



Request for Proposal

RFP #21-039

Request for Proposals for
Affordable Housing Preservation Fund
Administrator

**Proposals are due June 23rd, 2021 BEFORE 5:00 PM Local
Time**



Wake County Affordable Housing Preservation Fund RFP

1. Overview of Solicitation

The Wake County (the “County”) Department of Housing Affordability & Community Revitalization is seeking proposals for an administrator (“Fund Administrator”) of a new affordable housing preservation fund (“the Fund”). The Fund will support Wake County’s goals to preserve existing subsidized and naturally occurring affordable housing (“NOAH”).

Based on these goals and local housing needs, Wake County expects the Fund to offer financial products intended for:

- A. LIHTC Preservation: Revolving bridge financing to projects intended for a Low Income Housing Tax Credit (“LIHTC”) preservation take-out, and;
- B. NOAH Preservation: Permanent financing for preservation of NOAH projects that do not align with LIHTC funding requirements.

At a later date Wake County may wish to offer a site acquisition product from the revolving loan fund to advance new construction of subsidized affordable housing in areas of opportunity.

The selected proposer(s) may receive up to \$10,500,000 in one-time funding from Wake County. Respondents should have an established track record of managing affordable housing investments or be a certified Community Development Financial Institution, NCUA insured credit union, FDIC insured banking institution, or registered investment advisor.

Proposals may be submitted by individual firms/organizations or teams of firms/organizations (hereafter collectively referred to in the singular as “Respondent”). Respondent should be ready to proceed immediately with creation and implementation of each of the two fund products.

2. Overall Fund Structure

Wake County is seeking an innovative partner to build on the success of its [Affordable Housing Plan](#) by defining and launching an Affordable Housing Preservation Fund intended to provide loans for preservation of existing subsidized affordable housing and NOAH. The County will provide financial support to the selected Fund Administrator to manage and finance affordable housing opportunities within the County. Additional detail on the need for affordable housing and commitment to affordability in Wake County is available in [Appendix A](#).

Initial concepts for the affordable housing fund have envisioned that the pool of bridge financing for LIHTC preservation should revolve throughout the period that the Fund operates. The NOAH

preservation product is intended to be a longer-term investment that does not revolve. It is anticipated that the length of a loan term for the LIHTC bridge financing preservation products will be up to five years, and the length of a loan for NOAH preservation be approximately fifteen years. **This is initial conceptual thinking based on best practices of existing funds across the country and should not be construed as requirements. Other approaches, terms, and ways to structure the Fund are encouraged provided the Respondent meets the County's goals.** The County recognizes that different lengths of loans produced through the Fund likely require differing amounts of leveraged capital and terms. While this solicitation separates the two products in this way, Respondents may propose alternative structures, provided they achieve the goals for each product as stated by Wake County.

To ensure public funds are reserved for achieving the goals stated above, the County will require quarterly reports from the fund administrator to verify sustainable stewardship of public investments and impact of affordable housing.

Respondents should propose a structure for how Wake County's funding commitment will capitalize and support the Fund. At this time, the initial capital from Wake County is anticipated to be structured as a long-term loan at 0% interest for a period of at least fifteen years. Respondents may propose alternative structures, terms, or lengths of County investment in the Fund, provided the structure meets the goals expressed in this solicitation. At the end of the period, the County will have the option to extend capital for a longer period, in consultation with the selected Fund Administrator.

Funds will be awarded upon a series of milestones, as proposed by the selected Respondent(s), agreed to by the County during negotiations, and authorized by the Wake County Board of Commissioners as specified in the contract awarded to the selected Fund Administrator. Respondents should provide a schedule for drawing down County investment into the Fund, see section 4 of this RFP for additional detail

3A. LIHTC Preservation: Revolving Loan Bridge Financing Fund Product and Anticipated Loan Terms

The LIHTC Preservation revolving loan fund anticipates a bridge financing product to enable the acquisition and preservation of projects with an intended LIHTC permanent financing take-out. Wake County seeks to maximize public funding through preservation projects that achieve the following goals:

- Provide units that serve households at or below 60% of AMI with an emphasis on units with deeper affordability.
- Preserve units in transit-oriented locations or areas of opportunity, as defined by the Economic Health index in Appendix C.
- Advance preservation focused on the units at greatest risk of losing affordability, such as approaching the end of an affordability compliance period.
- Provide financing that maximizes the impact of public financing and provides sufficient time to stabilize the property and secure permanent financing, such as a LIHTC rehab syndication, that funds long-term affordability.

The County anticipates each loan for this purpose may be used for the eligible activities listed below, subject to negotiations on the specific definitions and parameters of each category. Respondents may include additional eligible activities or remove activities from the list below but must provide a compelling rationale:

- Acquisition of operating subsidized housing buildings
- Acquisition of operating non-subsidized housing buildings where at least 50% of units are currently affordable to low-income households earning up to 80% of Area Median Income (AMI)
- Predevelopment costs, including earnest money deposit, due diligence, and third-party assessments for nonprofit borrowers
- Environmental remediation
- Critical repairs after the purchase of operating buildings

The County expects Respondents to provide a summary draft term sheet for expected loans from the Fund. The term sheet should include all relevant terms, with the understanding that the County expects loan terms to be significantly better than standard “market” terms, and that the Respondent will explain how municipal funding will be used to reduce the blended interest rate of the loan products. At a minimum, the draft term sheet should include:

- Term of loan
- Origination fee
- Other Fees
- Maximum loan to value ratio (LTV)
- Equity requirement
- Proposed capital sources in addition to the Fund

To support the success of projects in the Fund at takeout financing, Wake County will give preference to developments that use funding through the County’s Affordable Housing Development Program (“AHDP”). Information regarding historical activities of AHDP are available in [Appendix A](#).

