Basis and Purchase Price

Based on the development costs provided in Exhibit 4, provide an estimate of Eligible Basis and the proposed price for purchase of Federal Low-Income Housing Tax Credits.

C. Pay-In Schedule

Provide a schedule for equity contributions from the time of Investor admission through the time of property operations and delivery of 8609s. Include the benchmark requirements for each equity installment. Discuss the option for a specific equity payment at construction completion that will pay down the construction loan to the permanent loan amount. Also, describe the Investor's proposed timing for release of the developer fee from project funds relative to standard completion benchmarks for the project.

D. Adjusters

Describe the method for adjusting the capital contributions if the final amount of Tax Credits is greater or less than the projected Tax Credits.

E. Projected Expenses

Detail all expenses to be paid by the Owner and Project in connection with admission of the Investor to the Partnership, including the timing and amounts of payments. Please include any diligence or legal fees that will be passed on to the Partnership. Also describe any ongoing asset management fees and any other items payable to the Investor from the project's cash flow.

F. Exit Provisions

Indicate your firms' willingness to sell the property to the General Partner at the end of the initial compliance period for any nominal sales price as permitted by the Internal Revenue Code.

G. Required Guarantees and Reserves

Provide a guarantee and reserve strategy that optimizes Developer and Project resources. Specify the types, terms, and amounts of all guarantees and reserves that will be required of the Developer for this project.

H. Net Worth

Describe any net worth requirements applicable to the Owner and/or its Developers. Given that the sponsor is a non-profit there will not be any Principal guarantees.

I. Other Requirements

Describe property and liability insurance coverage levels. Describe title insurance and survey requirements. Describe payment and performance bond of letter of credit requirements, expressed as a percentage of the general contract.

J. Special Conditions

Indicate responses to, or conditions that would likely be placed upon, the project or the financing, given any concerns that may arise from the project information provided in Parts II, III, and IV above. In addition, state any other material terms of your offer that are not contained in your form commitment letter.

K. Investor's Due Diligence Requirements

Describe the Investor's Due Diligence process, requirements, fees, and timing. Note: we will seek to cap investor due diligence fees at LOI and encourage sharing of reports and third-party inspectors between lenders and equity Investors. Include a copy of Investor's due diligence checklist.

L. Additional Required Attachments

Respondents must include the following documents:

1. Standard form commitment letter;
2. Three references (including name, position, company, telephone number and email address) from previous affordable housing transactions including, as appropriate, a developer or financial advisor; and
3. A reference for the most recent transaction closed in New Mexico or other Southwestern state.

M. Other Comments

Describe any concerns or likely conditions related to the financial projections and other material provided in Sections I through IV and in the Exhibits.

IV. EVALUATION CRITERIA AND PROCESS

A. Equity Proposal Criteria

Equity Proposals will be evaluated based on the following criteria, specifically listed in the order of importance:

1. Net equity to the project, subject to construction loan carry amounts (Option for Federal solar and 45L tax credits);
2. Pay-in schedule, specific equity pay in at Certificate of Occupancy to pay down Construction loan to Permanent loan amount; (Given \$4.2 MM HOME funds, equity pay in at Partnership closing can be agreed upon with Construction lender.)
3. Closing Timeframe, commitment to close in December 2023 or early in January 2024;

4. Investor fee amounts;
5. Asset management fees, other on-going fees payable from the project cash flow and limitations on developer income;
6. Familiarity with New Mexico Mortgage Finance Authority and City of Albuquerque funds, measured by previous experience closing transactions in New Mexico;
7. Number and quality of references from similar transactions;
8. Amounts and structure of guarantees and reserves;
9. Provisions for an exit strategy;
10. Other terms and conditions of the commitment letter.

B. Construction/Permanent Loan Proposal Criteria

Debt Proposals will be evaluated based on the following criteria, specifically listed in the order of importance:

1. Loan terms including interest rate, terms, equity pay in requirements, and loan conversion benchmarks;
2. Conversion provisions, including construction loan paydown at Certificate of Occupancy; (We typically like to structure the construction loan to allow a large equity contribution at construction completion to pay down construction loan close to permanent loan amount. This would be conditioned on Certificate of Occupancy and separate from Stabilization or Conversion requirements such as 90/90. Given indicative spreads over SOFR, our intent is to reduce interest carry on construction loan until conversion.)
3. Closing Timeframe, commitment to close in December 2023 or early January 2024;
4. Preference for combined Construction / Permanent loan from a single lender;
5. Construction / Permanent Loan Fee amounts, including any conversion fees;
6. Familiarity with New Mexico Mortgage Finance Authority and City of Albuquerque funds, measured by previous experience closing transactions in New Mexico;
7. Number and quality of references from similar transactions in New Mexico;
8. Amounts and structure of guarantees and reserves;
9. Other terms and conditions of the commitment letter.

C. Process and Selection

The Developer reserves the right to select the proposal which in its sole discretion produces the maximum value for the project, or to reject all proposals and solicit new proposals should this solicitation fail to produce an acceptable agreement. Finally, the Developer may also reject any proposals that are incomplete, inaccurate, nonresponsive,

or submitted after the deadline. The Developer reserves the right to initiate negotiations with any firm.

If needed, the Developer may request additional information from any respondent after the submission deadline. All proposals' content must clearly and accurately reflect the terms and conditions that would be engaged between the Developer and Investor for this project. The Developer also reserves the right to reject any and all, or parts of any and all, proposals; to request additional information; to postpone or to cancel at any time during the solicitation process; and to waive any irregularities in this solicitation or in the proposals received as a result of the solicitation.

V. SUBMISSION INSTRUCTIONS

A. Contact Persons

For questions, please contact Felipe Rael by phone or e-mail, as shown below:

Felipe Rael
Executive Director
Greater Albuquerque Housing Partnership
(505) 980-5922 mobile
felipe@abqgahp.org

B. Submission Deadline and Requirements

All investor candidates must submit electronic versions of all documents in the submission package (via email) no later than 4 PM Mountain Daylight Time (MDT), June 26, 2023.

Packages should be addressed to the attention of:

Felipe Rael
felipe@abqgahp.org
Subject: Farolito Senior RFP – "Firm Name"

List of Exhibits to Request for Proposal

1. PROJECT NARRATIVE, LOCATION MAP & PHOTOS
2. ARCHITECTURAL BUILDING ELEVATIONS, FLOOR PLANS & UNIT PLANS, SITE PLAN & LANDSCAPE PLAN
3. DEVELOPER RESUME AND GREATER ALBUQUERQUE HOUSING PARTNERSHIP 2021 AUDITED FINANCIAL STATEMENTS, YEAR ENDING DECEMBER 31, 2022 UNAUDITED FINANCIAL STATEMENTS AND MARCH 31, 2023 YTD UNAUDITED FINANCIAL STATEMENTS
4. PRO FORMA: DEVELOPMENT BUDGET, SOURCES OF FUNDS, RENT SUMMARY, OPERATING BUDGET, CASH FLOW PROJECTION AND LIHTC CALCULATION
5. 2023 9% RESERVATION CONTRACT FROM NEW MEXICO MORTGAGE FINANCE AUTHORITY (TO BE EXECUTED BEFORE JUNE 5, 2023)
6. MARKET STUDY REVISED JANUARY 19, 2023
7. PHASE I AND PHASE II SUMMARY OF FINDINGS AND CONCLUSIONS (FULL REPORT AVAILABLE)