

RFP REVIEW COMMITTEE RECOMMENDATION

The following information is provided for the CD Board's review at their April 3, 2012 Meeting.

RFP Review Committee Recommendation

Based on the results of the RFP Decision Matrix (provided separately), the 4-member RFP Review committee recommends that the CD Board approve Real Estate Dynamics, Inc. (RED) as the Builder/Selling Agent for the Kings Green Subdivision, Phase IV, Affordable Housing Project.

SELECTION CRITERIA

The RFP Review Committee evaluation of the RFP Selection Criteria is presented below.

1. Developer Experience (10 points possible). A total of 10 points was awarded to Real Estate Dynamics for these criteria:

- a. Development of HOME/CDBG funded projects.

RED has experience as the Builder/Selling Agent for Kings Green Subdivision, Phases I, I and III, which included HOME Program funding for the site improvements as well as First Time Home Buyers assistance through the City.

- b. Success of comparable developments, as evidenced by the following:
 - i. Economic success (success attracting buyers or tenants, financing, etc.),

Kings Green Subdivision, Phases I, II and III, have been extremely successful. All houses were sold within 6 months of being built, and some of the last houses were sold before they were built. In addition, changing the orientation of the houses on the lot gives the illusion of several different floor plans, which also attracts buyers.

- ii. Quality of past projects including architectural/site/design/ landscape amenities

The quality of the proposed homes is similar to what RED constructed with Kings Green Subdivision, Phases I, II and III.

Plans are to change the orientation of the houses, as well as offer differing garage choices in order to fit the lot size and create an illusion of differing houses.

RED's proposal for Kings Green, Phase IV, includes 2 bedrooms/1 bath (1008 square feet), 3 bedrooms/1.75 bath (1,276 square feet) and 4 bedrooms/1.75 bath (1,417 square feet) for estimated sales price of \$119,400 to \$150,475 (without the cost of land and infrastructure).

c. Timeliness of performance

RED completed Kings Green Subdivision, Phases I, II and III, on time.

d. Ability to deliver products as initially represented, on time and within budget.

RED completed Kings Green Subdivision, Phases I, II and III, on time and within budget.

2. Quality and Creativity of Response to the RFP (20 points possible). A total of 19.5 points was awarded to Real Estate Dynamics for these criteria:

a. Proposals that provide for the best overall quality and design, while maintaining affordability and with the least assistance from the City will be judged most favorably.

RED delivered good overall quality and design in Kings Green Subdivision, Phases I, II and III, with minimal assistance from the City.

b. Ability to offer the maximum quality to buyers for the most affordable price.

RED's proposal for Kings Green, Phase IV, is similar to what was delivered in all three previous phases of the subdivision.

c. Ability to design units that achieve Energy Star Certification.

All three home designs are Energy Star Certified and include a high level of energy saving design features to reduce utility costs for home buyers now and in the future as heating, cooling and electric trend upwards. This is an additional provision that helps preserve the affordability of these homes in the future.

d. Ability to incorporate "Visit-ability" standards into unit designs.

All three home designs are one-level living with no step entry, oversized 32 inch doors as a minimum throughout, wide design access to bath fixtures, single lever plumbing fixtures, lever handle door knobs throughout, outlets and switch boxes per suggested visit-ability standards, and appropriate reinforcement in walls

adjacent to toilets, bathtubs and shower stalls for installation of grab bars when needed.

- e. Quality of proposed site design, architectural design, landscape plan and other amenities.

Architectural designs are similar to what RED constructed in Phases I, II and III. The quality of the proposed homes is similar to what RED constructed with Kings Green Subdivision, Phases I, II and III.

All homes will have landscaping included with the homes with an underground sprinkling system provided with grass seeded yards and decorative rock landscaped areas.

- f. Ability to incorporate Green building materials into design.
- g. Demonstration that the key parameters referenced have been considered.

All the items in the Proposal Content portion of the RFP were clearly answered in RED's proposal.

- h. Compatibility with the surrounding neighborhood, including neighborhood acceptance and support for the proposed design.

Because the project concept is basically the same as in Phases I, II and III, and all three phases have been accepted and supported by the neighborhood, this is adequate.

- 3. Management/Marketing Experience (10 points possible). A total of 10 points was awarded to Real Estate Dynamics for these criteria:

- a. Management success in comparable developments.

RED managed and marketed Kings Green Subdivision, Phases I, II and III, with great success.