The County anticipates passive approval of all loans through the Fund, provided they meet the programmatic guidelines agreed upon with the administrator and all other local, state, and federal regulations.

3B. NOAH Preservation: Permanent Loan Fund Product and Anticipated Loan Terms

The NOAH Preservation loan product is meant to provide long-term permanent financing to support long-term affordability without additional subsidy. The product will allow affordable housing developers to purchase existing subsidized or naturally occurring affordable housing (“NOAH”) with a first mortgage, Fund investment, and minimal owner equity. Over the investment period, the owner builds equity through amortization of the first mortgage. At refinance, enough of the first mortgage has amortized so that no, or significantly less, additional subsidy or investment is required to maintain affordability.

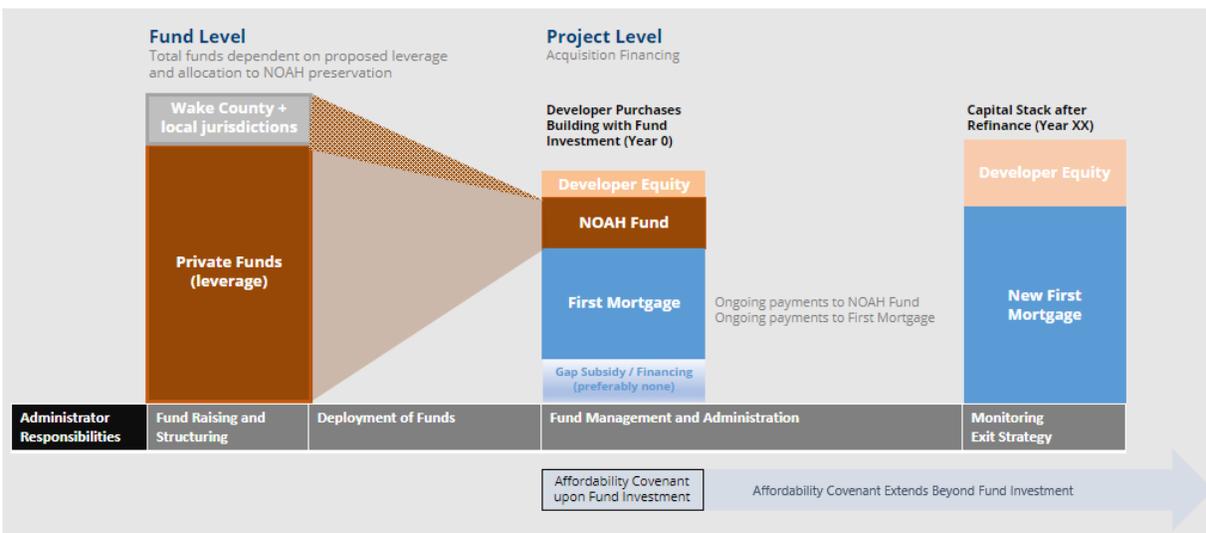
Wake County seeks to maximize public funding through NOAH preservation projects that achieve the following goals:

- Preserve existing market-rate buildings that serve households at or below 80% AMI, with an emphasis on buildings at or below 60% AMI.

- Target areas of opportunity, as defined by the Economic Health index in [Appendix C](#), and neighborhoods where rent growth is expected to exceed wage growth.
- Support deeper affordability through acceptance of housing vouchers and cross-subsidization of deeply affordable units with higher rents on other affordable and market rate units.
- Preserve long-term affordability with restrictions that exceed the investment term by at least 5 years with a goal of even longer extended affordability.
- Preserve affordability utilizing market-available financing without subsidy outside the Fund's below-market investment.

Wake County Acquisition and Preservation Fund

Illustrated Structure and Process – NOAH Preservation Loan Fund



Respondents should propose a fund structure that allows for efficient deployment of the product. Structures that invest in projects using tools other than equity partnerships or mezzanine debt may also be considered, provided the proposed product and structure meets the goals expressed in this section of the RFP.

Due to the variety of structures and products that a NOAH preservation fund may have, **the Respondent must use the pro forma template provided in Appendix B** to show how a Fund investment would support example projects. Respondents may also, in addition at their discretion, submit their own pro formas for project-level investments from the NOAH Preservation product. A blank pro forma expressed on a per-unit basis with some market-typical inputs is provided in [Appendix B](#). **Respondents should fill in the blank inputs in the files, providing two pro formas in the response to this solicitation. The two pro formas are:**

- Prototypical – an example of a typical Fund investment with typical market conditions representative of an average transaction.
- Maximum constrained – a project example with the maximum acquisition cost per unit that the Fund could support without additional subsidy at Fund investment. The goal of the

maximum constrained pro forma is to stress test the proposed fund product to understand the most expensive projects that the Fund could preserve.

Respondents should also provide a draft term sheet of anticipated loan terms for the NOAH preservation product, including at a minimum, the following terms:

- Term of Fund investment
- Term and method of affordability restriction: affordability must be for at least 15 or more years, with an affordability restriction that outlives the Fund investment
- AMI levels and percent of units included in the affordability restriction required upon acceptance of fund investment
- Minimum owner equity
- Minimum investment from Fund
- Maximum investment from the Fund
- Maximum eligible acquisition cost
- Eligible locations
- Anticipated level of capital subsidy required from outside the Fund on a per unit basis

4. Fund Expectations and Roles

The Fund or Funds shall be structured to meet the minimum terms, as outlined below:

- The Respondent blends Wake County funding with other sources to provide loans that are leveraged. To ensure a Fund size adequate to meaningfully support the creation and preservation of affordable housing, the County anticipates a minimum leverage of \$2.50 in private capitalization in the Fund for every \$1 of public investment. Respondents may propose a lower or higher private-to-public leverage ratio, provided there is a compelling rationale to do so.
- County capital is anticipated to be used on a revolving basis throughout the term of management for the revolving loan fund LIHTC Preservation product. County capital may also be used on a revolving basis throughout the term of management for the NOAH Preservation product; however, it is anticipated NOAH funded projects will likely not revolve due to the long-term investment nature of NOAH Preservation investments.
- While the solicitation anticipates two fund products, Respondents should articulate a division of proposed funding amounts available for each. Each of the fund products should have at least 25% allocation of the Fund capital. Should a fund product not be sufficiently utilized by the market, Wake County will work with the selected Administrator to reallocate non-absorbed capital to more successful Fund products.

