

March 4, 2024

VIA ELECTRONIC SUBMITTAL

Re: VALOR PLACE Request for Proposals (RFP) for Construction and Permanent Lender

Dear Colleagues,

Linn-Benton Housing authority (LBHA) seeks proposals to finance the new affordable rental housing development, commonly called Valor Place (and previously known as Queen Ave.), from financial partners wishing to serve in one or both of the following rolls:

- (1) A construction lender for construction loan of approximately \$1,900,000.
- (2) A permanent lender for a permanent loan of approximately \$1,270,162.

In order to respond, please furnish a term sheet by Friday, 04/05/2024 at 2:00PM Pacific Standard Time (PST). Prior to the due date, we will contact you to schedule an informational meeting to provide an overview and discuss any questions.

Submit your response electronically via email to: [ben@hdc-nw.org](mailto:ben@hdc-nw.org) with the subject of the email: Valor Place RFP#03-2024. Please contact Ben Loftis at least 24 hours prior to the proposal due date and time if the submittal will be larger than 20 MB. LBHA values the input of the respondents in shaping the deal structure and values respondent's willingness to customize their proposals to LBHA, particularly with regards to reporting requirements and insurance. The goal of this proposal is to select financial partners for construction lender and permanent lender.

As part of your proposal, please identify a preferred financial partner based on past performance on projects similar to this development. LBHA will take these recommendations into consideration as it makes its selections. Whether or not a preferred financial partner is identified will not impact the review and selection process.

If you did not receive an email regarding this solicitation and are interested in receiving potential addendums please email [ben@hdc-nw.org](mailto:ben@hdc-nw.org)

LHBA will review the submissions and furnish a mark up to finalists by 04/09/2024. Finalists will be asked to be available for a call/interview on 04/11/2024, times TBD. Respondents will be notified shortly thereafter of LBHA's decision.

Thank you for your interest and I look forward to your submission.

Ben Loftis  
Senior Finance Project Manager  
Housing Development Center  
503-758-2422 (Cell)  
[ben@hdc-nw.org](mailto:ben@hdc-nw.org)

**Enclosures:**

Development Team  
Architectural Drawings  
Site Map  
Financial Model  
LBHA Audited Financials  
LBHA Real Estate Operations Schedule  
Partner MOUs

## The Valor Place (previously referred as Queen Ave.) Development:

### Project Description:

The Valor Place is a new 30-unit housing community in Albany. Sponsored by [Linn Benton Housing Authority](#) (LBHA), the new-construction project will contain 21 one-bedroom units for disabled veterans who are/have been homeless; 8 studio units dedicated to clients of Linn County Mental Health (LCMH) who experience severe and persistent mental illness (SPMI); and a 1-bedroom manager's unit. Veterans Affairs (VA) in partnership with other local agencies will provide support services such as employment, health care, education, and clinical case management to veteran residents. Rent supports for veterans will be provided through project-based Veterans Affairs Supportive Housing (VASH) vouchers. LCMH has committed a \$2,500,000 grant to the project. The project will be located on land owned by LBHA and adjacent to its existing Clayton Meadows Apartments. The site is clean and ready to build.

LBHA has assembled an experienced development team:

- General Contractor: [Meili Construction](#)
- Architect: [BDA Architecture & Planning](#)
- Development Consultant: [Housing Development Center \(HDC\)](#)

Additional detail regarding the development team is provided with this RFP.

In 2023, Oregon Housing and Community Services (OHCS) awarded Valor Place General Housing Account Program (GHAP) sources. Additional detail regarding sources is provided below. Construction loan closing is scheduled for August 22<sup>nd</sup>, 2024.

### Project Risk Mitigants:

The site is owned by LHBA. The development team is experienced in affordable housing development. Cost estimates from Meili have informed the financial model and include cost inflation factors for materials and labor, as well as cost estimating and construction contingencies.

The debt term assumptions for construction and permanent loans attempt to combine current market indexes and competitive spreads plus rate cushions.

### Site and Building Profile:

Site Address	2080 Queen Ave. SE, Albany, OR 97322
Tax Lot #	6000
Census Tract	41043020602
Lot Size (Acres)	0.62
Current Ownership	LBHA
Existing Use	Vacant land
Existing Affordability Restrictions	None
Proposed New Development	One 3-story elevator building, wood frame, approximately 21,600 total square feet, 30-unit, 100% residential, new construction.
Unit Types	8 studios 21 one-bedrooms

	1 manager's unit (one-bedroom)
Parking Spaces	15
Community and Services Spaces	The ground floor will have a community room, lobby, & property management offices.

