



COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority
SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

REQUEST FOR PROPOSALS FOR LEASEHOLD IMPROVEMENT AND DEVELOPMENT OF PARK AND PUBLIC PARKING AT LOTS 195, 196 & 197, SANTURCE, PUERTO RICO



ISSUED BY THE PUERTO RICO HOUSING FINANCE AUTHORITY
MARCH 15, 2014

SITE VISIT: MONDAY, MARCH 24, 2014 AT 1:30 P.M.

PROJECT INQUIRIES MUST BE RECEIVED BY: MONDAY, MARCH 31, 2014 AT 4:00 P.M.

PROPOSALS DEADLINE FOR RESPONDENTS: WEDNESDAY, APRIL 16, 2014 AT 4:00 P.M.

ONE (1) ORIGINAL, FIVE (5) COPIES, AND ONE (1) CD-ROM OF EACH PROPOSAL SHALL BE
SUBMITTED TO:

PUERTO RICO HOUSING FINANCE AUTHORITY
PROPERTY DISPOSITION COMMITTEE
606 BARBOSA AVE.
EDIF. JUAN C. CORDERO, 2ND FLOOR
RIO PIEDRAS, PR 00919-0345

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Request for Proposals
For Leasehold Improvement and Development of Park and Public Parking
Lots 195, 196 & 197, Santurce, Puerto Rico

1. INVITATION

1.1 The Puerto Rico Housing Finance Authority (“PRHFA”) is issuing this Request for Proposals (“RFP”) to obtain proposals (“Proposals”) from highly qualified developers (“Proponents”) that have the expertise and ability to improve lots 195, 196, and 197 (“Site”), adjacent to the Museo de Arte de Puerto Rico (“MAPR”), bordering De Diego and Antonsanti Streets, in Santurce, Puerto Rico, by designing, building, operating, maintaining and financing a community park and a 200-space parking facility, within its approximately 4.23 acres of land. PRHFA expects the redevelopment of these lots to be completed in an expedited manner.

2. PRHFA’S BACKGROUND

2.1 The Puerto Rico Housing Finance Corporation and the Puerto Rico Housing Bank and Finance Agency merged pursuant to Act 103 of August 11, 2001, as amended. The name of the entity was changed to Puerto Rico Housing Finance Authority (PRHFA) and its corporate structure remained as that of a subsidiary of the Government Development Bank for Puerto Rico.

2.2 PRHFA’s principal mission is to promote the development of low-income housing and provide financing, subsidies and incentives so that low to moderate income individuals may acquire or lease a safe and sanitary home. The programs available through the PRHFA for those purposes are:

- Mortgage loans to developers for the construction, improvement, operation and maintenance of rental and for-sale housing for low to moderate income families;
- Mortgage loans to citizens of low and moderate income;
- Mortgage Loan Insurance Program (Act No. 87);
- Disposition of repossessed properties;
- Housing subsidy programs aimed at boosting home purchases;
- Section 8 program of the U.S. Housing Act (PHA).

2.3 In addition, the PRHFA is:

- A Performance Based Contract Administrator (PBCA) for HUD’s project-based subsidy contracts for 171 Section 8 projects in Puerto Rico;
- An administrator of the HOME Investment Partnerships Program since 2010;
- Puerto Rico's State Credit Agency for the Low-Income Housing Tax Credit program under Section 42 of the U.S. Internal Revenue Code, as amended;
- Responsible for the Puerto Rico Community Development Fund, a Community Development Entity participating in the New Markets Tax Credits Program of the U.S. Treasury Department. This tax credit program helps provide financing for for-sale housing projects in the Commonwealth of Puerto Rico.

2.4 PRHFA has streamlined and brought new efficiencies to the process of administering the development of housing at all levels. This GDB subsidiary's new organization and thrust

has allowed it to effectively direct the housing programs championed by the government in recent years.

3. SITE DESCRIPTION

3.1 PRHFA is the owner in fee simple of the Site, which consists of various land parcels recorded at the Property Registry of Puerto Rico, First Section of San Juan.

