

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
REQUEST FOR PROPOSALS FROM
MULTIFAMILY HOUSING LIHTC UNDERWRITER/
ANALYST**

SPECIAL NOTE: YOUR IMMEDIATE ATTENTION IS CALLED TO SECTION I.C. YOU NEED TO SEND TO US AN E-MAIL ADDRESS FOR TRANSMISSION OF NOTICES OF INQUIRIES.



January 20, 2015

**Arkansas Development Finance Authority
900 West Capitol, Suite 310
Little Rock, AR 72201
(501) 682-5900**

SECTION I: INSTRUCTIONS TO PROPOSERS/ GENERAL INFORMATION

A. PURPOSE & BACKGROUND. The Arkansas Development Finance Authority (“ADFA” or the “Authority”) is seeking proposals from qualified consultants or firms that can assist ADFA in the underwriting, evaluation and scoring of applications for the Low Income Housing Tax Credit (“Housing Credit” or “LIHTC”) program.

ADFA is charged by the Federal Government and the State of Arkansas with the responsibility of administering the federal housing credits and the state housing credits for the State of Arkansas (the “State”). The Tax Reform Act of 1986 created the Housing Credit to encourage the private sector to invest in the construction and rehabilitation of rental housing for low and moderate-income individuals and families (IRC Section 42). The Revenue Reconciliation Act of 1989 amended IRC Section 42(m) that requires allocating agencies, such as ADFA, to allocate the housing credit according to IRC 42 and local needs and priorities. As such, the Housing Credit program is based on Federal regulations which supersede State regulations unless Federal Law provides ADFA the discretion to choose otherwise. As stated in the State of Arkansas’s Qualified Allocation Plan (QAP), the Multifamily Housing Application (MFHA) Guidelines below set forth details and regulations beyond those listed in the QAP.

The 2015 QAP and MFHA guidelines and 2015 Application and all attachments are accessible on ADFA’s website at:

http://www.arkansas.gov/adfa/New Folder/authority_publications.htm.

Currently the Multifamily Housing department, which administers the U.S. Federal Low Income Housing Tax Credit (LIHTC) program, processes between forty (40) and fifty (50) competitive LIHTC Applications between Spring and Summer of each year. The department is in need of additional support for underwriting, evaluating and scoring the LIHTC applications in 2015. ADFA is seeking a qualified consultant or firm who has the skill, means and knowledge needed for underwriting efficiently and quickly the applications alongside the existing staff.

The Department’s primary need is to augment existing staffs’ effort to underwrite the 2015 LIHTC applications and ensure ADFA can meet the stated response deadlines outlined in the 2015 Multi-Family Housing Application Guidelines.

B. SUBMISSION OF PROPOSALS. Written proposals responding to the questions and requests for information in the manner specified in this Request For Proposal (“RFP”) should be submitted to the following:

rfp@adfa.arkansas.gov

To be considered, one (1) copy of the proposal should be delivered to ADFA **not later than Monday, February 2, 2015, by 12:00 p.m.**, via email only. Late proposals will not be accepted. ADFA reserves the right to reject any or all proposals.

C. ADDITIONAL INFORMATION. It is the responsibility of the proposer to inquire about and clarify any aspect of the RFP. Questions should be directed to Patrick Patton (patrick.patton@adfa.arkansas.gov), Vice President for Internal Audit at 501-682-5902. *Any questions will be directed to the Multifamily Housing Department for response.* Substantive questions and answers will be documented in letter form and will be sent by electronic mail to all the proposers who provide us with an e-mail address. **IN ORDER TO BE ON THE DISTRIBUTION LIST FOR INTERNET TRANSMISSION OF ALL RESPONSES TO INQUIRIES, YOU MUST IMMEDIATELY ADVISE PATRICK PATTON, AT THE EMAIL ADDRESS STATED ABOVE, OF THE INTERNET E-MAIL ADDRESS TO WHICH YOU WANT ALL SUCH TRANSMISSIONS SENT.**

D. PROPERTY OF ADFA. Any information or materials submitted as a response to this RFP shall become the property of ADFA and will not be returned. All submitted materials will be available for public review.