**Target Population:**

Target Population	Veterans and Linn County Mental Health clients
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**Project Team Members:**

Owner Name (single asset entity)	Linn-Benton Housing Authority Valor Place, LLC
Sole Member of the LLC	LBHA
Development Consultant	Housing Development Center (HDC)
Contractor	Meili Construction
Architect	BDA Architecture & Planning
Property Manager	LBHA
Resident Services Provider	Veterans Affairs (VA)
Legal Counsel	TBD, in process

**Sources and Uses:**

Permanent Sources*	Amount	Notes
First Permanent Loan	\$1,270,162	7.25% rate, 30 yr. amort. **
OHCS GHAP-Small Projects	\$1,160,000	Committed
OHCS GHAP-Veterans	\$5,040,000	Committed
Linn County Mental Health	\$2,500,000	Committed
Deferred Developer Fee	\$817,450	Committed
<b>Total</b>	<b>\$10,787,612</b>	

\*LBHA anticipates a \$1,900,000 construction loan. In estimating the size of the construction loan, we have prioritized drawing Linn County Mental Health funds, and OHCS sources prior to construction loan draws. The construction loan provides the capital needed to reach a conversion to perm loan (expected to be April 2026).

\*\*The proforma is sizing debt based on a 1.20 DCSR for multiple reasons including long-term operations.

Uses	Amount	Notes
Acquisition	\$25,000	LBHA owns the site. Title/Escrow Fees
Construction	\$7,526,242	\$250,875/unit
Soft Costs (minus DF)	\$2,236,370	Detailed in the proforma (attached)
Developer Fee (DF)	\$1,000,000	Within OHCS limits
<b>Total</b>	<b>\$10,787,612</b>	

**Unit Profile:**

Description	Number of Units	Rent Restriction	Targeted Rent Level	Utility Allowance	Projected Net Rent	PBV Unit* (Yes/No)
Studio	8	50% AMI	50% AMI	\$51	\$645	No
1 bedroom	21	50% AMI	50% AMI	\$58	\$1,042	Yes

1 bedroom	1	Mgr's Unit	n/a	\$58	\$0	No
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Rents are based on those provided by the Federal Department of Housing and Urban Development (HUD) for 2023. Other than the manager unit, all units will be rent restricted at 50% AMI or less. Because the 21 veterans units will be supported by project-based VASH vouchers, rents collected by LBHA will be at 110% of Fair Market Rent (FMR) as allowed by HUD. For the LCMH units, residents will pay what they can with LCMH making up the difference up to the 50% AMI rents.

\*Project-Based Veterans Affairs Supportive Housing (VASH) Voucher will have a contract gross rent of \$1,100 per unit per month.

#### Affordability Restrictions:

Funding Stream	Income Restriction	Rent Restriction	# of Units
OHCS, VASH & LCMH	50% AMI	50% AMI	29

LBHA has committed to OHCS, the VA and LCMH to serve households at or below 50% of AMI.

#### Operating Expenses:

Budget Items	PUPY	Annual
Operating Budget (excludes R4R)	\$5,628	\$168,844
Replacement Reserves (R4R)	\$450	\$13,500
Total Operating Expenses	\$6,078	\$182,344

#### Project Schedule/Milestones:

Activity	Done	Date
OHCS Approves Funding	✓	11/03/2023
Issue RFP Solicitation for Debt & Equity Partners	✓	03/04/2024
RFP Proposals Due		04/05/2024
Financial Partner Finalist Interviews		04/11/2024
Select Financial Partners		04/12/2024
Sign Termsheets		04/19/2024
Lender Orders FIRREA Appraisal		04/23/2024
Appraisal Arrives		06/03/2024
OHCS Final Approval to Close		08/13/2024
Receive Permits		08/20/2024
Complete Due Diligence (Lender Approvals)		08/20/2024
Financial Closing (sign 08/20, record 08/22)		08/22/2024
Start Construction (Notice to Proceed)		08/27/2024
Substantial Completion of Housing		10/08/2025
100% Initial Occupancy of Residential Rental Units		12/15/2025
Stabilization achieved		03/31/2025
Convert to Permanent Loan		04/27/2026

#### Sponsor's Rights

The following shall apply to any proposals submitted in response to this Request for Proposals:

- Issuance of this Request for Proposals and receipt of proposals by the Sponsor does not commit Sponsors to enter into an agreement or award a contract. Sponsors and Contracting Party reserves the right to accept or reject any or all proposals received, and to waive any or all informalities in the process as they deem in the best interest of the Project, Sponsors and the Contracting Party.
- Neither the resultant agreement nor any of the requirements, rights, or privileges demanded by it may be assigned or transferred without the express written consent of the Sponsors.
- The Sponsors reserves the right to obtain clarification of any point in a proposal or request additional information necessary to properly evaluate a proposal. Failure of a respondent to provide requested additional information or clarification may result in the rejection of the proposal.
- Any non-public information provided to investors or lenders remains the property of the Sponsors and may not be disclosed to any party without the prior approval of Sponsors.

- END OF SOLICITATION LETTER -  
- SOLICITATION MATERIALS ARE ATTACHED -