



REQUEST FOR PROPOSALS
APPRAISERS AND/OR MARKET STUDY ANALYSTS
OF COMMERCIAL PROPERTY

Posting Date: April 27, 2022

Response Submission Deadline: 3:00 EST p.m. on June 30, 2022.

NOTE TO RESPONDENTS:

Please be advised that **all** submissions (including those not selected for engagement) may be made available to the public on request pursuant to the Rhode Island Access to Public Records Act, Chapter 2 of Title 38 of the Rhode Island General Laws (the “APRA”) upon award of a contract(s). As a result, respondents are advised not to include information that they deem proprietary or confidential or that constitutes a trade secret.

INTRODUCTION

Through this Request for Proposals (“RFP”), the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) seeks proposals from qualified firms to engage state-licensed, Certified General, real estate appraisal firms to produce full narrative appraisals and/or market study reports on an as-needed basis for the Real Estate Development Division. This RFP will be used to establish a list of qualified appraisers. RIHousing will solicit appraisal or market study quotations on a project-by-project basis from this pre-qualified list.

INSTRUCTIONS

Proposals must be submitted via email to: **Nivea Linhares, Real Estate Development Assistant** at nlinhares@rihousing.com no later than the response submission deadline set forth above.

Proposals that are not received by the response submission deadline or that do not adhere to the submission instructions described herein shall not be accepted or considered by RIHousing.

Proposals should be concise and adhere to the word count applicable to each section of this RFP. Proposals should be presented on business letterhead and include all attachments, certifications (including the Submissions Certification at [Attachment A](#)), and work samples (as applicable). Please note that failure to provide any information, certification, or document requested in this RFP may cause your submission not to be reviewed or considered by RIHousing.

RIHousing may invite one or more finalists to make presentations, including demonstrations of requested products, if applicable.



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SCOPE OF WORK

Please see the Scope of Work as provided on Attachment B.

ITEMS TO BE INCLUDED WITH YOUR PROPOSAL

Section A: General Firm Information (Total word limit: 500 words)

1. Provide a brief description of your firm, including but not limited to the following:
 - a. Name of the principal(s) of the firm.
 - b. Name, business telephone number and business email address of a representative of the firm authorized to discuss your proposal.
 - c. Locations of all offices of the firm.
 - d. Number of employees of the firm.

RIHousing requests that the contact information provided in response to this subsection (1) be strictly limited to business addresses, telephone numbers, and email addresses to protect any personal information from being made available to the public pursuant to APRA.

Section B: Experience and Resources (Total word limit: 3500 words)

**SUBMISSION
CHECK LIST**

1. Describe your firm and its capabilities. In particular, support your capacity to perform the Scope of Work.

2. Indicate which principals and associates from your firm would be involved in providing services to RIHousing. Provide appropriate background information for each such person and identify their responsibilities.

3. If applicable, please indicate the name of any subcontractors that would be involved in providing services to your firm and to RIHousing. Provide appropriate background information for each person or entity, identify the person's responsibilities and outline their capabilities.

4. Please include a current client roster, including a lead contact name and business telephone number for each.

5. Describe your firm's information security systems and the steps that your firm takes to safeguard client communication, confidential information, and client data. Include in your response whether your firm performs penetration testing, your firm's encryption methods, and whether client data is stored onshore or offshore.



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- 6. Appraisal responses should include at least one (1) sample appraisal report of a commercial residential property of a minimum of forty units. Samples reports must be for multi-family properties that contain at least 20% affordability and/or low income housing tax credits and/or HUD Project Based Section 8 assistance.
- 7. Market Studies respondents must include at least one (1) sample feasibility study for a multi-family development of a minimum of forty units that includes units restricted under the low-income housing tax credit program.

Section C: Fee Structure (Total word limit: 500 words)

The cost of services is one of the factors that will be considered in awarding this contract. The information requested in this section is required to support the reasonableness of your fees.

- 1. Please provide a sample cost proposal for providing the Scope of Work at Attachment B.
- 2. Please provide any other fee information applicable to the engagement that has not been previously covered that you wish to bring to the attention of RIHousing.

