ADDENDUM No. 1
RFP No. AAHC-21-A

Co-Developer(s) for 121 E Catherine and 353 South Main

Updated Proposal Due Date and Time: December 7, 2021 at 2:00 P.M. (local time)

The information contained herein shall take precedence over the original documents and all previous addenda (if any) and is appended thereto. This Addendum includes 12 pages.

The offeror is to acknowledge receipt of this Addendum No. 1, including all attachments in its Proposal by so indicating in the proposal that the addendum has been received. Proposals submitted without acknowledgement of receipt of this addendum may be considered non-conforming.

The following forms provided within the RFP Document should be included in submitted proposal:

A proposal may be disqualified if the following required forms are not included with the proposal:

- Attachment C - City of Ann Arbor Non-Discrimination Declaration of Compliance
- Attachment D - City of Ann Arbor Living Wage Declaration of Compliance
- Attachment E - Vendor Conflict of Interest Disclosure Form of the RFP Document

*Proposals that fail to provide these completed forms listed above upon proposal opening may be rejected as non-responsive and may not be considered for award.*

I. CORRECTIONS/ADDITIONS/DELETIONS

Changes to the RFP documents which are outlined below are referenced to a page or section in which they appear conspicuously. Offerors are to take note in its review of the documents and include these changes as they may affect work or details in other areas not specifically referenced here.

**Section/Page(s) Change**

**PAGE 3**

As provided in RFP No. AAHC-21-A Document:

Other due diligence items are underway including surveys, title searches, and a MSHDA-approval Phase I’s for both sites that should be completed in December 2020.

As updated herein:

Other due diligence items are underway including surveys, title searches, and a MSHDA-approval Phase I’s for both sites that should be completed in December 2021.

Comments: The date for projected Phase I completion is December 2021

**All Mentions**

As provided in RFP No. AAHC-21-A Document.

Deadline Due Date is **December 1, 2021 at 2:00pm Local Time**.

As updated herein:

Deadline Due Date is **December 7, 2021 at 2:00pm Local Time**.

Comments: We have decided to extend the RFP deadline to 12/7/2021 2pm.
II. QUESTIONS AND ANSWERS

The following questions have been received by the Ann Arbor Housing Commission (AAHC). Responses are being provided in accordance with the terms of the RFP. Respondents are directed to take note in its review of the documents of the following questions and AAHC responses as they affect work or details in other areas not specifically referenced here.

**Question 1:** We are interested in more information on Co-developer(s) for 121 E Catherine and 353 South Main. It states there is appraisals and background information on the site, but I have not been able to locate that. Can you please email back to me or let me know how to get this?

Also, Other due diligence items are underway including surveys, title searches, and a MSHDA-approved Phase I’s for both sites that should be completed in December 2020. Let me know if the date is a typo and if not if we can get these also? Correction I did find the appraisals but would like anything else that is available.

**Answer# 1:** Other due diligence items are underway including surveys, title searches, and a MSHDA-approval Phase I’s for both sites that should be completed in December 2021.

**Question# 2:** I do want to make sure I understand the desired partnership structure better. Can we setup a quick call to gain clarity?

**Answer# 2:** Please provide any detailed questions regarding the structure of partnership. We would like to track all our questions and answers in writing if possible. (See question 3 below)

**Question# 3:** Is this what is anticipated?

- Landowner: City / AAHC to ground lease to ownership team
- Developer: Co-AAHC & MV AH (private partner)
  - Developer fees to be shared?
- Owner: Co-AAHC & MV AH (private partner) or is it anticipated that AAHC will be full owner?
  - Cash flow to be shared?
- Guarantor: MV AH (private partner)
- Managing Member: MV AH (private partner) MV AH does not provide guaranties to developments in which we cannot control to outcomes
- Property Manager: MV AH (private partner) MV AH typically provides PM services to development in which we guarantee

**Answer# 3:** Below is an example of the organizational structure for a previous 9% LIHTC deal called Swift Lane, which the AAHC partnered with Norstar as the co-developer. The AAHC is contemplating a similar arrangement but is open to alternate proposals for any of the following bullet points, with the understanding that investors/regulatory agencies also can determine certain roles and responsibilities.