3.2 Lot 195 Description.

3.2.1 Site Area. Approximately 3,624.70 square meters

3.2.2 Shape. Irregular

3.2.3 Topography. Level

3.2.4 Road Access. De Diego Avenue and Antonsanti Street

3.2.5 Zoning District. ZU-G2 and ZU-R1, Residential / Commercial Zone

3.2.6 Utility Connections. Electric power line, potable water, sewer system and telephone

3.2.7 Boundary Limits.

3.2.7.1 North. Museo de Arte de Puerto Rico

3.2.7.2 South. Anton Santi Street

3.2.7.3 East. Candelaria Street

3.2.7.4 West. De Diego Avenue

3.3 Lot 196 Description.

3.3.1 Site Area. Approximately 9,592.0365 square meters

3.3.2 Shape. Irregular

3.3.3 Topography. Level

3.3.4 Road Access. Antonsanti Street

3.3.5 Zoning District. ZU-G2 and ZU-R1, Residential / Commercial Zone

3.3.6 Utility Connections. Electric power line, potable water, sewer system and telephone

3.3.7 Boundary Limits.

3.3.7.1 North. Museo de Arte de Puerto Rico

3.3.7.2 South. Anton Santi Street

3.3.7.3 East. Iglesias Street

3.3.7.4 West. Candelaria Street

3.4 Lot 197 Description.

3.4.1 Site Area. Approximately 3,885.2346 square meters

3.4.2 Shape. Irregular

3.4.3 Topography. Level

3.4.4 Road Access. Antonsanti Street

3.4.5 Zoning District. ZU-R1, Residential

3.4.6 Utility Connections. Electric power line, potable water, sewer system and telephone

3.4.7 Boundary Limits.

3.4.7.1 North. Museo de Arte de Puerto Rico

3.4.7.2 South. Anton Santi Street

3.4.7.3 East. Lots 197-019 & 197-021

3.4.7.4 West. Iglesias Street

3.5 Special Considerations.

3.5.1 Expropriation Case. The Site is subject to certain civil procedures... Proponent must include resolution offer to all civil procedures as part of the Proposal.

3.5.2 Municipal Streets. Several municipal streets cross through the Site. The Proponent may need to request from the Municipality of San Juan special permits to limit the use of those streets.

4. DEVELOPMENT OBJECTIVES

4.1 The following are development objectives for the Site:

4.1.1 Community Park.

4.1.1.1 The Proponent shall submit concepts for the construction and operation of a community park for public use, free of charge, designed in harmony with the architecture and landscape of the MAPR and other surroundings.

4.1.2 Public parking.

4.1.2.1 The Proponent shall submit plans for the construction and operation of a public parking facility of at least 200 slots within the Site premises.

4.1.3 Future development.

4.1.3.1 In accordance with PRHFA's mission and long-term plans, Proponents shall not submit any plans and/or site improvements which could result in the impairment of the Site for future housing developments.

4.1.3.2 No lease structure proposed could exceed 25 years.

5. PROPOSAL REQUIREMENTS

5.1 The following are the submission requirements for all proposals to this RFP. PRHFA, through its Property Disposition Committee ("PDC"), reserves the right to reject any proposal that is deemed incomplete or unresponsive to the RFP requirements. PRHFA

also reserves the right to reject any and all proposals for any reason or for no reason, and to proceed (or not proceed) with the development of the Site (either by itself or in conjunction with one or more third-party(ies)) without completing this RFP process.

5.2 In evaluating the capabilities of the Proponent, PRHFA may utilize any and all information available to them (including information not provided by the Proponent). Proposals should clearly and concisely state the unique capabilities, experience, and advantages of the Proponent, and demonstrate the Proponent's capability to satisfy the requirements and objectives set forth in this RFP.

5.3 Proponent's financial offer for the Site should assume that it will be leased in as-is condition with no financial assistance and/or capital contribution from the PRHFA.

5.4 Each complete Proposal for the redeveloped Site (the "Project") must contain the following elements:

5.4.1 Letter of Transmittal. This is a a standard business letter on company letterhead containing:

5.4.1.1 A statement that the person signing the proposal is authorized to make commitments and legally bind the Proponent;

5.4.1.2 A statement that you have read, understood, and agreed to all provisions of this RFP;

5.4.1.3 A summary of any alterations to the RFP's terms and conditions;

5.4.1.4 Identification of all amendments to the RFP received by the Proponent; if no amendments have been received, a statement to that effect must be included;

5.4.1.5 A certification that all information in the proposal is accurate;

5.4.1.6 Stipulation that the proposal will remain valid for one hundred eighty (180) days as of RFP due date;

5.4.2 Proponent Description.

5.4.2.1 Each entity submitting a Proposal must demonstrate sufficient financial resources and professional ability to develop the Site in a manner consistent with its Proposal.

