



RFP 836

**Proposal for Co-Developer of
Affordable Housing of the Ann Arbor
Housing Commission
respectfully presented to the City of
Ann Arbor/Ann Arbor Housing
Commission**



**Norstar Development USA, L.P.
733 Broadway, Albany, New York 12207
(518)431-1051**

November 7, 2012

*Ricci Higgins
Lori Harris*

COPY



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**City of Ann Arbor/Ann Arbor Housing Commission
RFP 836 – Proposal for Affordable Housing Co-Developer**

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NORSTAR

DEVELOPMENT USA, L.P.

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November 7, 2012

Ms. Jennifer Hall
Executive Director
Ann Arbor Housing Commission
301 East Huron Street
Ann Arbor, Michigan 48107

**RE: REQUEST FOR PROPOSALS FOR AFFORDABLE HOUSING DEVELOPMENT CO-DEVELOPER
RFP # 836**

Dear Ms. Hall:

Norstar Development USA, L.P. is pleased to submit a proposal to the Ann Arbor Housing Commission ("AAHC"). Norstar clearly understands the scope of Co-Developer services currently being sought under the current RFP. Virtually all of Norstar's public housing authority clients are in a similar situation of working to develop entrepreneurial strategies to respond to the need to raise capital funds to update and repair their public housing portfolios. Long before the discussions surrounding the RAD Demonstration project began, Norstar has effectively assisted a number of housing authorities use mixed finance transactions to achieve their goals.

As this submittal demonstrates, the Norstar team has the capability, capacity, creativity, and direct experience to successfully plan, design, finance, develop, and assist with the management of this project. Norstar has an extensive and proven track record serving as lead developer in the renovation and redevelopment of affordable housing on behalf of, and in partnership with, not for profit and public housing authorities in New York, Michigan and Florida.

Norstar's first redevelopment of a former public housing site, The Ellicott Town Center in Buffalo, New York received finalist recognition for "Best Multifamily Rehabilitation" by the National Association of Home Builders, as well as a "Secretary's Award for Excellence" from the HUD Secretary. Since then, Norstar has completed, as lead developer, has been awarded more

than 33 Low Income Housing Tax Credit (LIHTC) allocations which resulted in more than 3,000 affordable housing units.

Norstar's first completed Florida project, Gulf Breeze Apartments in Punta Gorda, was the national winner of the prestigious Charles L. Edson award for public housing revitalization by the Affordable Housing Tax Credit Coalition and was the featured project in Novogradac's *Journal of Tax Credit Housing*. Norstar also completed the Albany Housing Authority's Arbor Hill redevelopment, which won the 2007 Upstate Project of the year from the New York State Association for Affordable Housing. This project is in the historic Arbor Hill neighborhood of Albany, New York.

Norstar will lead a hand-picked and assembled team of highly qualified professionals with extensive experience - both at the national and local level - in all aspects of affordable housing planning, design, construction, finance, leasing, and management in order to ensure that all elements of the development are feasible, well-designed, and consistent with the goals of the Ann Arbor Housing Commission, local government, residents, neighboring property owners, and other stakeholders.

Because of Norstar's familiarity with the process required to secure all types of financing, the company has a strong record of attaining financing for its projects. Norstar's success includes tax-exempt bond financing through local Housing Finance Agencies and financing from state credit agencies, as well as securing equity investors despite the state of the market. Norstar will seek out all possible funding sources to maximize the resources to produce the highest possible leveraging for 275 public housing units for the Ann Arbor Housing Commission.

The development team has completed several projects of the magnitude described in the RFP. The team certifies to the following:

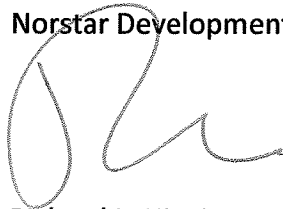
- The development team clearly understands the scope of services required and the extent of work to be completed.
- The development team can start work immediately, will perform work expeditiously, and has the financial capacity and available staff to get the job done on time and within budget.
- The development team understands the time constraints of grant awards and has a proven track record of working within these constraints.

- The development team is committed to structuring a project that not only results in an outstanding physical improvement, but also provides significant financial benefit to AAHC.
- The development team is committed to achieving the goals of AAHC in contracting with qualified disadvantaged and minority-owned business enterprises, women-owned business enterprises, labor surplus area businesses and individuals and firms located in, or owned in substantial part by, persons residing in the area of the mixed-finance development.
- The development team understands the need to involve residents, neighborhood groups and local agencies, City officials, and other stakeholders in the design process to determine their needs and goals and produce a development that the entire community will feel invested in and proud of.

We are confident that, working closely with all parties, we can successfully implement the AAHC plan for revitalization in an expeditious manner, and ensure that the renovated units will serve the residents of the AAHC for years to come. We look forward to working with you on this project.

Sincerely,

Norstar Development USA, L.P.

A handwritten signature in black ink, appearing to read 'Richard L. Higgins', is written over the typed name.

Richard L. Higgins
President



2a. Norstar's Qualifications

i) Previous Housing Development Experience

Attached please find five (5) highlighted residential rental development projects completed by Norstar Development USA, L.P.

In addition to the Attachment I forms, please find the "Norstar Development USA, L.P. Experience 2002 – 2012" that summarizes projects underway or completed to date by Norstar.

