



# County of Fairfax, Virginia

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax

Date: June 26, 2019

## ADDENDUM NO. 1

SUBJECT: Request for Proposal (RFP) for Multifamily Affordable Housing Development Projects

APPLICATION CLOSING DATE: July 26, 2019

OVERVIEW: The following are responses to questions received during the June 18, 2019 pre-proposal conference:

1. Q: What is the timeline for a decision to award funding?  
A: We intend to make a decision that is conducive with Virginia Housing Development Authority (VHDA) 9% Low Income Housing Tax Credit (LIHTC) process. The Selection Advisory Committee (SAC) plans to recommend funding award(s) in the fall of this year which would allow the recommendations to be reviewed and approved by the Fairfax County Redevelopment & Housing Authority (FCRHA) and the Fairfax County Board of Supervisors (BOS) in January and February, 2020.
- 2a. Q: It does not make sense for applicants to use FCRHA bond funding for these projects as VHDA bonds with VHDA REACH funds are so much cheaper. What incentive is there to use FCRHA bonds?  
A: The recent changes to our NOFA allow us to consider some different financing structures that would make using FCRHA bonds cost effective and more flexible.
- 2b. Q: How would that work? Can you post it on the website?  
A: Not at this time. It is not public information. It's something we may consider doing on a case-by-case basis.
3. Q: I understand the request for the deferral of 50% of the Developer Fee. However, it haunts the developer during the initial compliance period as there is not enough cash flow to pay off the fee in the first 7-10 years. I understand the goal but it is hard to commit to for a rational developer. Please address this issue.  
A: To date, it has not been an issue for developers to defer even more than 50% of the fee. Please analyze the cash flow as the fee has to be paid. The deferred fee is typically paid off in year 10 or 11 if it is a rehab project. In a new construction project, the deferred fee may be paid by year 13, depending upon the preference of the lender(s) and the equity investor.
4. Q: Referencing the "new" construction preference; Would you consider units to be "new" if we are converting existing market rate units to affordable units?  
A: We may consider this type of conversion to be "new" units, but not in this round.

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Department of Housing and Community Development

3700 Pender Drive, Suite 300

Fairfax, Virginia 22030-6039

Tel. 703-246-5100 • Fax 703-246-5115 • TTY 703-385-3578

[www.fairfaxcounty.gov/rha](http://www.fairfaxcounty.gov/rha)

- 5a. Q: Previously, blueprint funding would come in last. Has this changed?  
A: Yes, last year's RFP allowed for funding to come in at 50% of construction being completed which was new. We are continuing that this year. Please reference Section 9.d. of the RFP.
- 5b. Q: Equity in deals at closing is typically 25%. The need for is for more money at closing. Funds coming in at 50% of construction completion poses a problem. Are you working on bringing in more funding at closing?  
A: Earlier, the Blueprint funds were getting disbursed after rehab or construction completion. We have already taken steps to disburse the Blueprint funds now at 50% construction completion provided certain conditions are met. We'll continue to seek flexibility in our disbursement process in future NOFAs.
- 5c. Q: Inter-credit agreements take longer with this funding structure. Please address.  
A: Depending on the parties involved, it may take a few months to negotiate an inter-creditor agreement.
6. Q: Is an appraisal required with the application? Is an independent appraisal needed to obtain blueprint funding?  
A: An appraisal is not required with the application, but applicants often do provide one. However, we will require an independent appraisal at your expense. We will let you know upfront from whom and for how much we will be obtaining the independent appraisal. The appraisal will also need to be reviewed and approved by Fairfax County Department of Tax Administration.
7. Q: If you buy land on an unsubordinated ground lease, does the blueprint funding come in at closing?  
A: Yes, the FCRHA, at its own discretion, may consider preservation or rehab projects where it is offered the option to purchase the land under an unsubordinated ground-lease scenario.
8. Q: RFP Section 10.c. makes reference to guidelines in Section 6.f. However, there is no RFP Section 6.f.  
A: The reference in 10.c. is incorrect. It should reference RFP Section 7.f.

All other terms and conditions remain unchanged.



Kevin Sheehan, CPPB  
Contract & Procurement Coordinator

**THIS ADDENDUM IS CONSIDERED A PART OF THE SUBJECT REQUEST FOR PROPOSAL**