In accordance with documents prepared by: BOSTON HOUSING AUTHORITY

TO: ALL PROPOSERS

Proposers are hereby informed that the RFP for the above-mentioned development is modified, corrected and/or supplemented as follows:

The BHA is providing the following responses to questions received by the appropriate deadline. Where similar questions were received from multiple proposers, the responses have been consolidated:

**Question 1:** Please describe any public process or resident engagement that has occurred related to the RFQ and what additional process/input is planned going forward?

BHA Response: The BHA has met with the Resident Advisory Board (RAB) to review the reasons for issuing the RFQ and to review the RFQ itself. We have committed to share the concepts we received with the RAB. As specific sites are identified for further exploration, we will involve residents at those sites moving forward.

**Question 2:** Does the BHA intend to apply for the Rental Assistance Demonstration (RAD) program for those properties selected to move forward under the RFQ process?

BHA Response: The BHA is certainly open to using this tool. Whether RAD is an appropriate tool will be largely defined by the proposals we receive.

**Question 3:** Will BHA provide any environmental reports, vacancy reports, capital needs information, or other property-specific information at this time?

BHA Response: No.

**Question 4:** Can you share information regarding tenant demographics, over- and under-housing, tenant income levels, tenant share of rent and HUD rent levels?

BHA Response: The average household income across all BHA sites is about $14,000. Eighty-five percent of BHA households earn below 30% of Area Median Income (AMI); another 14% earn between 30-50% of AMI. Within BHA’s conventional federal public housing portfolio, total operating revenue is $755 PUM (of which $308 PUM is tenant rental and other tenant revenue), while total operating expenses come to $866 PUM.
Question 5: What form of site control or ownership is the BHA anticipating?

BHA Response: The BHA is open to all proposals. Typically in redevelopment transactions we retain a ground lease on the land but the developer owns and manages the property going forward; however, we are open to other deal structures that advance the goals of the RFQ.

Question 6: Is the BHA anticipating any restrictions on developer fees resulting from the development process or cash flow from operations?

BHA Response: BHA will not impose its own restrictions but this will be defined by funding sources and/or HUD Safe Harbor restrictions.

Question 7: Is the BHA expecting a share of developer fees or cash flow?

BHA Response: Yes. This will be contingent upon the transaction and the degree of risk assumed by the BHA and Developer. Generally we split developer fees 75/25 where the Developer is providing the guarantees; however, we are open to other risk-sharing arrangements and this will be addressed in more detail at the RFP stage.

Question 8: Are there any funding programs that the BHA will absolutely forbid sponsors from using for regulatory reasons?

BHA Response: No.

Question 9: Will the BHA make vacant units in the portfolio available for relocation units?

BHA Response: Typically yes, subject to availability.

Question 10: What kind of timeline and process is the BHA considering?

BHA Response: There are no geographic, site-specific or other priorities established at this time. We will review proposals, identify priorities, and begin with those most practical and ready to move forward.

Question 11: How will BHA protect respondents from others capitalizing on the strategies they submit at the RFQ stage? Can respondents identify proprietary components of their proposals? Can the BHA limit the pool of respondents at the RFP stage?

BHA Response: Responses are public information. Although we do not plan to share all details of the proposals publicly, they will be subject to public information requests and we do plan to share at least the concepts with our Resident Advisory Board and as appropriate, specific Resident Task Forces.

The BHA is testing the market under this RFQ and asking that Developers risk some time and effort to engage in a public-spirited initiative that will result in real projects that are advantageous to BHA residents, BHA as well as the Developer. If we are not aware of interest or ideas about a particular site, then there will not be an RFP for that site. There will also be an interview process where Proposers may discuss or share additional information that is not part of their written proposals.
As much as we are eager for a set of robust responses, what is most important is receiving proposals for which there is a qualified Development team ready and able to implement their idea. It is not helpful to receive ideas that do not have this commitment and qualifications behind them.

**Question 12:** Will market-rate units be subject to wage-rate requirements? What other construction and development requirements will apply (Section 3, etc.).

BHA response: Wage-rate and Section 3 requirements are driven by funding sources.

**FAILURE TO ACKNOWLEDGE THIS ADDENDUM IN YOUR PROPOSAL MAY BE CAUSE FOR PROPOSAL REJECTION**

**PLEASE ACKNOWLEDGE THIS ADDENDUM BY SIGNING BELOW AND INCLUDING THIS ADDENDUM IN YOUR SUBMISSION PACKAGE.**

COMPANY NAME: _____________________   BY: ______________________________

Boston Housing Authority
By: William E. McGonagle
Administrator and CEO
Date: December 24, 2014

END OF ADDENDUM NO. 2