**DEVELOPMENT SERVICES**

**SCOPE OF WORK SUMMARY**

**Bubble on Gum-Home Sweet Home**

This is Scope of Work for the Bubble on Gum-Home Sweet Home project. All development services proposed in this summary will be negotiated and established within a formal development services contract with the chosen development consultant. This is not an all-inclusive list of tasks. Specific additions to the scope may be added upon mutual agreement. The Development Consultant will provide ongoing advice on all aspects of the project as well as the specific tasks delineated below.

**A. Predevelopment Period**

Begins during the signing of the agreement and concludes when substantially all the permanent financing has been committed to the project.

**Program Development Activities:** KHA will complete many tasks related to program development activities. These activities include: identification of target populations; identification of physical characteristics of housing, including unit size and count, common areas needed and any special design features; preliminary timeline for the project; location; general description of the project. The site for the project is anticipated to be secured through the City of Kennewick in 2023.

***Potential Development Consultant Tasks:*** Review of KHA information

**Site Control:**  KHA has executed an Interlocal Agreement with the City of Kennewick to acquire a site for this project.

***Potential Development Consultant Tasks:***  review title report, binding site plan, and new lot; assist in physical inspections of site, if needed. Review of a previously developed Market Study and off-site engineering plan.

**Deal Structuring:** KHA has developed a preliminary plan to develop the project and a proposed project schedule; produced draft development schedules for the HTF Stage I application; have a project cost accounting system in place. Also tax credit application and possibly FHLB application.

***Potential Development Consultant Tasks:*** Review of KHA information, develop multiple funder applications and recommend changes to the application and operating and development pro formas. Generate operating pro forma worksheets for the project; assist in the development of a management/marketing plan; assist with design charrette, if needed, and scheduling of environmental review updates; provide a “second set of eyes” on the implementation of requirements imposed by project funders.

**Development Team Coordination:** KHA has begun to assemble a development team and will issue an RFQ for Architectural Services in late 2022 or early 2023. Preliminary designs have been produced.

***Potential Development Consultant Tasks***: Assist in the procurement of other professionals as needed to complete the project to KHA; assist in the selection and negotiation of contracts with other consultants; may assist with the selection of service providers; may coordinate the work of other project consultants.

**Interim Financing Applications:**  None.

***Potential Development Consultant Tasks:*** Develop cash flow forecast for Project, identify predevelopment activities that need to be completed and identify need for bridge and construction financing; prepare applications for bridge and construction financing; assist KHA in negotiating terms of interim financing; coordinate with funders’ due diligence process and closing with interim lenders; prepare draw requests to interim financing sources; track predevelopment sources and uses or set up format for KHA Finance Department to track sources and uses.

**Permanent Financing Applications:** KHA has not completed any activities with regard to this item except to reserve funding via the tax credit/bond program housing authority set-aside. KHA has also applied for funding through a Congressionally Directed Spending application to Senator Murray’s office and is recommended for a CDS allocation in 2023.

***Potential Development Consultant Tasks:***  Attend pre-application meetings, if appropriate; develop plan for completing permanent financing applications; write exhibits for applications; provide secondary review of application exhibits; assemble required attachments for permanent financing applications and coordinate submission of applications; complete all worksheets for tax credit application, respond to any requests for additional information from possible funding sources.

**B. Development Phase**

Begins at the end of the predevelopment period and concludes after the Project has been placed in service and all close-out reports are completed.

**Site Acquisition:** KHA is completing this task.

***Potential Development Consultant Tasks:*** No assistance required at this juncture. Possible review of acquisition documents in 2023.

**Construction Financing Management:** N/A, no activities at this juncture

***Potential Development Consultant Tasks:*** Assist KHA in negotiating terms with construction lenders; assist KHA in resolving conflicts between funders; coordinate with lenders on due diligence and closing of construction financing; review and approve invoices in conjunction with KHA and prepare monthly draw requests to funders and track budgeted to actual expenditures. On-site monitoring during active construction.

**Investor Selection for Potential Tax Credit Projects:** Prepare Request for Proposals for tax credit investors; assist in the evaluation of investor proposals, developing a comparison of all investor proposal and make recommendation to KHA; assist KHA in negotiating agreement with investor; coordinate with investor on due diligence; attend semi-weekly and/or scheduled investor meetings.

**Design/Permitting Coordination:** Continued assistance during this period.

***Potential Development Consultant Tasks:*** Coordinate Development Team activities throughout the design phase. Design will be substantially the same as the Nueva Vista I project. Review drawings and specifications for consistency with program priorities, funder requirements and budget restrictions; work with governmental agencies and the design team to address any permitting issues; work with applicable irrigation district to identify any irrigation lines; assist KHA in addressing any community concerns with regard to the project; may coordinate environmental review process; work with the project architect and the City of Kennewick on approval of the Site Plan for the project.

**Construction Oversight Activities:** N/A, KHA not to this point yet.

***Potential Development Consultant Tasks:***  Coordinate Development Team activities throughout construction; develop and implement general contractor process; assist with development and negotiation of construction contract; attend value engineering sessions if required to bring project within budget; attend construction site meetings; review payment applications and change orders; track construction contingency; work with architect, general contractor other Development Team members with regard to overall progress of the project; track construction contingency; participate in punch list and final inspections; assist KHA in obtaining copies of the certificate of occupancy, as-built drawings, lien releases, and other contractor documentation required at end of construction; recommend release of retainage.

**Project Close-Out:** N/A, KHA not to this point yet.

***Potential Development Consultant Tasks:***  Coordinate Development Team activities throughout project closeout; review ongoing compliance issues and reporting requirements with KHA; oversee conversion of construction financing to permanent; oversee transition to management of units; explore with investor and KHA feasibility of KHA managing the property; complete close-out reports for funders; prepare final sources and uses statement; coordinate cost certification process, working jointly with KHA and the CPA firm preparing the cost cert and tax return; provide one-year facility, operations and compliance review to assist KHA in resolving project issues; may coordinate the completion of the project’s Capital Needs Assessment.

**C.** **Compensation**

**Pre-Development Period:** To be determined. **Financial Note:**  KHA is a relatively small housing authority who receives a large majority of our funding from HUD. KHA generates a very small amount of unrestricted income each year. If the project moves forward, it is our anticipation that pre-development fees would roll in as a part of the development fees and not in addition to the development fees.

**Development Period:** Fee during the development period should we receive full funding and move forward with the project, to be based on a percentage of TDC at the conclusion of the Pre-Development Period. KHA requests that an estimate of the fee and a not to exceed number within the Development Services contract. KHA and the successful Development Consultant will set forth a mutually agreeable payment schedule for all fees.

**D.** **Project Termination**

**Financing Not Secured:** KHA to pay negotiated fee for predevelopment period services.

Other Agreement termination clauses to be mutually negotiated and detailed in the Development Services Consultant contract.

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