Section D: Affirmative Action Plan and Minority Owned Business/Women Owned Business

- 1. RIHousing encourages the participation of persons of color, women, persons with disabilities and members of other federally and State-protected classes. Describe your firm’s affirmative action program and activities. Include the number and percentage of members of federally and State-protected classes who are either principals or senior managers in your firm, the number and percentage of members of federally and State-protected classes in your firm who will work on RIHousing’s engagement and, if applicable, a copy of your Minority- or Women-Owned Business Enterprise state certification.

Section E: Miscellaneous (Total word limit: 1000 words)

- 1. Discuss any topics not covered in this RFP that you would like to bring to RIHousing’s attention.

Section F. Certifications

- All applicants must respond to and provide documentation as outlined in the Request for Proposals Submission Certifications at Attachment A.



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EVALUATION AND SELECTION

A selection committee consisting of RIHousing employees will review all proposals that meet the requirements set forth in the “Instructions” section of this RFP and make a selection based on the following factors:

- Professional capacity to undertake the Scope of Work (as evaluated by reference in Section B: Experience and Resources);
- Work samples (as evaluated by reference in Section B: Sample Appraisal and Market Study)
- Sample Proposed fee structure (as evaluated by reference in Section C: Fee Structure);
- Ability to perform within time and budget constraints (as evaluated by reference in Section B);
- Evaluation of proposed project approach (as contained in the Attachment B-Scope of Work. Section B);
- Previous work experience and performance with RIHousing and/or similar organizations (as provided in Section B: Experience and Resources, subsection 3);
- Firm minority status and affirmative action program or activities (as requested in Section D: Affirmative Action Plan and Minority Owned Business/Women Owned Business)
- Other pertinent information submitted.

By this RFP, RIHousing has not committed itself to undertake the work set forth herein. RIHousing reserves the right to reject any and all proposals, to rebid the original or amended scope of services and to enter into negotiations with one or more respondents. RIHousing reserves the right to make those decisions after its receipt of responses. RIHousing’s decision on these matters is final.

For additional information contact: Anne Berman aberman@rihousing.com.



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Attachment A

Requests for Proposals Submission Certifications

Please respond to **all** items below and include it in your response to this RFP. Be sure to include any additional information in the space provided or as an attachment as needed. Please ensure that any attachments refer to the appropriate item by name (i.e., “Conflict of Interest,” “Major State Decision Maker,” etc.)

Total word limit for Sections A and B: 500 words

Section A: Conflicts of Interest

1. Identify any conflict of interest that may arise as a result of business activities or ventures by your firm and associates of your firm, employees, or subcontractors as a result of any individual’s status as a member of the board of directors of any organization likely to interact with RIHousing. **If none, check below.**

None

2. Describe how your firm will handle actual and or potential conflicts of interest (*please include in your proposal or attach a sheet with this information*).

Section B: Litigation, Proceedings, Investigations

1. Identify any material litigation, administrative proceedings, or investigations in which your firm is currently involved. **If none, check below.**

None

2. Identify any material litigation, administrative proceedings, or investigations to which your firm or any of its principals, partners, associates, subcontractors, or support staff was a party, that has been finally adjudicated or settled within the past two (2) years. **If none, check below.**

None

Section C: Certifications

1. RIHousing insists upon full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors. This law requires State Vendors entering into contracts to provide services to an agency such as RIHousing, for the aggregate sum of \$5,000 or more, to file an affidavit with the State Board of Elections concerning reportable political contributions. The affidavit must state whether the State



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Vendor (and any related parties as defined in the law) has, within 24 months preceding the date of the contract, contributed an aggregate amount in excess of \$250 within a calendar year to any general officer, any candidate for general office, or any political party. **Please acknowledge your understanding below.**

I have read and understand the requirements of Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors.

2. Does any Rhode Island “Major State Decision-maker,” as defined below, or the spouse or dependent child of such person, hold (i) a ten percent or greater equity interest, or (ii) a Five Thousand Dollar or greater cash interest in this business?