The selected Fund Administrator(s) is expected to perform the following tasks:

- Enter into a contractual agreement with Wake County to administer the Fund within four months of selection. As part of the RFP response, Respondents should propose a work plan that demonstrates a commitment and ability to administer the Fund sooner than four months from selection.
- Comply with all contractual conditions and stipulations required by the County, including audit requirements and contractual milestones.
- Use the loan pool proceeds to offer loans with the ability to close within standard market rate apartment sale timing.

- Perform all day-to-day management and marketing of the Fund, including the underwriting and servicing of loans.
- Enter into a data sharing agreement with Wake County if applicable, to include quarterly reports of loan activity and status of County in the Fund.
- Confirm compliance of loans with terms of the Fund at repayment. Should loans be noncompliant, assess proper penalties to add to the Fund.
- Report quarterly on all applications, repayments, and outcomes of applications and loans.
- Report annual, audited financial statements delivered within three months after fiscal year end.
- Identify leveraging funds including funds from Administrator to be included.

The County further expects Respondents to demonstrate how they plan to meet or exceed the following priorities for the Fund:

- *Speed of closing*: an ability to compete with market rate transactions.
- *Affordability Restriction*: a mechanism proposed to ensure funds are used to support affordable housing preservation or development without unnecessarily impeding developer willingness to utilize the Fund.
- *Location and use restrictions*: Respondent should specify eligible areas of opportunity through the response in reference to the areas of opportunity analysis described in [Appendix C](#). Sites for Bridge to LIHTC preservation should be existing subsidized units regardless of location in Wake County.
- *Recourse*: Respondent should specify a level of recourse which is limited or shared by the borrower and Fund to ensure user uptake.
- *Compliance*: Respondent should describe the mechanism used to maintain compliance over the term of the Fund and, if the Respondent hopes to raise funding from other jurisdictions within Wake County, a plan to ensure that the capital from matching funds from local jurisdictions will only be used for projects in the respective jurisdiction.
- *Fiscal Stewardship*: Respondent should specify the efforts taken to ensure financially responsible outcomes for the Fund.
- *Reporting*: a mechanism to share outcomes with the County on a recurring basis.

The County is responsible for performing the following tasks:

- Work with the Fund Administrator to diligently negotiate a final agreement within nine months of selection.
- Work with the Fund Administrator and other local jurisdictions to identify take out financing sources for loans produced through the Fund.
- Collaborate with the Fund Administrator on dispositioning property for non-performing loans issued through the Fund.
- Support the marketing of fund products.
- Monitor and ensure compliance as specified in the contractual agreement.

5. Proposal Structure and Applicant Evaluation Rubric

Respondents should structure their response to this RFP in accordance with the sections outlined below.

Lending Experience & Capacity (30%)

- a. Respondent should describe affordable housing lending closed within the past three years, indicating: the loan terms and source of funds, repayment term and source, interest rate and payment terms, collateral, and recourse; the type of borrower; a brief project description; and loan status and borrower compliance with terms. Activity should be described nationally, within North Carolina, and within the Research Triangle region and Wake County.
- b. Respondent should summarize total affordable housing loan portfolio, including total loan amount and number made, total loans written off within the past three years, and total outstanding compliance and non-compliance of lenders, particularly as it relates to preservation and bridge financing.
- c. Respondent should include a summary of experience for the management team and governance body for the Fund, including resumes for those anticipated to work on the Fund. This summary should include a detailed history of the team's experience with affordable housing lending nationally and within the Wake County region.
- d. Respondent should provide a narrative of financial performance and track record including audited financial statements to demonstrate financial health.
- e. Respondent should specify its current and proposed local presence if selected, including local staff and offices in Wake County and the Research Triangle region.

Fund Structure (25%)

- a. Respondent should provide a summary of the proposed financial structure for the Fund(s) and describe how the County funds will provide better than "market" loan terms. This should include proposed loan terms offered to borrowers including loan term, payment schedule, and expected interest rate, as well as fees charged by the Fund.
- b. Provide copies of standard loan documents, covenants, or other documents intended to be used through the Fund.
- c. Respondent should demonstrate the likelihood of the product to meet market demand by demonstrating the advantages of the product with "market-standard" loan documents and term sheets.
- d. Respondent should explain how the fund structure encourages the production or preservation of affordable housing and describe additional required gap financing for projects funded through the Fund.
- e. For the NOAH preservation product, **Respondent shall provide two pro forma examples** that show how the proposed product will support two projects, one prototypical project and one maximum constrained project, preserving affordability through NOAH.

Capital sources and Leverage (20%)

- a. Respondent should specify the specific capital sources and capital provider, term, and interest rate, that will be used to provide private leverage within the Fund and provide relevant commitment letters if available.