- The city transferred ownership to the AAHC for $1 and the AAHC executed a ground lease with the LDHA for $1/year.
- The developer fees were shared on previous developments ranging from 25% AAHC/75% co-developer to 51% AAHC/49% co-developer.
- The AAHC is the full owner
- Cash flow is distributed according to the developer agreement, which was different for each AAHC LIHTC project and was often driven by the equity investor, but most of the cash-flow goes to the AAHC
- Below is an example of a guaranty agreement negotiated for Swift Lane
- Norstar is the co-managing member through approval of the 8609

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• AAHC is the property manager.

SWIFT LANE ORGANIZATIONAL STRUCTURE

Ground Lessor
Ann Arbor Housing Commission ("AAHC")

Owner/Ground Lessee
Swift Lane Limited Dividend Housing Association Limited Partnership

General Partner
Swift Lane GP, LLC
(0.01%)

Special Investor Partner
Sterling Corporate Services, LLC
(0.01%)

Investor Limited Partner
First Sterling Investor 195 LLC (99.98%)

Co-Member
Norstar Swift Lane, Inc.
(49.90%)

Co-Member
Ann Arbor Housing Development Corporation, an entity fully owned 501c3 and control by the AAHC (50.10%)

AAHDC is the CO-DEVELOPER
GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this “Guaranty”) is made as of January [__], 2019, by NORSTAR DEVELOPMENT USA, L.P., a Texas limited partnership (“Norstar”), ANN ARBOR HOUSING COMMISSION, a Michigan public body corporate (“AAHC”), and ANN ARBOR HOUSING DEVELOPMENT CORPORATION, a Michigan corporation (“AAHDC” and, together with AAHC, the “AAHC Guarantors”) (the AAHC Guarantors and Norstar are sometimes referred to together herein as the “Guarantor”), for the benefit of SWIFT LANE LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP, a Michigan limited partnership (the “Partnership”), FIRST STERLING INVESTOR 195 LLC, a New York limited liability company (“FSI 195”) and STERLING CORPORATE SERVICES LLC, a New York limited liability company (“SCS” and, together with FSI 195, the “Investor Entities”); each of the Investor Entities is a Partner of the Partnership, which is operating pursuant to an Amended and Restated Agreement of Limited Partnership, dated as of the date hereof (the “Partnership Agreement”), for the purposes of acquiring, developing, owning and operating a 64-unit, affordable housing project to be known as Swift Lane Apartments located at 1514 White Street and 3401 & 6451 Platt Road, Ann Arbor, Michigan (the “Apartment Development”).

NOW, THEREFORE, in consideration of the foregoing recitals and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor for the benefit of the Partnership and each of the Investor Entities, hereby irrevocably and unconditionally guarantees and agrees as follows:

Recitals:

1. Reliance. The Guarantor agrees and acknowledges that this Guaranty is given to induce the Investor Entities to invest in and become Partners of the Partnership. Absent execution and delivery of this Guaranty, the Investor Entities would not have invested in the Partnership as Limited Partners, and would not have agreed to make Capital Contributions to the Partnership. The Guarantor acknowledges that the Guarantor was and will be directly benefited by the Investor Entities becoming Partners of the Partnership and has read and understands the terms and conditions of the Partnership Agreement.

2. Guaranteed Obligations. The Guarantor hereby unconditionally guarantees to the Partnership and to the Investor Entities the full and prompt payment, performance, observance, compliance, and satisfaction of the Guaranteed Obligations described below on the part of the General Partner and the Developer, as applicable, to be paid, performed, observed, complied with, or satisfied under and pursuant to the provisions of the Partnership Agreement and Development Agreement, all in accordance with the provisions thereof. The following are the “Guaranteed Obligations”: (i) Tax Credit adjustments under Section 5.03(a), (ii) Tax Credit adjustments under Section 5.03(b), (iii) Tax Credit Recapture, TCRA and Tax Credit Recapture Event under Sections 5.04 and 5.05, (iv) Repurchase Events under Section 5.09, (v) payment of Excess Development Costs under Section 6.08, (vi) completion of construction under Section 6.09, (vii) Operating Deficit Guaranty under Section 6.10, (viii) the environmental provisions of Sections 4.01(w), 4.02(i) and 6.07(d), and (ix) the Partnership and General Partner obligations in connection with the payment of the Deferred Development Fee under Section 5.07. If at any time there is more than one Guarantor, all Guarantors shall be jointly and severally liable hereunder. Notwithstanding the foregoing,