5.4.2.2 Each Proposal must include a description of the lessee's ownership entity or the development team, including:

5.4.2.2.1 The structure of the ownership entity and any proposed partnership or joint venture must be clearly explained. A chart/diagram of the ownership entity, showing structure (percentages) of ownership and investment must be included.

5.4.2.2.2 Name, address, phone number and email and of each member of the ownership entity. Proponents must provide the Federal EIN numbers of the development entity and identify a primary contact person.

5.4.2.2.3 Background information of the ownership entity, including resumes describing the relevant experience of all principal

members. This information must be submitted for every participant in a joint venture and should highlight similar projects (including a project description and approximate dollar value).

- 5.4.2.2.4 Current operating budget and previous three (3) years of audited financials for all entities with an ownership percentage in the Proposal.
- 5.4.2.2.5 Addressing whether the Proponent has been involved in any litigation or legal dispute regarding a real estate venture during the past five (5) years.
- 5.4.2.2.6 Any additional documentation or information evidencing the strength of the Proponent and its ability to complete the Project in a timely manner.
- 5.4.2.2.7 Evidence of ability to finance the Project including letters of interest and/or intent from equity sources and lenders.

5.4.3 Team Members Qualifications.

5.4.3.1 Each Proposal must include a description of the team members qualifications:

- 5.4.3.1.1 Identification and qualifications of each member of the development team, including all persons or entities that will design, develop, or operate the Project, as well as the attorney, engineer, general contractor and other professionals, as appropriate, including management, who will be involved with this Project.
- 5.4.3.1.2 A description of similar projects undertaken by the members of the Project's team (including a statement of the dollar value of such projects, the project manager's name and key partners, where applicable).
- 5.4.3.1.3 A description of the commitment and availability of the principal members of each firm for the Project.
- 5.4.3.1.4 A statement addressing whether any participating team members have been involved in any litigation or legal dispute regarding a real estate venture during the past five years.

5.4.4 Project Description.

5.4.4.1 The Project description should include a detailed narrative describing all relevant aspects of the Project and any plans/timing of phasing of the development on the Site. The description should include:

- 5.4.4.1.1 The proposed uses.
- 5.4.4.1.2 Type and size of each component of the development program (gross and net square footages).
- 5.4.4.1.3 Description of each of the proposed uses.

5.4.4.1.4 Description of the types of recreation facilities. For recreational uses, please provide a description of the facilities, and intended management/operation of the facility.

5.4.4.1.5 The description should also address how this project will contribute to the revitalization of the Santurce Community.

5.4.5 Site Plan and Architectural Design.

5.4.5.1.1 A summary of the proposed building program for the Site with square footages for each use.

5.4.5.1.2 At a minimum, a set of concept sketches on 8.5" x 11" paper, showing the proposed Project and a set of schematic renderings of the proposed Project showing the principal elevations and massing, floor plans for each use, streetscape and landscape plans, entry feature and signage.

5.4.5.1.3 A description of the proposed materials and other relevant specifications.

5.4.5.1.4 A description of sustainable building practices that will be incorporated into the project during construction and operation of the improvements.

5.4.6 Development Timeframe.

5.4.6.1 Proponent must submit an overview of the development timeframe (subdivided into phases, if necessary), identifying the estimated length of time to reach key milestones including commencement and completion of design; financing; commencement and completion of construction; and operational stabilization for each component of the development program.

5.4.6.2 Any contingencies that may affect this time line should be identified.

5.4.7 Financial Information.

5.4.7.1 Proponents must submit the following:

5.4.7.1.1 Pro forma cash flows, in hard copy and in Excel format on computer disk for the development and Project operation periods for each use. The cash flows should include a section outlining all assumptions on which all calculations were based, including minimum returns sought. This data should extend out to ten (10) years of operations from stabilization and include all necessary capital investments over time and reserves and debt service payments associated with the financings. The cost of maintenance and (if necessary) management of any recreational uses must be included in the pro forma.

5.4.7.1.2 Construction budget estimate, including a breakdown of all hard and soft costs as well as financing costs. Indicate escalation rates

to account for any increases in construction costs or contingencies in the budget.

5.4.7.1.3 Sources and uses of funds, including details of equity and financing sources during construction as well as permanent sources and uses of funds.

5.4.7.1.4 Provide any potential sources of financing or equity with letters of interest, if available.

5.4.7.1.5 Upon selection, Proponents must be prepared to provide more detailed information concerning the sources of financing and equity to PRHFA and the certainty of their commitments to the Project.