- b. Respondents should specify the terms of the capital sources used for leverage, including:
 - i. Interest rates
 - ii. Fees
 - iii. Amount
 - iv. Restrictions on eligible activities of the Fund based on requirements of the capital source
- c. Respondent should specify the level of guarantee of the capital sources that are anticipated to provide leverage to the Fund. If funding is not committed by the time of submission, Respondents should provide a rationale for why the Respondent expects the capital will be secured by the time of County capitalization. If the additional capital sources are not confirmed, Respondents shall also provide the anticipated terms and a compelling rationale for these expectations.
- d. Respondent should specify the private to public leverage achieved through the Fund (i.e., 3 to 1).

Fund summary and impact (25%)

- a. Respondent should provide a narrative and work plan of actions required from contract award to implementation of the Fund and beginning Fund activities. The work plan and narrative shall continue through the first two years of Fund operation. This work plan should include:
 - i. A timeline of outreach and negotiation with investors including the County and jurisdictions such as the City of Raleigh
 - ii. Outreach to potential users
 - iii. Creation of legal documents and agreements for the Fund, including agreement by County and other funders
 - iv. Negotiation of the specifics of eligible uses for each of the fund products with the County, including the definition of eligible areas of opportunity
 - v. Finalization of specific product terms and allocation of County funds
 - vi. Identification of preliminary pipeline
 - vii. First draw of funds from Wake County
 - viii. Closing of first several investments
- b. Respondent should describe the likely impact of the Fund above and beyond current affordable housing production in Wake County.
- c. Respondent should detail local presence, plan to engage local and non-local developers, and market the product.
- d. Respondent should detail anticipated ongoing technical assistance, marketing efforts, and other workstreams important for the success of the Fund.
- e. Respondent should specify obstacles they anticipate within the two years after contract award and the plan to address these obstacles.

6. Timeline

- Release date: April 23rd, 2021
- Informational session: May 5th, 2021
- Pre-Proposal Questions Due to Wake County: May 14th, 2021
- Responses from Wake County: May 26th, 2021
- Due date: June 23rd, 2021
- Selection: August 2021

7. General Submittal Requirements

This RFP and any subsequent action taken as a result thereof is issued by the Wake County Procurement Services in accordance with North Carolina General Statutes on behalf of the County. With regard to this RFP and subsequent procurement process, Proposers shall make NO CONTACTS, either written or verbal with any Wake County employee, staff member, or Board of Commissioner members during the period beginning with May 14th, 2021 when pre-proposal questions are due to Wake County, through approval of award unless authorized by the proposal contact. Any attempt by a Proposer to contact or influence a member or members of the aforementioned will result in the immediate disqualification of the Proposer from award for items or services on this RFP.

Proposal Contacts:

Mark Perlman

Wake County Housing Affordability and Community Revitalization
Waverly F. Akins County Office Building, 4th Floor
337 S. Salisbury Street
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919-856-5254

Alicia Arnold

Wake County Housing Affordability and Community Revitalization
Waverly F. Akins County Office Building, 4th Floor
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Raleigh, NC 27601
Alicia.Arnold@wakegov.com
919-856-5268

Submission Instructions

Applications must be submitted no later than 5:00 standard time on June 23rd, 2021 to:

Wake County Procurement Services
301 S. McDowell Street
2nd Floor, Room 2900
Raleigh, NC 27601

Applications may be submitted by mail to:

Wake County Procurement Services
PO Box 550
Raleigh, NC 27602

Selection Process

- Wake County may select multiple Fund Administrators from the Respondents at its own discretion.
- Wake County may, at its discretion, identify a short-list of finalists who would be expected to make a presentation to and respond to questions. Additional information regarding the content of the presentation will be provided to the selected finalists.

8. General Terms and Conditions

CERTIFICATION

The Proposer hereby certifies that it has carefully examined this Request for Proposal and the Proposer certifies that it understands the scope of the work to be done and that the Proposer has knowledge and expertise to provide the scope of the work. By signature on the response to the RFP, the Proposer certifies that its proposal is made without prior understanding, agreement, or connection with any corporation, firm or person submitting a proposal for the same materials, supplies, or equipment, and is in all respects fair and without collusion or fraud, so that all proposals for the purchase will result from free, open and competitive proposing among all Proposers. Further, the Proposer certifies that it understands that collusive bidding/proposing is a violation of Federal law and can result in fines, prison sentences, and civil damage awards.

CONFLICT OF INTEREST

By submission of a response, the Proposer agrees that at the time of submittal, it: (1) has no interest (including financial benefit, commission, finder's fee, or any other remuneration) and shall not acquire any interest, either direct or indirect, that would conflict in any manner or degree with the performance of Proposer's services, or (2) will not benefit from an award resulting in a "Conflict of Interest." A "Conflict of Interest" shall include holding or retaining membership, or employment, on a board, elected office, department, division or bureau, or committee sanctioned by and/or governed by Wake County. Proposers shall identify any interests, and the individuals involved, on separate paper with the response and shall understand that the County, in consultation with legal counsel, may reject their proposal.

ASSIGNMENT

No assignment of the Proposer's obligations or the Proposer's right to receive payment hereunder shall be permitted without prior consent of the County. The Proposer may not sell, assign, transfer or convey the contract resulting from this RFP, in whole or in part, without the prior written approval from the County.

INDEMNIFICATION

The Proposer will indemnify and hold the County harmless from any and all liability, expense, judgment, suit, or cause of action for personal injury, death, or direct damage to tangible property which may accrue against the County to the extent it is caused by the negligence of Consultant, its sub-consultants, or their employees or agents, while performing duties under this Agreement, provided that the County gives the Proposer prompt, written notice of any such claim or suit. The County shall cooperate with Proposer in its defense or settlement of such claim or suit. This section sets forth the full extent of the Consultant's

general indemnification of the County from liabilities that are in any way related to Consultant's performance under this Agreement.