- b. Experience in developing and marketing mixed income housing.

RED developed and marketed Kings Green Subdivision, Phases I, II, and III, and sold all previously constructed homes with great success.

- c. Success in marketing and sales of developed units.

RED developed and marketed Kings Green Subdivision, Phases I, II, and III, and sold all previously constructed homes with great success.

d. Evidence of commitment to outreach to low income buyers.

RED proposes they will sell 100% of the homes constructed to households at or below 80% of the median family income for Billings, Montana. They will use the HOME Program, First Time Home Buyer Program, and other low income buyer assistance programs to accomplish this goal.

e. Affirmative marketing success.

One of RED's partners is a realtor familiar with and knowledgeable about affirmative marketing. RED will follow an Affirmative Fair Housing Marketing Plan. RED will list the homes for sale on the Multiple Listing Service (MLS). All ads comply with the Fair Housing Act. Flyers and brochures will also be developed for the homes.

4. Financial Capacity of Developer (20 points possible). A total of 19.5 points was awarded to Real Estate Dynamics for these criteria:

a. Ability to raise equity and debt financing, including current relationships with major lenders.

Construction funding is in place with 1st Interstate Bank. This is the same lender who provided construction lending for Phases I, II and III. RED has also arranged for home buyer permanent mortgage financing with the entire mortgage lending banks in the City of Billings and also contacted various other mortgage brokers for a full market opportunity for buyer home financing.

RED's key personnel, Timothy Hudson and Blake Laughlin, have made available personal capital of \$100,000 for initial funding for working capital support for this project, in addition to securing the various financial lines of credit for this project.

b. Resources and tenacity commonly referred to as "staying power."

RED has successfully marketed and sold all the houses in Kings Green Subdivision, Phases I, II and III.

c. Amount and type of financial assistance required from the City, if any.

5. Organizational/Management Approach (10 points possible). A total of 7.25 points was awarded to Real Estate Dynamics for these criteria:

- a. Clear lines of responsibility within the developer's organization, and between the developer's organization and any other joint venture participants, that the City can rely upon to be responsive and effective.

The lines of responsibility between RED's two principles is clearly drawn and identified in their submitted proposal. Past experience with RED has proven it to be effective.

- b. Organizations who have achieved Community Housing Development Organization (CHDO) certification through the City of Billings.

6. Qualifications of the Development Team Members (10 points possible). A total of 9.75 points was awarded to Real Estate Dynamics for these criteria:

- a. Design and development expertise.

RED designed, constructed and sold the homes within Kings Green Subdivision, Phases I, II, and III, with great success.

- b. Financial expertise.

RED managed the financial aspects associated with Kings Green Subdivision, Phases I, II and III, with great success.

- c. Marketing expertise.

RED successfully marketed Kings Green Subdivision, Phases I, II and III, with great success.

- d. Management expertise.

RED managed the development of Kings Green Subdivision, Phases I, II and III with great success.

7. Planning/Design Experience (10 points possible). A total of 9.75 points was awarded to Real Estate Dynamics for these criteria:

- a. Housing developments.

RED planned, designed, and constructed all the homes within Kings Green Subdivision, Phases I, II and III, with great success.

- b. Overall architectural and landscape design quality that meets Universal Design Accessibility Standards.

RED's proposal meets the architectural and landscape design quality and Universal Design Accessibility Standards as stipulated within the RFP.

- c. Projects in urban and suburban settings.

RED planned, designed, and constructed the homes within Kings Green Subdivision, Phases I, II and III, with great success.

- d. Success of previous projects in terms of ability to complete projects on time and within budget.

RED planned, designed, and constructed all the homes within Kings Green Subdivision, Phases I, II and III, with great success.

- 8. Economic Impact (10 points possible). A total of 9.75 points was awarded to Real Estate Dynamics for these criteria:

- a. Number of housing units created.

10, as stipulated within the RFP.

- b. Total new tax revenues created.

- c. Total project cost.

As detailed in the price matrix (\$119,400 for 2-bedroom; \$140,450 for 3-bedroom; \$150,475 for 4-bedroom)

- d. Leverage ratio (i.e., ratio of public to private funding).

To be determined based on homebuyer need (First Time Home Buyer Program, MBOH, etc.). Each home will include a zero interest, deferred loan secured by a Deed Restriction and Montana Trust Indenture for 1/10 the cost of the site improvements currently under construction.

- e. Developer's ability to meet targeted set-asides provided herein.