As the chart summarizes, Norstar has developed more than 30 mixed finance projects over the last 10 years resulting in more than 2,900 rental units.



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ATTACHMENT 1: EXPERIENCE WORKSHEET

Project Location (City/State) Detroit, Michigan	Project Name Gardenview Estates	Owner Norstar-affiliates	Project Size 494 (8 phases)
Development Type (high rise, townhomes) Townhomes and mid-rise	Income Levels Served Public Housing, LIHTC, Market	Ownership Type Limited Dividend Housing Association	Project Cost \$109.5 million

Subcomponents of Project	Involved? (Yes, No, N/A)	Role Developer/Owner
Establish Development Team (architect, legal etc.)	Yes	Norstar assembled, retained and managed team
Legal Structure	Yes	Norstar developed the ownership structure of LDHAS
Partnerships	Yes	A Norstar-affiliate is managing member of LDHAS
Market Study	Yes	Norstar provided info to MSHDA market study contractor
Site Analysis	Yes	Norstar managed civil engineer for project
Environmental Review	Yes	Site was Facility, and Norstar managed Due Care and Brownfield processes
Operating Pro Forma	Yes	Norstar developed the Operating Proformas for all phases
Secure Financing (include all sources below)	Yes	
1: HUD HOPE VI & RHF	Yes	Assistance with the preparation of F-1s, Rental Term Sheets, Evidentiaries
2: HOME	Yes	Secured HOME funds from MSHDA
3: LIHTC (9%) & (4%)	Yes	LIHTC application, secured investor
4: NSP	Yes	NSP application
5: Brownfield - SBT	Yes	Brownfield Plan, Application and Close-out
Site Plan Approval	Yes	Secured zoning and site plan approval from City
Guarantees	Yes	Construction Completion, Op Deficit, and Recapture
Scope of Construction Work	Yes	Worked with GC to refine scope of work to meet budget
Construction Oversight	Yes	Norstar had oversight of GC - O'Brien Construction
Section 3	Yes	Responsible for Section 3/EEO compliance
Davis-Bacon	Yes	Responsible for ensuring GC compliance with DB
Relocation	No	Relocation had been completed prior to Norstar
Marketing and Lease Up	Indirect	Oversight of 3rd party management company
Property Management	Yes	Oversight of 3rd party management company



Gardenview Estates

Phases I, IIA/B IIC, IIIA/B, IIIC/D

Detroit, MI

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<i>Number of Units</i>	494
<i>Type of Housing</i>	Family Rental
<i>Development Cost</i>	\$109.8 million
<i>Financing</i>	4% Low Income Housing Tax Credits 9% Low Income Housing Tax Credits HUD HOPE VI Funds HUD Neighborhood Stabilization Program Funds MSHDA Tax Exempt Loan Brownfield Tax Credits MSHDA HOME Funds
<i>Investor</i>	Bank of America Great Lakes Capital Fund
<i>Norstar Role</i>	Developer/Owner



<i>Completion Year</i>	Phase I: 2009 IIA/B: 2011 IIC: 2011 IIIA/B: 2012 IIIC/D: 2013
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ATTACHMENT 1: EXPERIENCE WORKSHEET

Project Location (City/State) Rochester, New York	Project Name Eastman Commons	Owner Common Ground (non-profit)	Project Size 80 units
Development Type (high rise, townhomes) mid-rise	Income Levels Served LIHTC & Shelter Plus	Ownership Type Housing Development Fund Company	Project Cost \$15 million

Subcomponents of Project	Involved? (Yes, No, N/A)	Role Turnkey Developer
Establish Development Team (architect, legal etc.)	Yes	Norstar assembled, retained and managed team
Legal Structure	Yes	Norstar developed the ownership structure of HDPC
Partnerships	No	Norstar is not a part of the ownership entity
Market Study	Yes	Norstar contracted with the market analyst
Site Analysis	Yes	Norstar managed civil engineer for project
Environmental Review	Yes	Site was a brownfield, and Norstar managed Brownfield process
Operating Pro Forma	Yes	Norstar developed the Operating Proforma for the project
Secure Financing (include all sources below)	Yes	Norstar developed the financing plan and secured all funding
1: Federal Home Loan Bank	Yes	Norstar secured AHP Loan from FHLB
2: HOME -City of Rochester	Yes	Secured HOME funds from City of Rochester
3: LIHTC (9%) & State Loan	Yes	LIHTC application, secured investor
4: State Supportive Housing	Yes	Norstar secured State Supportive Housing grant funds
5: Brownfield Tax Credits	Yes	Brownfield Plan, Application and Close-out
Site Plan Approval	Yes	Secured zoning and site plan approval from City
Guarantees	Yes	Construction Completion, Op Deficit, and Recapture
Scope of Construction Work	Yes	Norstar Building Corporation was General Contractor
Construction Oversight	Yes	Norstar Building Corporation was General Contractor
Section 3	Yes	Responsible for Section 3/EEO compliance
Davis-Bacon	Yes	Responsible for ensuring compliance with DB & M/WBE
Relocation	No	Not Applicable
Marketing and Lease Up	Indirect	Oversight of 3rd party management company
Property Management	Yes	Oversight of 3rd party management company