(A) Norstar shall be the sole Guarantor with respect to the Guaranteed Obligations set forth in the following clauses of this Section 2: (ii) (provided, however, that Norstar shall not be obligated to guarantee any Year One Tax Credit adjustments under Section 5.03(b) to the extent such adjustments are caused solely by a delay in lease-up of the Apartment Development), (iv) (to the extent any Repurchase Event is related to a failure to achieve the Completion Date or failure to provide a valid Cost Certification or IRS Form(s) 8609 with respect to the Apartment Development acceptable to the Investor Limited Partner), and (vi) above;
(B) The AAHC Guarantors, jointly and severally, shall be the sole Guarantors with respect to the Guaranteed Obligations set forth in the following clauses of this Section 2: (i), (ii) (provided, however, that the AAHC Guarantors shall not be obligated to guarantee any Year One adjustments caused solely by a delay in Construction Completion), (iii), (iv) (to the extent not otherwise guaranteed by Norstar pursuant to clause (A), above), (v), (vi) above; and

(C) Norstar and the AAHC Guarantors shall serve as joint and several guarantors with respect to all other Guaranteed Obligations, including those set forth in clauses (viii) and (ix) above.

3. **Effect of Payment by a Guarantor to the Partnership and/or the Investor Entities.** No payment by the Guarantor to the Partnership and/or either of the Investor Entities under the terms of this Guaranty shall constitute a Capital Contribution, loan or advance to the Partnership or such Investor Entities, or a change in any Interest of any of the Partners in the Partnership, except as expressly provided for under the terms of the Partnership Agreement. The Guarantor shall not have any rights to the Partnership or its assets as a creditor or as a Partner by virtue of any payments made hereunder.

4. **Continuing Guaranty.** Except as otherwise provided herein, this Guaranty shall be unconditional, continuing, and absolute, and shall continue until all Guaranteed Obligations have been fully performed, paid and satisfied, and shall not be affected or impaired by: (a) any modification, extension, or amendment of the Partnership Agreement, Development Agreement, or any other agreement now or hereafter executed by the Partnership, the General Partner or the Investor Entities; (b) any modification, extension of time for the payment of, forbearance, settlement, release, surrender, exchange, or discharge of any of the Guaranteed Obligations or any collateral therefor; (c) payment of additional Capital Contributions by the Investor Entities after default of the release of any security after default whether material or otherwise; (d) death, dissolution, or insolvency of the Partnership, the General Partner, or any or all of the Guarantors; (e) release of the General Partner or Developer from the performance or observance of any of the Guaranteed Obligations, arising by operation of law or otherwise, whether made with or without notice to the Guarantor; (f) the fact that the Partnership, General Partner and/or Developer may or may not be personally liable under the Partnership Agreement, Development Agreement, or any other Project Document to pay any money judgment; (g) any act done, suffered or left undone by the Investor Entities, the Partnership, the General Partner and/or the Developer relating to the Partnership Agreement, Development Agreement, the Project Documents, this Guaranty, or any other instrument or thing, including, without limitation, any delay or failure of the part of either of the Investor Entities in exercising any right, power or privilege under the Partnership Agreement, this Guaranty, or any other instrument or document executed by the Partnership or the General Partner; (h) any failure to give any notices of acceptance, notices of default, or other notices; (i) the execution of any guaranty by any person, corporation, partnership, or other entity relating to the Partnership Agreement, the Development Agreement, the Project Documents or otherwise; (j) any sale, transfer, pledge, surrender, compromise, realization upon, release, renewal, extension, exchange, or other hypothecation of any kind of this Guaranty, all or any part of the Partnership Agreement or Development Agreement, and all or any part of the security or collateral given to secure any of the obligations thereunder; (k) any failure, invalidity, or unenforceability of, or any defect in, the Partnership Agreement, Development Agreement, or any security or collateral given to secure any of or all the obligations thereunder; (l) any change in the manner, place, or terms of payment of, or any change or extension of time of payment of, or any renewal of or alteration in any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof; (m) either of the Investor Entities’ exercise or forbearance from exercising any rights or remedies against the Partnership, Developer or the General Partner, or any other act, or failure to act in any manner, which may deprive the Guarantor of any rights of subrogation, contribution, or indemnity against the Partnership, Developer or the General Partner; or (n) any change in the identity of the General Partner or Developer; provided, however, and notwithstanding the foregoing, if the General Partner is removed as the General Partner of the Partnership pursuant to Sections 6.11 or 7.03 of the Partnership Agreement, the Guarantor shall not be liable for any Guaranteed Obligations which first are incurred solely after the date of such removal and were not due to actions or inactions attributable to the General Partner or Developer or (ii) required to be performed by the General Partner or Developer prior to the date of such removal.
5. **Direct Liability; Limitation of Liability of AAHC Guarantors.** The liability of the Guarantor hereunder is direct and unconditional and may be enforced without requiring the Partnership and/or either of the Investor Entities first to exercise, enforce, or exhaust any right or remedy against the General Partner or Developer. Upon any default by the General Partner or Developer relating to any Guaranteed Obligation, the Partnership and/or the Investor Entities may, at their option, proceed directly and at once against the Guarantor to collect the full amount of the Guarantor’s liability hereunder, or any portion thereof, without first proceeding against any person, corporation, partnership, or other entity. Notwithstanding anything to the contrary contained herein, the liability of the AAHC Guarantors to the Investor Entities for the Guaranty Obligations contained in Section 2(B) and (C) hereof shall be limited to the payment of a maximum aggregate amount of $[________]. [TO BE COMPLETED: AAHC’S PORTION OF THE DEVELOPMENT FEE, BUT NOT LESS THAN $750,000]