E. RESPONSE TO REQUEST FOR PROPOSAL. Multifamily LIHTC underwriter / program analyst firms and consultants wishing to respond to this RFP may contact Patrick Patton, Chair of the Staff Professional Selection Committee. **NO CONTACT WITH ADFA BOARD MEMBERS IS ALLOWED AND ANY SUCH CONTACT WILL BE GROUNDS FOR IMMEDIATE REJECTION OF A FIRM'S PROPOSAL.**

F. SELECTION TIMETABLE.

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|-------------------|--|
| January 20, 2015 | Request for Proposal Issued |
| February 2, 2015 | Proposals Due @ 12:00 p.m., via email |
| TBD | Oral Interviews, if needed |
| February 19, 2015 | Board Action (Appoint/ratify appointment of consultant or firm(s), authorizes the President of ADFA to negotiate fees) |

G. SELECTION PROCESS. The ADFA Staff Professional Selection Committee will review the submitted proposals. Proposals will be evaluated based on (1) responses to specifics outlined in the Proposal Format section of this RFP and (2) the selection criteria. Proposals which omit any of these items may be rejected as non-responsive. The Board Professional Selection Committee will make its decision on a recommendation for selection which will be reported to the Board of Directors of the Authority at its regular meeting, or if needed, via a special telephonic Board meeting. The final selection will be made by a vote of Board members.

ADFA may at any time prior to the selection of a firm reject any and all proposals and cancel this RFP, without liability therefore, upon finding that there is good cause for rejecting all proposals

and that it would be in its interest to cancel the solicitation. Further, regardless of the number and quality of proposals submitted, ADFA shall under no circumstances be responsible for any proposer costs and expenses incurred in submitting a response to this RFP. Each proposer who submits a response does so solely at the proposer's cost, risk and expense. ADFA accepts no responsibility for the return of successful or unsuccessful proposals. This RFP in no way obligates ADFA to select a firm.

Any firm selected will be required to complete a disclosure form in compliance with Governor's Executive Order 98-04.

If, upon final selection of a firm, ADFA and the selected firm are not successful in negotiating a fee for services, ADFA reserves the right to proceed to the next qualified firm to negotiate a fee for services.

H. SELECTION CRITERIA. The proposals will be reviewed by the Staff Professional Selection Committee composed of selected members of ADFA staff. The committee generally will use the following criteria to rank all acceptable proposals and to develop recommendations to be presented to ADFA Board Professional Selection Committee; however, ADFA reserves the right to evaluate the ranking of proposals based on factors beyond the listed criteria.

CRITERIA

1. Qualifications of firm or consultant:
 - a. Prior experience with the LIHTC program and/or underwriting and reviewing applications. Experience with State multifamily housing agencies preferred but not required.
 - b. Statement of Qualifications for staff directly involved or to be assigned to this program including the team members' demonstrated ability, years and type of experience.
 - c. Response to Arkansas presence issue including relevance to scope of work
2. Merits of Response to Scope of Services and Requirements
3. Merits of Fee Proposal

SECTION II: SCOPE OF SERVICES AND REQUIREMENTS

ADFA is seeking a qualified firm or consultant to serve as LIHTC application underwriters and evaluators. Qualified firm(s) or consultant(s) will have extensive experience providing the required services specifically for projects funded through the Low Income Housing Tax Credit ("LIHTC") Program, either on the application preparation or reviewing and analyzing applications.

ADFA will determine a detailed work plan with the selected consultant or firm prior to initiating services that will help to maximize efficiency for the consultant and ADFA. The following describes in general the scope of services and tasks that the consultant would be responsible for:

1. Initial Review of Application (March/April)

ADFA estimates a single underwriter will need approximately four (4) hours per application to do a review of the application binder in preparation for the initial response period the last week of March (see 2015 MFHA Guidelines; page 5). It is anticipated that in this phase of LIHTC application review, the consultant team will be able to initially underwrite twenty (20) to twenty-five (25) applications depending on total number received (roughly half).

2. Financial Feasibility and Further Underwriting of Application (April/May/June)

ADFA estimates a single underwriter will need approximately six (6) hours per application to successfully evaluate for financial feasibility as defined in the 2015 MHFA Guidelines Threshold Requirements (page 13). This stage of underwriting includes verifying market analysis and location amenities and other point criteria. It is expected that if the consultant reaches the conclusion that application fails financial feasibility or any other threshold criteria, ADFA staff will be notified and consultant will be directed on how to proceed with underwriting. If communication with applicant is necessary for clarifications, ADFA staff will initiate such communication. It is anticipated that in this phase of LIHTC application review, the consultant team will be able to underwrite twenty (20) to twenty-five (25) applications depending on total number received (roughly half).

3. Initial Scoring of the Application and Recommendations (July)

ADFA estimates a single underwriter will need approximately three (3) hours per application to finalize underwriting and tally the initial score and verify applicant responses (if any). At this point any application deficiency will be listed with the initial score. Once reviewed by ADFA staff, the deficiency and initial score will be sent to applicants during the Final Response Period. ADFA will coordinate with consultant any additional response or point revision prior to final points. It is anticipated that in this phase of LIHTC application review, the consultant team will be able to initially score twenty (20) to twenty-five (25) applications depending on total number received (roughly half).