For purposes of this question, “Major State Decision-maker” means:

- (i) All general officers; and all executive or administrative head or heads of any state executive agency enumerated in § 42-6-1 as well as the executive or administrative head or heads of state quasi-public corporations, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel, or chief of staff;
- (ii) All members of the general assembly and the executive or administrative head or heads of a state legislative agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel, or chief of staff;
- (iii) All members of the state judiciary and all state magistrates and the executive or administrative head or heads of a state judicial agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel, chief of staff or state court administrator.

Please indicate your response below.

Yes

If your answer is “Yes,” please identify the Major State Decision-maker, specify the nature of their ownership interest, and provide a copy of the annual financial disclosure required to be filed with the Rhode Island Ethics Commission pursuant to R.I.G.L. §§36-14-16, 17 and 18.

No



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3. In the course of providing goods or services to RIHousing, the selected respondent may receive certain personal information specific to RIHousing customer(s) including, without limitation, customer names and addresses, telephone numbers, email addresses, dates of birth, loan numbers, account numbers, social security numbers, driver’s license or identification card numbers, employment and income information, photographic likenesses, tax returns, or other personal or financial information (hereinafter collectively referred to as the “Personal Information”). The maintenance of the Personal Information in strict confidence and the confinement of its use to RIHousing are of vital importance to RIHousing.

Please certify below that in the event your firm is selected:

- (i) any Personal Information disclosed to your firm by RIHousing or which your firm acquires as a result of its services hereunder will be regarded by your firm as confidential, and shall not be copied or disclosed to any third party, unless RIHousing has given its prior written consent thereto; and
- (ii) your firm agrees to take all reasonable measures to (a) ensure the security and confidentiality of the Personal Information, (b) protect against any anticipated threats or hazards to the security or integrity of the Personal Information, and (c) maintain reasonable security procedures and practices appropriate to your firm’s size, the nature of the Personal Information, and the purpose for which the Personal Information was collected in order to protect the Personal Information from unauthorized access, use, modification, destruction or disclosure; and
- (iii) when discarding the Personal Information, destroying it in a commercially reasonable manner such that no third party can view or recreate the information, electronically or otherwise.

These provisions, which implement the requirements of the Rhode Island Identity Theft Protection Act, R.I.G.L. § 11-49.2 et seq., will also be incorporated into the final contract with the selected respondent(s). In addition, if selected, your firm may be requested to provide a copy of its information security plan.

I certify that in the event our firm is selected, we will comply with the Personal Information and Security guidelines noted above.

4. Your firm’s president, chairman or CEO must certify below that (i) no member of your firm has made inquiries or contacts with respect to this RFP other than in an email or written communication to **Anne Berman aberman@rihousing.com** seeking clarification on the Scope of Work set forth in this proposal, from the date of this RFP through the date of your proposal, (ii) no member of your firm will make any such inquiry or contact until after August 18, 2022, (iii) all information in the proposal is true and correct to the best of your knowledge, (iv) no member of your firm gave anything of monetary value or promise of future



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employment to a RIHousing employee or Commissioner, or a relative of the same, based on any understanding that such person's action or judgment will be influenced, and (v) your firm is in full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors.

I certify that no member of our firm has made or will make any such inquiries or contacts; all information supplied is true and correct; no member of our firm has provided anything of value to influence RIHousing; and our firm is in compliance with applicable political contribution reporting.

President, Chairman or CEO (*print*): _____

Signature: _____

Firm Name: _____



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Attachment B

Scope of Work

I. Services to be Provided

RIHousing requires appraisals for all loans, whether a proposal is for the acquisition and/or rehabilitation of an existing property, or for the construction of new rental housing (the "Appraisal"). The principal purpose of the Appraisal is to estimate both the market value and the investment value of a property. The definition of market value shall be consistent with the Uniform Standards of Professional Appraisal Practice ("USPAP"). The Appraisal will be used by RIHousing to help underwrite the risk and evaluate the security for the loan. Appraisals must be performed by appropriately licensed appraisers that are licensed in the state of Rhode Island and satisfy the geographic competency requirements of the USPAP. Preference will be given to appraisers that are permanently licensed in Rhode Island.