INDEPENDENT CONTRACTOR

It is understood that in the performance of any services herein provided, the Proposer shall be, and is, an independent contractor, and is not an agent or employee of the County and shall furnish such services in its own manner and method, except as required by this contract. Further, the Proposer has, and shall retain the right to exercise full control over the employment, direction, compensation, and discharge of all persons employed by the Proposer in the performance of the services hereunder. The Proposer shall be solely responsible for, and shall indemnify, defend, and save the County harmless, from all matters relating to the payment of its employees, including compliance with Social Security, withholding, and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever.

PAYMENT

Payment shall be made to the Administrator at intervals agreed upon during the contract negotiation period. Should the Administrator fail to reach performance goals agreed upon by both the Administrator and Wake County, payment, or a portion of payment, may be rescinded. Payment may be renegotiated at the beginning of each contract year.

INSURANCE

The Administrator shall obtain, at its sole expense, all insurance required in the following paragraphs and shall not commence work until such insurance is in effect and certification thereof has been received by Wake County's Finance Office. If any required insurance policy expires during the term of this agreement, Provider must provide a certificate of insurance to the Wake County Finance Office as evidence of policy renewal prior to such policy expiration.

Provider signature on this agreement indicates that Provider agrees to the terms of this insurance section and understands that failure to comply may result in cancellation of this agreement at Wake County's option.

Professional Liability Insurance, applicable to any professional services provided under this Contract with limits of no less than \$1,000,000 per claim and \$2,000,000 aggregate.

If any coverage is on a claims-made basis, Provider agrees to maintain a retroactive date prior to or equal to the effective date of this Agreement and to purchase and maintain Supplemental Extended Reporting Period or 'tail coverage' with a minimum reporting period of not less than three (3) years if the policy expires or is cancelled or non-renewed. If coverage is replaced, the new policy must include full prior acts coverage or a retroactive date to cover the effective dates of this Agreement. Provider shall provide a Certificate of Insurance annually to Wake County indicating any claims made coverage and respective retroactive date. The duty to provide extended coverage as set forth herein survives the effective dates of this Agreement.

All insurance companies must be authorized to do business in North Carolina and have an AM Best rating of "A-/VII" or better; or have reasonable equivalent financial strength to

the satisfaction of the County's Finance Office. Proof of rating shall be provided to the county upon request.

Insurance with limits no less than those specified above shall be evidenced by a Certificate of Insurance issued by a duly authorized representative of the insurer. In the case of self-insurance, a letter of explanation must be provided to and approved by Wake County Risk Management.

The Provider shall be responsible for providing immediate notice of policy cancellation or nonrenewal during the term of this Agreement to the Wake County Finance Office and for three years subsequent for any claims made coverage.

If Provider does not meet the insurance requirements specified above, alternate insurance coverage satisfactory to Wake County may be considered. Any requests for consideration of alternate coverage must be presented by Provider PRIOR TO provision of any services associated with this Agreement.

In the event that Provider uses subcontractors to perform any of the services under this Agreement, then and in that event, Provider shall contractually require such subcontractor(s) to meet all of the requirements of this section.

GOVERNING LAW

This RFP and any contract resulting therefrom shall be governed by and construed according to the laws of the State of North Carolina. Should any portion of any contract be in conflict with the laws of the State of North Carolina, the State laws shall invalidate only that portion. The remaining portion of the contract(s) shall remain in effect.

CONFIDENTIAL INFORMATION/PUBLIC RECORDS LAW

The County assumes no responsibility for confidentiality of information offered in a proposal.

INFORMATION SUBMITTED IN BID PROPOSAL SUBJECT TO PUBLIC RECORDS LAW

Wake County is subject to North Carolina's Public Records Act located in Chapter 132 of the North Carolina General Statutes. As a result, information submitted to and received by Wake County in response to a Request for Proposal/Request For Bid/Request For Quote/Request for Qualifications, etc., or any other like document or process, is considered public record and may be released for public inspection after the contract award, or as otherwise permitted under NCGS § 143, without further notice to the proposer. The County does not intend to elicit confidential or trade secret information in response to an RFP and assumes no responsibility for the submission of such information. Wake County reserves the right to share any information submitted in response to this RFP or process with any person(s) or firm(s) involved in the review and evaluation process.

CONFIDENTIAL OR TRADE SECRET INFORMATION

If a proposer nonetheless submits information in a bid proposal it considers to be confidential, then all four requirements of NCGS 132-1.2 "Confidential Information" must be met for the County to consider withholding such information from public inspection in response to a public records request. **Among other legal requirements, information deemed to be "confidential" or "trade secret" by proposer must be clearly marked as**

such on the face of the document(s) at the time of the initial disclosure/submittal of RFP. In addition, although not required by law, Wake County requests that any proposer who submits a bid proposal containing any such designation of confidentiality also submit a second copy of the proposal with the respective page(s) or section(s) redacted. The County will not agree to withhold an entire proposal from public inspection, thus proposers should refrain from including blanket restrictions on disclosure or all-encompassing claims of confidentiality in their proposals.

When a public records request is made for information contained in or attached to a proposal that has been clearly marked as “trade secret” or “confidential” upon its submission, Wake County may, in its discretion and without further notice, release the redacted copy of the proposal to the requester if one has been previously submitted. Otherwise, the proposer will be notified of the request and given an opportunity to provide within a reasonable period a written explanation of the basis for claiming protection under N.C.G.S. 66-152 and N.C.G.S. 132-1 and/or a redacted proposal. The County shall make the final determination on release of the information. Should any civil action be brought against the County in an effort to compel or prevent the disclosure of information contained in a proposal that is deemed confidential by a proposer, the proposer may participate at its own expense; and further agrees to indemnify and hold harmless the County for and against any costs incurred by the County as a result of such litigation, including but not limited to fees or expenses arising out of N.C.G.S. 66-153 and N.C.G.S. 132-9.