5.4.8 Ground Lease Structure.

5.4.8.1 PRHFA will only consider a long-term ground lease.

5.4.8.2 PRHFA expects a competitive rent schedule as compensation. Consideration will be given to the level of risk associated with the source of each type of rent payment when estimating the associated present value. Rent payments should be quoted on a Triple Net basis.

5.4.8.3 The term of the ground lease shall be appropriate to permit the acquisition of sufficient financing and investment capital to support the types of uses contemplated by this RFP and approved by PRHFA. Proponents are required to include specifics regarding the terms, conditions and the initial duration of the ground lease term and any renewal periods.

5.4.8.4 The Net Present Value of future cash flow must exceed \$10,000,000.

5.4.9 Community Support.

5.4.9.1 The Proponent must submit a community support letter for its Proposal.

6. SELECTION CRITERIA

6.1 Proposals will be reviewed by the PDC.

6.2 The lease of the Site is subject to approval of the PDC and PRHFA’s Executive Director, subject to ratification of PRHFA’s Board of Directors.

6.3 The proposals will be evaluated using the following evaluation breakdown:

Criteria	Weight
6.3.1 Experience, financial capabilities and qualifications of the ownership entity in developing, financing, leasing, operating and managing projects of similar size and nature.	20%
6.3.2 Demonstrated experience of the development team members in the design, engineering, construction, and management of projects similar in size, complexity, and quality level.	20%
6.3.3 The proposed development concept’s quality, design, mix of uses,	20%

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Criteria		Weight
and coherence with this RFP.		
6.3.4	The appeal to neighboring community members and other stakeholders; and the extent to which the proposed development for the Site is complementary to the revitalization of the Santurce community.	10%
6.3.5	The speed and efficiency with which the Proponent will be able to complete development, financing, and construction of the Project.	10%
6.3.6	The proposed financial terms and financial benefits to PRHFA, as well as the financial feasibility of the Project.	10%
6.3.7	The incorporation of sustainable building practices.	10%

6.4 When evaluating the proposals, PRHFA reserves the right to:

- 6.4.1 Accept or reject any and all proposals, in whole or in part, received as a result of this RFP and to waive minor irregularities, or cancel the entire RFP process.
- 6.4.2 Request from any or all Proponents additional information or require revisions to, corrections of, or other changes to any proposal submitted as a condition to giving it any further consideration.
- 6.4.3 Accept any proposal as submitted, without negotiations.
- 6.4.4 Negotiate separately with any or all Proponents, in any manner necessary to serve the best interest of PRHFA.
- 6.4.5 Issue a revised RFP or portion thereof containing, among other things, any matter, offer, condition, or enhancement obtained from, proposed or suggested by any Proponent during the course of negotiations, and solicit the best and final offer from any or all Proponents.

6.5 Proponents shall have no rights, nor claims against the PRHFA or its employees or consultants arising at any stage of the evaluation and selection of the proposals, or from the fact that PRHFA does not select any or all proposals. It is understood that all proposals will become part of the official file of this RFP, without any obligation from the PRHFA to return any or all proposals, so that a record can be kept for auditing purposes.

6.6 The selected proposal shall be the one that complies with the requirements, specifications, terms, conditions and RFP instructions, and is considered by PRHFA to be the most favorable. The award of the proposal shall not be officially final and binding until the corresponding contract is executed.

6.7 The contents of the selected Proposal will be considered part of the Proponent's contractual obligations. Proponent must be advised that this RFP, the Proposal, and any other written representations submitted with the proposal, be made part of the contract. Failure to do so will result in the cancellation of the award.

7. DEVELOPER DUE DILIGENCE

7.1 "As Is" Condition.

- 7.1.1 Proponents should assume that the Site, including any and all infrastructure, will be leased "As Is" and "Where Is" without representation, warranty, or guaranty as to quantity, quality, title, character, condition, size, or kind, or that the same is in condition or fit to be used for the Proponent's purpose.
- 7.1.2 Respondents, though, must rely on their own independent investigation, inspection, research, analysis and conclusions for all development, financing, construction and renovation costs and all other matters and shall not rely only on the information provided in connection with this RFP.