II. Appraisals

Form of Appraisals.

- A. Small Residential Rental Property. Small residential rental properties are buildings that contain from two to four dwelling units, all of which are used for residential rental purposes. Appraisals of small residential rental properties must be made on the current Federal Home Loan Mortgage Corporation (FHLMC) Appraisal Report – Small Residential Income Rental Property, Freddie Mac Form 72 and Fannie Mae Form 1025. The form must be fully completed by a state-certified appraiser with accurate and current information.
- B. Residential and Commercial Income Property. Residential and commercial income property includes all buildings that contain one or more non-residential income producing units, five or more residential rental dwelling units, or a combination of non-residential income producing units and residential rental dwelling units. Appraisals of residential and commercial income properties must be in a narrative form consistent with the appraisal standards of the USPAP requirements and shall include the following:
 - 1) An "as is" opinion of value;
 - 2) An opinion of the highest and best use of the property;
 - 3) The appraiser's certification in a form consistent with that recommended by USPAP;
 - 4) The appraiser's assumptions, limiting conditions, extraordinary assumptions and hypothetical conditions utilized in the Appraisal;
 - 5) A description of any deferred maintenance or property obsolescence;
 - 6) A detailed description of the property improvements;



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- 7) A detailed description of the state and local market area in which the property is located, including details on nearby properties against which the subject property likely competes;
- 8) Details on any new or planned additions to supply;
- 9) A legal description of the site;
- 10) A description of zoning restrictions and a conclusion indicating the subject property's compliance with zoning, special assessments of record, and easements and covenants of record;
- 11) A three-year sales history of the site, including pending transactions, marketing efforts and recent offers;
- 12) Physical information about the development including site width, frontage and depth, available utility connections and restrictions, contour, topography and landscape features and unusual site features;
- 13) Pictures of the building and site;
- 14) Pictures of comparable rentals and sales and location maps for comparable properties;
- 15) A final opinion of market value;
- 16) A final opinion of investment value; and
- 17) A replacement cost "new" of the improvements without considering deferred maintenance, depreciation or land value.

Appraisal Requirements.

All Appraisals shall provide a market valuation under assumptions and requirements specified below. In addition, all Appraisals, *except for* Small Residential Rental Property appraisals must provide an investment valuation under assumptions and requirements specified on pages 3–4 of this document. If significant capital improvements are anticipated, the Appraisal should also include an "as complete" value.

A. Market Valuation. The following methodologies should be used to determine market value and should not consider the benefits and limitations of subsidies and rent restrictions applicable to the property.

- 1) Income Capitalization Approach. Each Appraisal shall reflect a capitalized value of the development. In analyzing capitalized value, the Appraisal must estimate net operating income based upon, and supported by, current market rents, vacancy rates and operating expenses for similar units in comparable developments. Comparable developments are those that provide amenities and contain living space similar to that provided by the property under valuation. Any variations in services, amenities and unit sizes must be reflected by reasonable adjustments to the rents, vacancy rates and operating expenses for the comparable development to derive the estimated net income. Rental income must be trended to the expected completion date of the development. In estimating rental rates, rental data from subsidized developments may not be used as comparables.



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For developments that are occupied at the time of the Appraisal, the appraiser must analyze the operating history of the property. Estimates of future performance need not be identical to the development's historical performance, but any differences should be reasonable and explained by comment. The Appraisal must also identify the current rents for the development and the current vacancy rate.

The capitalization rate and the discount rate (if applicable) should be based upon current rates of investment and return for comparable risk rental properties. Documentation supporting the rates used and an analysis of the method used to derive the capitalization rate and the discount rate must be included in the Appraisal.

