

RESPONSES TO FOLLOW UP QUESTIONS FROM THE MAY 14 PRE-PREPROPOSAL CONFERENCE AND ELECTRONIC SUBMISIONS FOR THE INCLUSIONARY HOUSING REQUEST FOR PROPOSALS

On May 8, 2020, the Baltimore City Department of Housing and Community Development (DHCD) issued a Request for Proposals (RFP) seeking qualified consultants with experience in affordable and mixed-income housing development, housing demand and feasibility analyses, zoning, and inclusionary housing ordinances. The information included in this response may reflect a summary in the event multiple questions were received for the same topic.

On May 14, 2020, DHCD held a pre-proposal conference call and provided an opportunity for interested applicants to ask questions. Interested applicants also had the opportunity to submit additional questions electronically by Close of Business on May 15, 2020.

Questions and DHCD's responses are below.

1. Q. Does DHCD have an existing feasibility study that can be used to determine the potential for Inclusionary Housing units that the Consultant can review?
A. No.
2. Q: The RFP includes a Demand Analysis to determine the potential for Inclusionary units. Is the Department interested in a feasibility analysis?
A. The Department is interested in building a financial model that includes an understanding of potential inclusionary units.
3. Q. Does DHCD have pro formas available for the Inclusionary Units that have been produced?
A. The Department does not have access to prior pro formas that were used to determine the number of units that qualified as Inclusionary Housing units and the cost to make them affordable. The current pro forma is included in the RFP.
4. Q. Do the recent projects that are required to include Inclusionary units include Efficiency units?
A. Yes.
5. Q. Is a Demand Analysis more realistic than a Feasibility Analysis due to the current pressure to revise the law or the time that could be required to conduct a full-blown feasibility analysis?
A. DHCD is interested in an analysis that can be used to help determine the potential for Inclusionary Units and the cost to make these units affordable.
6. Q. In section 3.2 regarding current Inclusionary Housing requirements and Developer obligations, is the City open to changing the requirements referenced even if the developer is unable to make the units affordable
A. DHCD is looking for the Consultant to provide recommendations that can be used to increase the number of Inclusionary Housing units.

7. Q. Is the City open to considering a Density Bonus or other options?
A. As stated in Section 4.2 of the RFP the Department is open to assessing potential compliance alternatives.
8. Q. Does the City anticipate an increase in development over time?
A. Based on the information currently available, DHCD anticipates that both rental and homeownership units will continue to be produced.
9. Q. Who will the Consultant report to?
A. The Consultant will report to the Department's Chief Operations Officer and their senior staff, including the Assistant Deputy Commissioner for Development and Senior Advisor. The Consultant will be expected to provide updates and reports on a regular basis. The Department also expects to convene a Steering Committee will also be convened to provide guidance and oversight.
10. Q. What is the budget range or budget maximum for this work?
A. DHCD is declining to provide a specific amount but has allocated funds it believes are sufficient to achieve the objectives of the RFP.
11. Q. Would you accept a proposal that includes an inclusionary housing financial feasibility analysis as part of the scope?
A. Please refer to Section 4.0 of the RFP. The Department is interested in understanding market conditions and the potential to increase the number of inclusionary units.
12. Q. How many market-rate residential projects with 30 or more units have been approved and permitted in the past two years?
A. There are frequent gaps between the approval of plans, approval of building permits and issuing use and occupancy permits that makes it difficult to provide an accurate response to this question. DHCD will work with the selected respondent to provide a range of permit data that can be used as part of the requested feasibility analysis.
13. Q. How many of those have received major public subsidy?
A. Please refer to the above response.
14. Q. Of the projects that received a major public subsidy, how was the amount of required subsidy determined? Was any type of feasibility analysis performed to determine how much subsidy would be necessary for the project to be financially feasible?
A. The majority of projects that were reviewed to determine whether Inclusionary Units would be required were requesting the City's High Performance Market Rate Tax Credit. Additional information regarding the tax credit can be found at: <https://finance.baltimorecity.gov/public-info/credits>. The Law establishes an Investment Threshold, which is the maximum amount of subsidy that DHCD can provide to make a unit affordable under the Inclusionary Housing program.
- What source of subsidy was provided?

- A. DHCD provides subsidy from its own sources.
 - Do most projects tend to need the maximum available subsidy (e.g. max TIF) or do some projects need less than the maximum available subsidy?
 - A. **The amount of subsidy that is required to make a unit affordable for the 30-year period required under the current legislation is determined using a Net Present Value Calculation, which is based on projected project rents, maximum affordable rents, the gap between the two and the total cost of the gap over the 30-year required affordability period.**