6. **Waivers.** The Guarantor hereby waives: (a) presentment, demand, protest, and notice of acceptance, notice of demand, notice of protest, notice of dishonor, notice of default, notice of nonpayment, and all other notices to which such Guarantor might otherwise be entitled; (b) any and all claims or defenses relating to lack of diligence or delays in collection or enforcement, or any other indulgence or forbearance whatsoever with respect to any obligations relating to the Partnership Agreement, the Development Agreement, the Project Documents or the Guaranteed Obligations, and any defense which the Guarantor may have by reason of any defense which the General Partner may have against Partnership and/or either of the Investor Entities, other than payment, satisfaction, and performance of the Guaranteed Obligations; (c) notice of any advances made under the Partnership Agreement, Development Agreement or any of the Project Documents; (d) any right, title, or interest in, or claim to, whether by subrogation or otherwise, any collateral or assets of the Partnership until all Guaranteed Obligations have been fully paid, satisfied, and performed; (e) any defense or claim relating to the marshaling of assets or any requirement to proceed against any parties or collateral in any particular order; and (f) all other suretyship defenses, rights and claims.

7. **Costs and Attorney Fees.** The Guarantor agrees, in addition to the liability above assumed, to reimburse the Partnership and/or the Investor Entities for all costs and expenses, including reasonable attorney fees, which the Partnership and/or the Investor Entities may incur: (a) in the collection of any amounts owing under this Guaranty, the Partnership Agreement, the Development Agreement or any part thereof, (b) for the enforcement of this Guaranty, the Partnership Agreement, the Development Agreement or any term, agreement, covenant, provision, obligation, or duty arising thereunder, (c) in the realization of any collateral obligation or duty hereunder, and/or (d) in connection with any bankruptcy or similar proceeding wherein the Partnership, the General Partner, the Developer or the Guarantor, are the “debtor.” In the event of litigation or other proceeding in connection with this Guaranty, the prevailing party shall be entitled, in addition to all other sums and relief, to reasonable attorney fees, costs, disbursements, including all such fees, costs, and disbursements incurred both at and in preparation for trial and any appeal or review, said amount to be set by the courts before which the matter is heard.

8. **Statute of Limitation; Bankruptcy.** The Guarantor shall remain liable with respect to the payment, performance, observance, compliance, or satisfaction of the Guaranteed Obligations or any part thereof irrespective of whether a recovery upon the same may have been barred by any statute of limitations. Any payment made on any obligations under the Partnership Agreement or Development Agreement that may thereafter be required to be refunded, as a preference or otherwise, under any state or federal law shall not be considered payment for purposes hereof, nor shall it have the effect of reducing the amount of the Guaranteed Obligations or the liability of the Guarantor hereunder.