COMPLIANCE WITH LAWS AND REGULATIONS

Proposer must comply with all applicable State and Federal Laws. In the event any Governmental restrictions may be imposed which would necessitate alteration of the material, quality, workmanship or performance of the items offered on this proposal prior to their delivery, it shall be the responsibility of the successful Proposer to notify Wake County at once, indicating in their letter the specific regulation which required such alterations. The County reserves the right to accept any such alterations, including any price adjustments occasioned thereby, or to cancel the contract.

To ensure compliance with the E-Verify requirements of the General Statutes of North Carolina, all contractors, including any subcontractors employed by the contractor(s), by submitting a bid, proposal or any other response, or by providing any material, equipment, supplies, services, etc., attest and affirm that they are aware and in full compliance with Article 2 of Chapter 64, (NCGS64-26(a)) relating to the E-Verify requirements.

ACCEPTANCE

Submission of any proposal indicates a Proposer’s acceptance of the conditions contained in this RFP unless clearly and specifically noted otherwise in the proposal.

Furthermore, the County is not bound to accept a proposal on the basis of lowest price, and further, the County has the sole discretion and reserves the right to cancel this RFP, and to reject any and all proposals, to waive any and all informalities and/or irregularities, or to readvertise with either the identical or revised specifications, if it is deemed to be in the County's best interests to do so. The County reserves the right to accept or reject any or all of the items in the proposal, and to award the contract in whole or in part and/or negotiate any or all items with individual Proposers if it is deemed in the County’s best interest.

Moreover, the County reserves the right to make no selection if proposals are deemed to be outside the fiscal constraint or not in the best interest of the County.

ADDITIONAL SERVICES

The County reserves the right to negotiate additional services with the Proposer at any time after initial contract award.

9. Appendix

- Appendix A: Overview of Need and Commitment
- Appendix B: NOAH investment pro forma template
- Appendix C: Market Findings and Areas of Opportunities

Appendix A – Overview of Need and Commitment

The release of this solicitation builds on a long-term commitment to the creation and preservation of affordable housing in Wake County. In 2017, the County adopted the *Wake County Affordable Housing Plan* (the Housing Plan). This solicitation is a result of recommendations made within the Plan to establish a preservation fund to retain the County’s current stock of affordable housing.

Following release of the Housing Plan and increase of County funding of \$15 million annually to affordable housing, Wake County has historically annually dedicated approximately \$10 million in gap financing to affordable housing developments through the Affordable Housing Development Program (AHDP). The County, along with other jurisdictions within the County, has a desire to increase this commitment to address increasing demand for gap financing of affordable housing.

Jurisdictions within Wake County have also shown strong commitment to funding affordable housing in their communities. In 2016, the city of Raleigh, which comprises 48% of the population of Wake County, dedicated a “Penny for Housing.” This policy dedicates \$5.7 million annually for affordable housing investments. The Town of Apex has recently approved an affordable housing plan and a “Penny for Housing” generating \$1 million annually. Meanwhile, the towns of Cary, Morrisville and Wake Forest have also made progress through the development of municipal housing plans to guide housing investment over the next decade and beyond.

More recently, the City of Raleigh has continued its commitment and in the November 2020 election, 72% of voters approved an \$80 million bond dedicated to affordable housing. Of this, \$4 million is dedicated to the acquisition and preservation of housing within transit-oriented locations of the City of Raleigh. Initial conversations have occurred between staff at Wake County and the City of Raleigh regarding the potential for City to contribute to the County’s Fund. The selected respondent will be expected to engage in conversations with the City regarding inclusion of its resources towards the Fund.

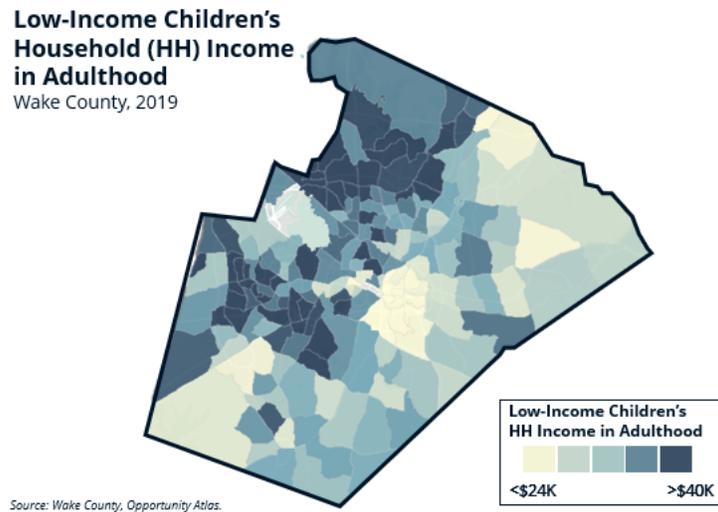
While not related to or accessible in the proposed Fund, other jurisdictions in the Research Triangle, outside of Wake County, have made investments in strategies to advance and preserve housing affordability as well. In a November 2019 election, the City of Durham, in Durham County, NC, passed a \$95 million affordable housing bond with 76% of the vote¹. This is in addition to the \$10 million affordable housing fund set up by the City of Durham and local partners in 2019. Affordable housing is a growing priority within the Research Triangle, and Wake County is leading the way with a commitment to permanent gap financing and enhancement to the local affordable housing ecosystem with this solicitation for an acquisition and preservation fund.