- 2) Cost Approach. The cost approach should be utilized for all proposed construction and on other assignments if the appraiser considers this approach relevant. This approach should include a separate opinion of land value. The Appraisal must include references for the sources of cost data used by the appraiser. This may include cost service index references or development cost estimates through analysis of comparable square footage construction cost data.
- 3) Sales Comparison Approach. All Appraisals should include the Sales Comparison Approach. Comparable sales utilized must be adjusted to reflect any differences between the comparable properties and the subject property under valuation. Adjustments for unit sizes, unit composition, amenities, special tax benefits, sales concessions, location and time since date of comparable sales must be considered and explained in developing the comparable sales value. Each Appraisal must include at least three comparable sales. The market area from which comparable sales were selected should be defined and supported by narrative explanation. Any recent comparable sales in the market area that were not included should be noted and explained. A sales location map relating to the sales to the subject is required.

- B. Investment Valuation. An investment value should be derived utilizing the Income Capitalization Approach. The appraiser must estimate net income considering applicable income and rent restrictions pursuant to the public funding sources received by the development. The opinion of value should reflect any favorable financing to the property, including any below market first or second mortgage financing. Also, a description of the specific methodology and source of data on capitalization, discount rates and tax benefits should be included in the narrative.

Benefits derived from the utilization of low-income housing tax credits (LIHTC), historic tax credits, or any other similar programs should also be factored into the valuation analysis as they represent an additional value to the property. The value of the additional benefits can then be added to the value of the real estate. This combination will form a total investment/collateral value for the development.

If rental subsidies will be available to the development, then the appraiser may consider these subsidies in projected revenue during the term of the subsidy contract. When rental subsidies will not be available, then the appraiser should consider the lower of market rent or the maximum allowable rent pursuant to public funding sources received by the project (such rent limitation will be specified in the Rhode Island Housing engagement letter and/or supporting documentation). If a development is proposed to include both "market rate" and "affordable"



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units, then the appraiser should consider (i) achievable rents for the market rate units and (ii) the lower of market rents or "affordable" rents pursuant to restrictions of public funding sources (including RIHousing) for the "affordable" units.

III. Market Studies

Market studies for LIHTC developments should be consistent with the National Council of Housing Market Analysts (NCHMA) Model Content Standards for Market Studies for Rental Housing (Version 3.0 Adopted January 14, 2013), as well as its Market Study Terminology and its Market Study Index.

While part of the NCHMA model, analyst should place particular emphasis on the following:

1. Proposed Project Description:
Analysis of the influence of location on the marketability of proposed units. (Consider attractiveness of site; improvements and surroundings; proximity to social and civic services; availability of public transportation; on-site parking.)
2. Market Area Analysis: Determination of market area; propensity of renters from market area to move to the proposed development.
 - Availability and proximity to public transportation
 - Availability and proximity of social services
 - Nearby entertainment, restaurant and retail amenities
 - Employment data: Unemployment rates, major employers, typical wages in relation to Eligible Income Range at Subject, distance from employment sources
 - Primary market area demographic analysis: population and household trends, household income trends, household size, renter tenure
 - For assisted living, consider age and assets of existing population in market area

Include a description of demographic trends (including income profiles) for defined market area.

3. Supply Analysis: Consideration of existing and planned competition within or proximate to market area, to include a detailed presentation of comparable properties including:
 - Date built (and improved if applicable)
 - Occupancy rate
 - Size of units
 - Breakdown of rental rates and costs to tenants. For assisted living consider cost of services to tenants.
 - Market characteristics should be discussed and compared with projects for the subject including vacancy, leasing pace, absorption, reasonability of rents, turnover, rent increase, concessions and waiting lists.



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4. Demand Analysis: Estimation of absorption and turnover rates including the following components:
 - Income eligibility calculation – based on the minimum and maximum income limits presented in the report, the number of households in the surrounding area qualified to reside at the subject
 - Capture rate by unit and/or bedroom type
 - Annual capture rate
 - Demand for Section 8/Public Housing waiting list, occupancy and number of recipients.

5. Operating Expense Analysis: Feasibility of rents (and in assisted living the cost of services) for proposed market population.
 - Compare operating expense projections to determine whether the proposed budget is reasonable, given the achievable rent levels and what is common in the market.

6. Conclusions and Recommendations: The conclusions resulting from the market study are summarized in this section and should include recommendations for the subject property. Recommendations may include modifying the unit mix, unit size, suggestions as to whether to or not to offer a particular amenity, changes to rent, and other pertinent changes.