9. **Investigation and Knowledge.** The Guarantor hereby agrees: (a) to keep itself or himself, as applicable, fully informed on all aspects of the financial condition of the General Partner and the Developer and performance by the General Partner and the Developer, as applicable, of the Guaranteed Obligations; and (b) that the Partnership and the Investor Entities have no duty to disclose to the Guarantor any information pertaining to the General Partner, the Developer, or any security or collateral, even if the Partnership and/or the Investor Entities have reason to believe that such facts are unknown to the Guarantor and/or materially increase the risk to the Guarantor beyond that which the Guarantor might have intended to assume under this Guaranty.
10. Successors. This Guaranty shall be binding upon the Guarantor, and their respective heirs, personal representatives, successors, and assigns, and shall inure to the benefit of the Partnership and the Investor Entities and their respective successors and assigns, and to the benefit of anyone claiming title to any collateral sold by the Investor Entities pursuant to any rights, powers, and privileges it now has or may hereafter possess.

11. Integration; Waiver. This Guaranty contains the sole and entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations and understandings. This Guaranty may not be terminated or otherwise amended, changed, or modified, nor a waiver granted by Partnership and the Investor Entities, except by a written instrument signed by the Partnership and the Investor Entities. No waiver, express or implied, by the Partnership or either of the Investor Entities of any default hereunder shall be deemed a waiver of any other or succeeding default hereunder.

12. Interpretation. This Guaranty and the rights and obligations of the Guarantor shall be governed and construed in accordance with the internal laws of the State of Michigan. If for any reason any provision of the Guaranty does violate any such laws or is not fully enforceable in accordance with the terms and provisions hereof, this Guaranty shall be limited or construed to comply with such laws and shall be enforced to the full extent permitted by such laws. Capitalized terms used in this Guaranty shall have the meanings specified herein or in the Partnership Agreement.

13. Financial Statements. Each Guarantor agrees that it will provide to the Investor Entities, annually within one hundred twenty (120) days after the beginning of each fiscal year, updated reviewed financial statements, including a balance sheet, an income statement, a statement of changes in financial position, and such other statements as the Investor Entities may reasonably request, prepared in accordance with generally accepted accounting practices, consistently applied, by an independent certified public accountant acceptable to the Investor Entities, together with such supporting documentation as the Investor Entities may reasonably request. The Investor Entities may, in their discretion, request more frequent quarterly financial statements prepared in accordance with generally accepted accounting practices, consistently applied, and certified as true and complete, without qualification, by the appropriate financial officer of such Guarantor. If audited financial statements are prepared for any Guarantor for any period, the Guarantor shall furnish a copy of the same to the Investor Entities.

[Remainder of page intentionally left blank]
IN WITNESS WHEREOF, this Guaranty Agreement has been executed and delivered effective as of the date first written above.

WITNESS/ATTEST:

NORSTAR:

NORSTAR DEVELOPMENT USA, L.P., a Texas limited partnership, by its general partner, Nordev, Inc., a Delaware corporation

By: ________________________________

[__________, _________]

AAHC:

ANN ARBOR HOUSING COMMISSION, a Michigan public body corporate

By: ________________________________

[__________, _________]

AAHDC:

ANN ARBOR HOUSING DEVELOPMENT CORPORATION, a Michigan corporation

By: ________________________________

[__________, _________]
**Question #4:** It appears the RFP envisions that the Co-Developer will remain in the ownership structure for the full fifteen-year tax credit compliance period. Is the Ann Arbor Housing Commission also open to turn-key proposals where the Co-Developer would exit the partnership after the development period (i.e. delivery of 8609s)?

**Answer #4:** Yes, we are certainly open to a Turn-Key proposal whereby the Co-Developer exits the partnership after the development period (i.e. delivery of 8609’s)

**Question #5:** On the first bullet on page 23 under Ann Arbor Housing Commission's role, the RFP indicates that AAHC’s role includes approval of Architect, Engineers and General Contractor. (The RFP also seems to reference that selection of some members of the developer team may be done later jointly by AAHC and the Co-Developer.) Elsewhere, however, the RFP asks Respondents to present the qualifications of their Development Team, which would generally include these same partners. We would like to confirm that you are anticipating Respondents including these team members in their proposal.

