

7.27.2016

To: Interested Developers and Stakeholders

From: Kurt Creager; PHB Director

RE: Fast Start Program

ORS Chapter 279 includes the "Public Contracting Code (PCC)" which sets forth the regulations governing public contracting and Section 279A.025 of the PCC exempts the "acquisitions or disposals of real property or interest in real property" from these rules. Because acquisitions and dispositions are exempt from the PCC and, consequently, the City's procurement rules, PHB is able to negotiate directly with a prospective purchaser regarding the transfer of land and PHB funding for that project.

For several years, PHB has selected developers/owners for PHB property through public solicitations including "Requests for Proposals (RFPs)," "Notices of Funding Availability (NOFAs)", and "Requests for Qualifications (RFQs)". Although not required to conform to the PCC or City procurement rules, these public solicitations include many of the elements required under City procurement regulations for contracts in excess of one hundred thousand dollars such as advertising of the opportunity, defined selection criteria, a pre-submission meeting for proposers, a written proposal with a published submission date and submission requirements, multiple selection advisory committees, and interviews with developer teams. These processes have the benefit of being highly transparent but are *very labor intensive for all proposers and PHB*; indeed some of these solicitations have taken more than six months from start to finish.

PHB will generally continue to use these historic solicitation methods for the allocation of PHB controlled funds to affordable housing projects. However, PHB also plans to use a more efficient process for a limited five (5) year term, beginning in city fiscal year (FY) 2017, to select prospective developers/owners of PHB-owned real property. Modeled after what is termed "Flexible Services Contracting" under the City's procurement rules, this new, more efficient process will allow a pool of prequalified developers/owners to be solicited at one time for a five year period based on general qualifications. This pool of prospective developers/owners, the *FAST START* list, will be required to have very high degree of development experience and financial capability that will enable a property interest to move from PHB ownership to occupancy with improved efficiency. This is particularly important when PHB resources are tied up in land acquisition.

When a property becomes available for development, PHB staff will negotiate with one or more of the pre-approved *FAST START* developers/owners in order to come to agreement for the sale or disposition of any interest in PHB-owned real property as well as for the funding required for the development of that site. Developers/owners may also proffer sites for sale and/or development to PHB. Adopting this expedited solicitation process should increase the speed with which a small subset of PHB-funded projects are implemented in coming years.

#### **FAST START: PROCESS OUTLINE**

- In August, 2016 PHB will advertise a solicitation for owner/developers interested in being on the approved "*FAST START*" list of entities or individuals interested in acquiring an interest in one or more unidentified parcels of land over the next five years for the development of affordable housing.

- This solicitation will invite parties to submit a three page letter describing the entities' qualifications to develop projects in the \$5 million - \$20 million range. The statement of qualifications will include the developer's statement of commitment to social equity and inclusion going forward, as well as a self-certification regarding eligibility under HUD programs. Submission will require a current financial statement. To be eligible for consideration, a developer must have at least ten years of experience in real estate development and property management, and have unrestricted cash assets of at least one (1) million dollars.
- PHB staff will consider the submissions and, at PHB's sole discretion, prepare a list of potential *FAST START* developer/owners for PHB sites.
- When a PHB property becomes available for development, PHB will consider the *FAST START* pre-approved list of developers; and select one or more parties with whom to negotiate regarding the transfer (leasehold interest or sale) and development of the real property.
- The negotiation and developer selection for a specific property interest may require the submission of additional materials, at PHB discretion, such as updated qualifying information or proposals for a specific site.
- Selection of the preferred partner will be at PHB's sole discretion based on a developer's superior ability to develop a particular site including the ability to mobilize capital; ability to assemble and manage a team; and the internal capacity to execute the project on time and within budget.
- As is the convention in real property development, the individual and entities on the approved *FAST START* list will not always be the actual party to which the real property interest is conveyed. There may be instrumentalities or related companies created for the purpose of undertaking the project. However, the *FAST START* entities or individuals will have a controlling interest in the entity that acquires the property interest.
- PHB reserves the right to remove any party from the *FAST START* list given new information available at any time.
- The *FAST START* list will be posted on the PHB website and will expire in five years from the date on which the approved list was made public. We anticipate initiating this program in September, 2016 and it will therefore be effective through August, 2021.
- During the initial five year period, PHB will use the list to convey all interests in real property, unless PHB management determines that the goals set forth in City planning documents are better served by conducting an individual solicitation for a particular property. If that were determined, everyone on the *FAST START* list would be notified of the public solicitation and invited to compete.
- The three page letter containing the Statement of Qualifications will be accepted by PHB up close of business (5pm Pacific Time) Thursday September 1, 2016. By submitting a SoQ, prospective developers/owners agree to enter into a development agreement in substantially the same form as the attachment "A" unless modified by mutual agreement.