8. GROUND LEASE NEGOTIATIONS

- 8.1 After a review of the Proposals, PRHFA intends to conditionally designate the Selected Proponent in order to enter into a contract of long-term ground lease with PRHFA. An alternate developer might be selected in the event an agreement cannot be reached with the Selected Proponent in a timely manner. The lease of the Site will be subject to the property and contract laws of the Commonwealth of Puerto Rico and to final approval of the PDC and PRHFA's Executive Director, with the ratification of PRHFA's Board of Directors.

9. PROPOSAL PROCEDURE

- 9.1 One (1) original, five (5) copies, and one (1) CD-ROM, with the electronic version, of the Proposal identified by "PRHFA Santurce Community Park and Parking RFP" on the envelope must be submitted and received by the PRHFA by Wednesday April 16, 2014 at 4:00 p.m. Such proposals must be delivered to the following address:

Puerto Rico Housing Finance Authority
Property Disposition Committee
606 Barbosa Ave.
Edif. Juan C. Cordero, 2nd Floor
Rio Piedras, PR 00919-0345

9.1 Site Visit.

- 9.1.1 Potential Proponents may attend a site visit with PRHFA staff on Monday, March 24, 2014 at 1:30 p.m. Please email PRHFASanturceParkRFP@afv.pr.gov by Friday, March 21, 2014, if you plan on participating in the site visit.

9.2 Project Inquiries.

- 9.2.1 PRHFA will accept written questions via email from prospective Proponents regarding the RFP. Please submit questions to:

PRHFASanturceParkRFP@afv.pr.gov

- 9.2.2 Written questions must include the requestor's name, e-mail address, and the Proponent represented. All written questions must be received by Monday, March 31, 2014 at 4:00 p.m. A response to all appropriate questions will be

posted on the PRHFA website (<http://www.afv.pr.gov>) on Monday, April 7, 2014.

10. PROJECT TIMELINE

RFP Release and Published:	March 15, 2014
Site Visit:	March 24, 2014
Final Questions Due Date:	March 31, 2014
PRHFA Responds to Questions:	April 7, 2014
RFP Proposals Due:	April 16, 2014

- 10.1 Upon conditionally designating the Selected Proponent (which will require approval of the PDC and PRHFA's Executive Director, with the consent of PRHFA's Board of Directors), PRHFA and the Selected Developer will have a 45-day exclusivity period within which to negotiate the terms of a Developer's Agreement consistent with the terms of this RFP. PRHFA may extend this exclusivity period at its sole and absolute discretion. Upon the completion of the Developer's Agreement, the Selected Developer will have 60 days to negotiate the terms of and execute the Ground Lease.

11. COST OF PROPOSAL PREPARATION

- 11.1 Proponent will bear the entire cost of preparation of their proposals and related presentations. Unnecessarily elaborate brochures, artwork, expensive bindings or other presentation aids, beyond that sufficient to present a complete and effective proposal are neither required nor desired. Proponent will not collect proposal preparation charges in the event of the cancellation of this RFP.

12. COMMUNICATIONS RESTRICTIONS

- 12.1 All written questions must be submitted electronically to the following E-mail address: PRHFASanturceParkRFP@afv.pr.gov.
- 12.2 From the date this RFP is issued to the date the Proponent is selected and announced, all contact related to this RFP between the Proponent participating in this procurement and PRHFA staff is prohibited.
- 12.3 No information about the evaluation process will be provided after the proposals are submitted until the selection, if any, is made.

13. USE OF IDEAS

- 13.1 Through the participation in this process, Proponent recognizes and grants PRHFA the right to use any or all ideas and concepts presented in any proposal received in response to this RFP. In no event will PRHFA be precluded from the use of ideas, which were known to PRHFA before submission of the proposal or become properly known to PRHFA thereafter through other sources or through acceptance of the Proposal which are not proprietary or, Proponent must designate all proprietary information in their proposal.

14. CONTRACT REQUIREMENTS

- 14.1 The Selected Proponent must sign a written Contract with the PRHFA. The Contract will supersede any and all other agreements, either oral or written, between the parties with respect to the Project, and shall contain all covenants and agreements applicable to the development objectives and requirements previously described on this RFP, and those applicable to any governmental contract.

15. INSURANCE REQUIREMENTS

- 15.1 The Selected Proponent must, when requested by the PRHFA and prior to the signage of any contract, furnish and file, in form satisfactory to and with sureties approved by PRHFA, applicable insurance and bonds.

16. CLAIMS REGARDING RFP

- 16.1 Any claim regarding this RFP shall be resolved pursuant the dispositions of Act Number 170 approved on August 12, 1988, known Uniform Administrative Procedure Act.