**Answer #5:** Yes, we anticipate most developers proposing their own team, but we reserve the right to approve each team member.

**Question #6:** Do you mind elaborating further on what historical financing letters of interest entails?

**Answer #6:** Please include letters of financial commitments and/or letters of interest from previous projects developed that will have a similar financial structure.

**Question #7:** Please provide ‘live’ links to the 2020-2021 Community Engagement Recommendations, Housing Needs Assessment, and other referenced documents in the RFP, as they do not appear ‘live’ in the PDF downloaded from the City’s website.

**Answer #7:** [Analysis of City-Owned Properties as Affordable Housing](https://www.a2gov.org/departments/Housing/Pages/Analysis-of-City-Owned-Properties-as-Affordable-Housing.aspx)

**Question #8:** In what form would the City of Ann Arbor Affordable Housing Millage Funds come to a potential project; as a loan, grant, or otherwise?

**Answer #8:** The funds are granted to the AAHC or an affiliated entity and then loaned to the partnership. The interest rate is negotiated, and the loan is paid back with cash flow when available as agreed to in the Partnership Agreement.

**Question #9:** Are there qualification criteria for the Affordable Housing Millage Funds?

**Answer #9:** Attached is the millage language and council adopted guidelines. City Council approved the FY22 budget (July 2021 to June 2022), which includes $1,200,000 for Catherine Street and $1,273,755 for Main Street in FY23. These funds will be granted to the AAHC to loan to the Partnership.
Question #10: In what form would the DDA funds come to a potential project, in the form of TIF, a loan, grant, or otherwise? Is the $2,100,000 of DDA infrastructure funding separate from any TIF funds?

Answer #10: The intent is for the DDA to use up to $2.1 million infrastructure funding to pay for underground infrastructure to bring it up to code such as water, sewer, and stormwater. The intent is for this to occur separately from a LIHTC development budget and schedule and for the DDA to pay for underground infrastructure prior to developing the property. This will require coordination with the DDA. The DDA is currently scheduled to complete work on Catherine in Calendar year 2022 and that is the best time complete any underground infrastructure. In addition, DDA infrastructure funds can pay for sidewalks, streetlights, street trees and the like. If needed, a portion of the $2.1 million can be used for these purposes as well. The DDA also has limited amounts of affordable housing funds it can grant to the AAHC or an affiliated entity to loan to the partnership. The DDA does not provide TIF financing for private developments.

Question #11: How many vouchers does the AAHC anticipate providing to a potential project? Would the AAHC consider providing vouchers for at least 50% of the housing units?

Answer #11: The AAHC must issue a Request for Proposal to the public and respond to that RFP. The number of vouchers will be dependent on other development projects that apply. The AAHC would consider providing up to 50% of the housing units with vouchers if there are enough vouchers available.

Question #12: “The AAHC expects the project to include some deeply affordable units as Permanent Supportive Housing” according to page 30 of RFP. Does AAHC intend for the development to meet all the criteria to apply for MSHDA’s PSH set-aside, or does the AAHC intend for the developer to only set a certain percentage of units aside as supportive? Is there a specific population which the AAHC would like the developer to design the supportive units and tenant services towards (i.e., homeless, disabled, veterans)?

Answer #12: The AAHC is open to either scenario. Previously the AAHC applied for and were awarded tax credits through the PSH set-aside for its 4 previous awards. The AAHC currently does serve homeless households, persons with disabilities, veterans, seniors, and other special needs populations. The AAHC is developing several properties and is open to targeting a specific population at either of these sites because the AAHC is looking at serving as many households with special needs across our portfolio. The AAHC administers several special vouchers including VASH, FUP, NED, and EHV that can be project-based. The AAHC is interested in developing supportive services with the selected developer if that is an area of expertise for the developer. For the purposes of this RFP, the AAHC is interested in models’ applicants have designed previously, if applicable. The City millage specifically allows up to 20% of the millage funds to be used for supportive services for projects that are developed with millage funds. The AAHC intends on requesting supportive services set-aside funds from the millage once the building is designed and the target population is established.
Question #13: Does the AAHC expect to evaluate a building massing prepared by an Architect?
Answer #13: The RFP includes massing options that received community feedback. For the RFP response, it is not expected to receive any building designs but will review any proposed massing or other designs.