The need for affordable housing in areas of opportunity

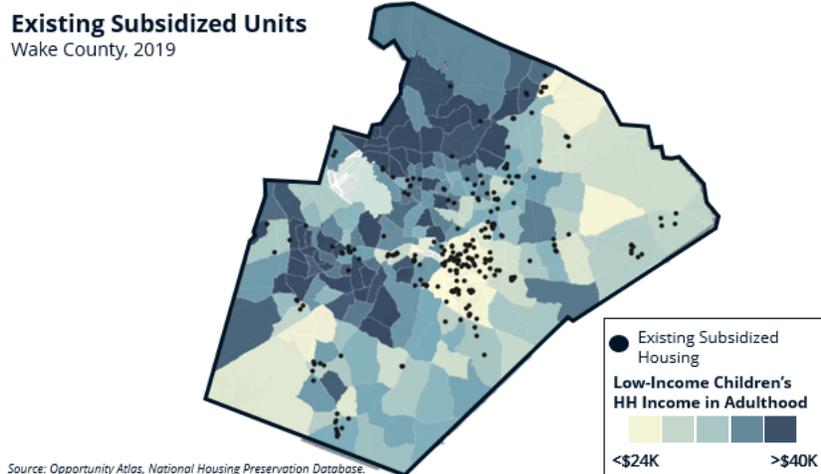
A household’s geographic location has a meaningful impact on life outcomes. It is tied to the quality of public education, access to jobs, transportation and enrichment activities, and health. For example based on the Opportunity Atlas, published by Opportunity Insights, a team of researchers and policy analysts based at Harvard University, a child born into a low-income household in the southern portion of Raleigh will, on average, earn between \$19,000-\$24,000 annually by age

¹ <https://www.wral.com/durham-affordable-housing-bonds-pass-mayor-re-elected/18746416/>

25. In other, more affluent, areas of Wake County, a child born into a low-income household will, on average, earn more than \$40,000 annually into adulthood.



Despite the significance of geography as a driver of opportunity, existing subsidized affordable housing is concentrated in areas of lower opportunity throughout the County as illustrated in the following map.



There is a need to develop and preserve affordable housing in areas of opportunity in order to improve household outcomes. The historical trend of affordable housing placement in Wake County has emerged largely due to market dynamics and state-level scoring criteria for competitive funding for affordable housing development (Low Income Housing Tax Credits, or “LIHTC”), and not as the result of policy decisions by the County.

A new Fund that provides low-cost loans for preservation will allow affordable housing developers to compete for buildings in areas of higher opportunity. Wake County has a chance to support this through both a preservation fund that will enable the timely purchase of attractive sites primed for

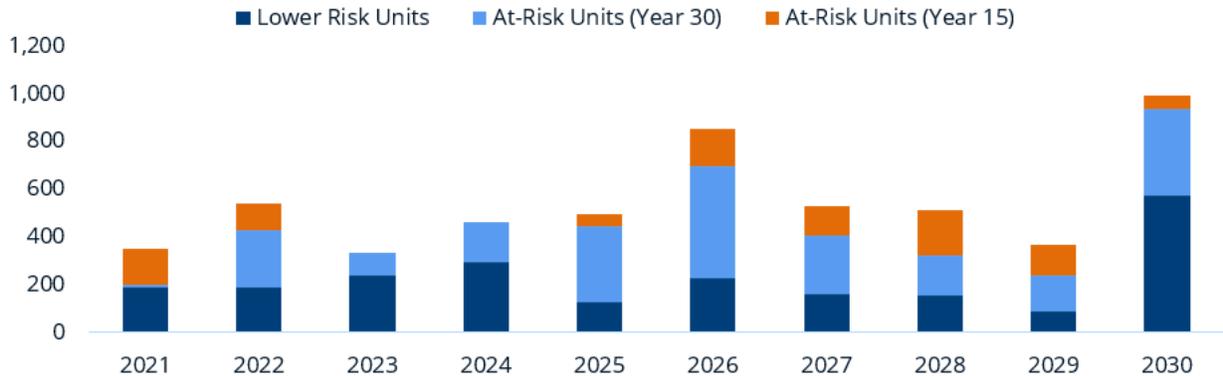
affordable housing and a local commitment to gap financing to offset the additional costs of preservation in areas of opportunity.

Need for subsidized unit preservation

Upcoming Subsidized Unit Expiration

Wake County, 2021 - 2030

3,200 units at greatest risk of expiring over the next 10 years



Sources: NHPD, HR&A Advisors.

Over the next ten years, 3,200 units of existing subsidized affordable housing are at risk of expiring in Wake County. Through the development of an Affordable Housing Preservation Warning System and with funding through Wake County's Affordable Housing Development Program (AHDP), Wake County is taking an active role to ensure existing subsidized affordable housing is given the opportunity to remain affordable. To achieve this end, Wake County's toolkit requires an additional bridge financing loan product to allow mission-oriented ownership to acquire buildings, stabilize them, and gain permanent financing for continued preservation of affordability within the building.

Need for naturally occurring affordable housing (NOAH) unit preservation

Loss of Affordable Rental Units

Wake County, 2010 and 2019

Since 2010 Wake County has **lost 59%** of its stock of rental units priced below \$750 a month and **lost 40%** of units priced below \$1,000.



Source: ACS 5-Year 2010, 2019 Estimates

Wake County has significantly increased its production of subsidized affordable housing in recent years. However, since 2010, it has also lost a significant portion of market rate rental units affordable to low-income households, commonly referred to as naturally occurring affordable housing (NOAH). As rents within the County continue to grow, there is a need to preserve these units. A loan product intended for the preservation and rehabilitation of NOAH will stabilize and preserve the affordability in these units.