ADFA anticipates the firm(s) or consultant(s) will be available at the beginning of March to late July, 2015 when final recommendations for LIHTC awards are made. *If the underwriting is shortened from the proposed process (2015 MFHA Guidelines; page 6), final recommendations could be made prior to posted date.* It is expected the Consultant or Firm will have some billable time prior to being on site in order to prepare and have thorough understanding of the QAP/MHFA guidelines and application.

ADFA would prefer a service delivery scenario with consultant (s) who will work in ADFA's office located at 900 W. Capitol Ave, Suite 310, Little Rock, Arkansas during normal hours (M-F 8:00 to 4:30 PM). However, ADFA will consider alternative or off-site staffing for the project in a consultant or firm's response, or a combo thereof. If your firm is capable of

doing both on-site and off-site scenarios, please price both in your response. Please be as specific as possible on how your firm would staff the work including a total estimated number of hours for the scope of services.

Please also describe how your firm has previously coordinated with State Housing Finance Agencies (HFA) in helping to allocate LIHTC allocations in the past. If no experience working directly with an HFA, describe your experience underwriting or evaluating LIHTC applications.

SECTION III: STATEMENT OF QUALIFICATIONS

A statement of qualifications should be maintained on file at ADFA for all firms submitting proposals in response to this RFP.

SECTION IV: PROPOSAL FORMAT

A. TRANSMITTAL LETTER. A one page transmittal letter prepared on the proposer's business stationery should accompany the proposal.

B. PROPOSAL. The proposal should be labeled "Proposal to serve as Multifamily LIHTC Underwriter and Analyst." The submission must contain sufficient information to enable the Review Committee to evaluate the proposal. It should be prepared in a clear and concise manner and should address each of the following subsections:

1. **Team and Personnel.** Describe the manner in which you would organize your firm's resources to serve with ADFA's Multifamily Department in evaluating LIHTC Applications. In doing so, please address the following questions or issues:
 - a. Location and size
 - b. Number of years in operation
 - c. Organizational Structure
 - d. Number of years' experience providing financial analysis / underwriting services
2. **Firm References.** Attach references with particular attention to state housing finance agencies, if available. If not, other professional references will suffice.
3. **Staff Qualifications and Response to Scope of Services.** Identify the individuals who would be assigned to work with ADFA directly in the scope of services. Describe the staffing and service that ADFA would receive and the duties that each person would perform and their housing finance agency experience, if applicable. Refer to Section II above in order to be as specific as possible. If possible describe the response in each of the following scenarios, or all of those that apply for your firm:

- a. On-Site Consultant Services
- b. Off-Site Consultant Services
- c. Combination of a.) and b.) thereof

Also, describe in context of the proposed general work plan and timeframe the following:

- a. Who would be the principal contact for the LIHTC application underwriting services for ADFA?
 - b. Please provide resumes for the key individuals that would be working with ADFA staff.
4. **Arkansas Presence.** Please explain if your firm has a presence within Arkansas and describe how that presence is relevant or not to this proposed transaction.
 5. **Rationale for Appointment and Proposal Summary.** This section of the proposal should be used by each proposer to present the case for its appointment to the position sought. It is not necessary for you to recite comprehensively your firm's qualifications and experience, but it would be useful for you to describe how your qualifications and experience in underwriting or multifamily financial analysis is relevant to the proposed transaction. In particular, you may want to select prior work in the LIHTC program and summarize any similarity to ADFA's request for proposal.
 6. **Consultant Fee Proposal.** The fee proposals are an important component of the evaluation process. State the basic assumptions on which your figures are predicated and any factors that would affect the proposal. Some notes on preparing the fee proposal:
 - a. Base fee proposal on best estimate for providing services outlined in Section II of this RFP.
 - b. Fee proposal should be listed as lump sum fee. Also include all hourly rates for key staff assigned. Break out per diems and any other incidental fee costs that would be anticipated, such as travel, lodging, etc. Please list all such cost in an itemized budget with pertinent and explanatory assumptions if needed.
 - c. If multiple and distinct service delivery scenarios are given that will differ in proposed fee (e.g. on-site consultant vs. remote consultant services), please price separately in your fee proposal with pertinent assumptions listed for each scenario.
 7. **Equal Opportunity Statement.** Please submit your Equal Opportunity Policy to ADFA in accordance with Arkansas Act 2157 of 2005. This act requires any firm

wishing to respond to an RFP or submit a proposal or statement of qualifications to provide ADFA with your Equal Opportunity Policy.

8. **Acceptance**. Submission of proposals, in response to this Request for Proposal, constitutes acceptance of all conditions, requirements and limitations described in this document.