Question #14: In my experience, operators of PSH strongly discourage mixing PSH units within a non-PSH project. Perhaps the AAHC’s experience within its own portfolio is different. Since the AAHC is looking to serve many types of PSH, do you have any data or studies on the specific needs within the categories mentioned below? Can you clarify what type of Permanent Supportive Housing is anticipated / targeted for these two sites, or is that open for discussion after selection is made?
Answer #14: The AAHC provides voluntary supportive services to all our residents through our non-profit partnerships, and the services are paid for through a variety of funding sources. In addition, the AAHC specifically has PSH units set aside within our properties to serve homeless households, mixed-in with non-PSH units. We have a variety of funding sources to fund the services for the PSH units as well. The AAHC agrees that best practice studies have found that when mixing incomes, the most successful projects have a narrow range of incomes not a large range of incomes. Consequently, projects with moderate- and high-income market-rate housing does not work well from a property management perspective with PSH housing. However, the AAHC and many other housing providers have successfully managed mixed-income housing projects with PSH units where the income ranges are narrow. The AAHC is open to discussing the mix of incomes and the percent of PSH housing at these two sites with the co-developer.

Question #15: Is it possible to move the due date for the RFP out two days--to Friday 12/3/21? We are finding the combination of the holiday with the current due date very challenging for the team. If there is any way to provide those additional two days for the proposal due date, that would be greatly appreciated.
Answer #15: We have decided to extend the RFP deadline to 12/7/21 2pm.

Question #16: We were wondering if the historical financing letters of interest/ award letters can go in the attachments (and not count toward the 60 pages).
Answer #16: Yes. That will be fine. It does not have to count towards the 60 pages.

Question #17: Please provide any draft lists of commercial tenants for the first floor ‘activated’ area of each site which the AAHC has already identified, as well as a range of NNN rental rates for reach property.
Answer #17: The AAHC does not have a list of potential commercial tenants and the AAHC is looking forward to suggestions and ideas of the applicants.

Question #18: Please elaborate on the intended tenant services component of the RFP. Are these required for the project, or optional? If required, what role will the AAHC play in locating and managing the service provider.
Answer #18: The AAHC currently does serve homeless households, persons with disabilities, veterans, seniors and other special needs populations. The AAHC is developing several properties and is open to targeting a specific population at either of these sites because the AAHC is looking at serving as many households with special needs across our portfolio. The AAHC is interested in developing supportive services with the selected developer if that is an area of expertise for the

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developer. For the purposes of this RFP, the AAHC is interested in models’ applicants have designed previously, if applicable. The City millage specifically allows up to 20% of the millage funds to be used for supportive services for projects that are developed with millage funds. The AAHC intends on requesting supportive services set-aside funds from the millage once the target population is established. The AAHC will determine what service provider/s are appropriate for the target population/s for these sites and the AAHC will contract with and manage the service provider/s. Services are a required component.

**Question #19:** Please elaborate on the Permanent Supportive Housing (PSH) component for the RFP. Our company does not engage in projects where Permanent Supportive Housing components are required unless those services are provided by and/or managed by others. Is the PSH component required for the project, or optional?

**Answer #19:** (See answers 14 and 18). PSH is a required component and the services will be provided by contracted services providers and managed by the AAHC as the property manager.

**Question #20:** Please confirm the PILOT amounts for multifamily properties as $1 PUPY.

**Answer #20:** Correct.

**Question #21:** What is the anticipated cost of land and/or the ground lease payments due from the project? The RFP is not clear what the AAHC’s expectation is for land acquisition.

**Answer #21:** The AAHC anticipates that the City of Ann Arbor will transfer ownership to the AAHC or an affiliated entity for $1 for these 2 sites because it is expected that all of the units will be for low-income and special needs households, including PSH units. The ground lease payment for these 2 sites is anticipated to be $1/year. This is the structure for all the AAHC’s previous LIHTC projects but the AAHC is open to alternative proposals.

Offerors are responsible for any conclusions that they may draw from the information contained in the Addendum.