Appendix C – Market Findings

Wake County has developed an Economic Health Index, meant to compare existing community conditions and better understand financial constraints residents face by neighborhood. Areas with higher scores in the Economic Health Index are the neighborhoods where higher levels of opportunity. The index is comprised of the following variables:

- **Median Household Income:** The median household income in the past 12 months
- **Food Stamps:** Measured as a percentage of households in each Census Block Group
- **Percentage of renter households with rent costs greater than 30% of household income:** Gross rent as a percentage of household income
- **Percentage of owner households with home mortgage costs greater than 30% of household income:** Mortgage status by owner cost as a percentage of household income
- **Persons Living between 100%–200% of Federal Poverty Level:** Ratio of income to poverty level for whom poverty status is determined between 100 and 200 percent

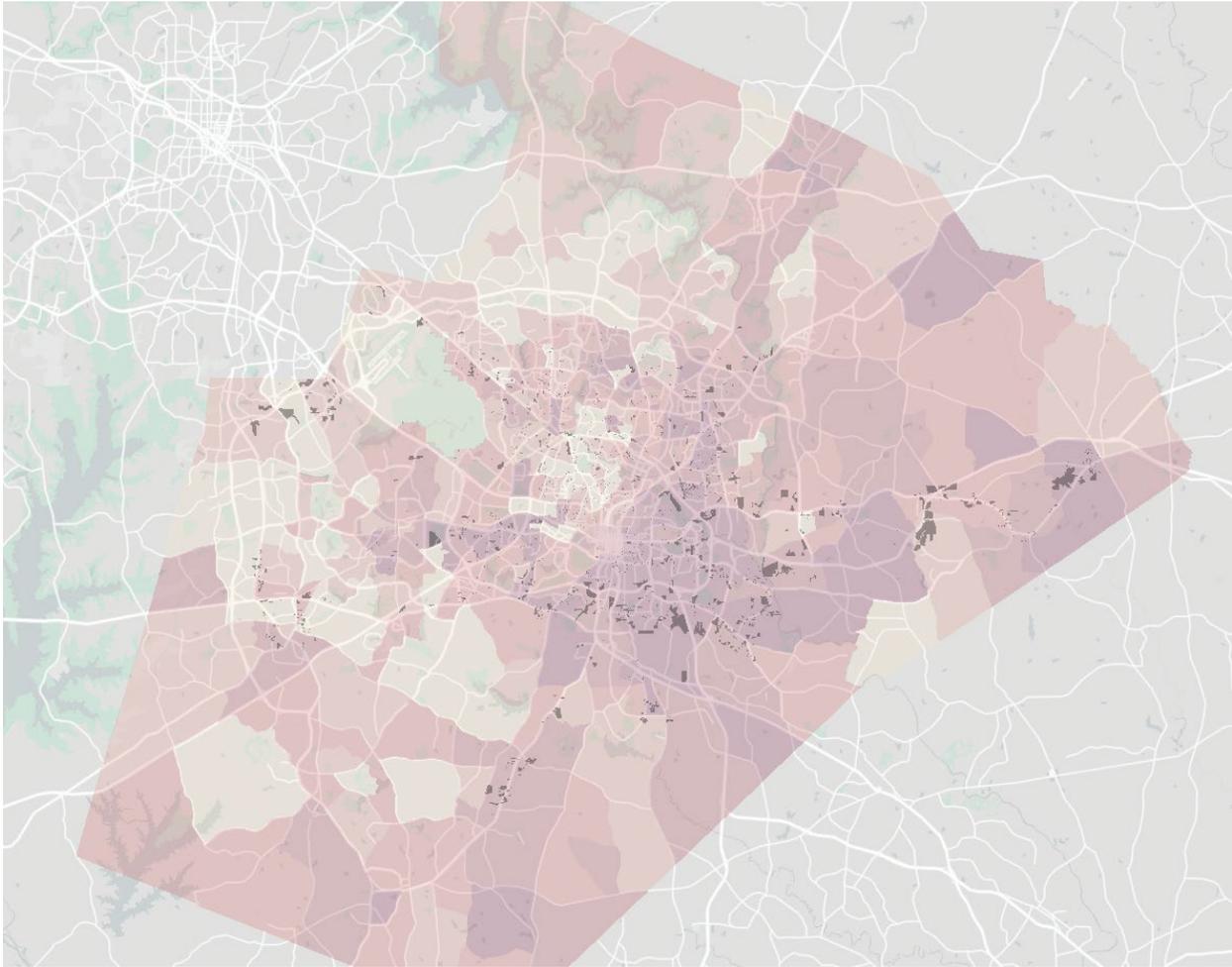
Through an analysis that defined areas of opportunity as “healthy” locations, per Wake County’s Economic Health Index located within one half mile of a transit route, there are approximately 220 vacant and appropriately zoned parcels available for the development of affordable housing. There are approximately 220 parcels which meet the following criteria:

- Vacant and zoned for multifamily development;
- Sized for LIHTC development (between 1.5 and 6 acres);
- In the top two quintiles of the Economic Health Index, and;
- Within one half mile of a GoRaleigh, GoCary, or GoTriangle bus route.

Without filtering for the existence of a building, there are approximately 1,320 parcels which meet the criteria of sized for LIHTC development, in the top two quintiles of the Economic Health Index, and within proximity of transit.

A map of vacant parcels zoned for multifamily development within one half mile of a transit route and sized for LIHTC development is available on the following page.

Economic Health Index and Vacant Transit-Oriented Parcels



Economic Health Ranking

■ Less Healthy



■ More Healthy

Source: Wake County Economic Health Index