



REQUEST FOR QUALIFICATIONS/PROPOSALS

HOME/CHDO PROGRAM

RENTAL

**NEW CONSTRUCTION AND/OR ACQUISITION/
REHABILITATION**

HOME RFP No. 2015-01

September 10, 2015



HOME Program Request for Qualifications/Proposals New Construction and/or Acquisition and Rehabilitation of Rental Housing

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INTRODUCTION

The City of Anaheim Community and Economic Development Department (City) and the Anaheim Housing Authority (Authority) is seeking to allocate up to \$2,000,000 in HOME funds and up to \$500,000 in HOME CHDO funds through the HOME Investment Partnerships Act for a New Construction and/or Acquisition Rehabilitation project for the creation of affordable rental housing for extremely-low and very-low income households.

The City and the Authority are soliciting responses to this Request for Qualifications/Proposals (RFQ/RFP) in order to select a qualified developer(s) who can successfully develop and operate an affordable rental housing project. The City and the Authority seek a developer(s) who is experienced, financially creative and capable of developing quality rental housing. Respondents must be able to demonstrate their development experience and be able to work cooperatively with the Authority and City staff to implement a successful housing project.

Non-profit and for-profit developers may respond to the RFQ/RFP. However, only qualified Community Housing Development Organizations (CHDO's) are eligible to receive the maximum allocation. For-profit developers may respond to the RFQ/RFP but can only receive a maximum allocation of \$2,000,000. A CHDO and for-profit developer may partner and respond to the RFQ/RFP. If a joint response is submitted, the CHDO must fully comply with the HOME regulations identified in 24 CFR Part 92 subpart G. *[Note: Non-profits wishing to become certified as a CHDO must contact Albert Ramirez at (714) 765-4300 ext. 4826].*

As part of the selection process, developers will be required to submit a basic Statement of Qualifications, as well as a detailed development proposal. From these submittals, the City and the Authority will select the most qualified developer(s) and invite them to enter into an Exclusive Negotiation Agreement, providing a format for ultimately drafting an Affordable Housing Agreement.

EXPECTED DEVELOPMENT

Priority in project selection will be given to proposals that seek to provide affordable rental housing as designated below. . The project proposal may take advantage of the incentives offered by the City's Density Bonus Ordinance and

Senior Citizens Ordinance. However, the development incentives should be used to achieve a quality design and must not compromise neighborhood character and the livability of the units.

Application Requirements

Applicants must demonstrate funding need, financial feasibility, site control and readiness to proceed with the project. Proposals will be reviewed and selected based on the following preference categories, as applicable: 1) Projects that will create new housing opportunities for homeless veterans; 2) special needs populations; 3) workforce housing; 4) seniors. Additional considerations will also be given to Projects that include a strong on-site social service component or have entered into a contract with agencies that deliver supportive services; 5) projects that result in the preservation of at-risk units (preserve units from becoming market rate units; 6) leveraging of other funding sources (e.g. Low-Income Housing Tax Credits, CAP and Trade Funds, etc.; 7) term of affordability; 8) provision of units affordable to households below 50% of AMI; 9) quality project site and design; 10) number of units to be assisted; 11) Transit Oriented Development; 12) Sustainability.

Affordability Standards

Proposed development must restrict the affordable units for a period of at least 55 years. Projects that provide deeper affordability will be awarded higher points in the selection process. In addition, occupancy is set at a maximum of two persons per bedroom plus one per unit. Rents are adjusted annually. Affordable rents will be restricted to the HOME rents or more restrictive as dictated by Project funding and/or approved under the affordable Housing Agreement for the purpose of the application both the HOME rents and the TCAC rental shall apply.

Preliminary Award

Subject to approval by the City Council and the Anaheim Housing Authority of the recommended Developer(s) selection and a preliminary funding award, a letter will be provided evidencing the preliminary award of the HOME Loan to the Developer for the Project under 24 CFR 92.504(c)(3) (together, “Anaheim Assistance”). Per the 2013 HOME Final Rule, specifically, the amendments to the definition of “commitment” in 24 CFR 92.2, the City as a PJ is prohibited from providing a commitment (as the term is defined therein) of HOME Program funds to any specific local project until “the [City] and project owner [Developer] have executed a written legally binding agreement under which HOME assistance will be provided to the owner for an identifiable project *for which all necessary financing has been secured*, a budget and schedule have been established, and underwriting has been completed and under which construction is scheduled to start within twelve months of the agreement date.” (Italics added.) Notwithstanding the definition of “commitment” in 24 CFR 92.2 as amended by the 2013 HOME Final Rule, 24 CFR 92.504(c)(3) authorizes the City to “*preliminarily award* HOME funds for a proposed project, contingent on conditions such as obtaining other financing for the

project” [italics added]; however, this section goes on to clearly confirm that “this preliminary award is not a commitment to a project. The written agreement committing the HOME funds to the project must meet the requirements of ‘commit to a specific local project’ in the definition of ‘commitment’ in §92.2 ...” Thus, while this letter is not a commitment as defined under the HOME Program of federal funds for Anaheim Assistance as the term commitment is defined therein, Anaheim intends that this letter evidence the City’s and Authority’s *preliminary award* of the Anaheim Assistance to the Developer for the Project subject to the conditions described below.

Affordable Housing Agreement

Subsequent to the Preliminary Award, the selected Developer(s) must enter into an Affordable Housing Agreement (Agreement) to be approved by the City/Authority once all funding commitments have been secured and prior to issuance of building permits. The terms of the Agreement will include the number of affordable units in the project, the standards for determining affordable rents, a term of at least 55 years, a description of the incentives provided, a parking plan, on-site professional management and maintenance requirements, occupancy restrictions, opportunities for first priority to rent to people who live or work in the City, and other provisions to implement the project.

RFQ/RFP SUBMITTAL PROCESS

The City/Authority seeks to receive information about the qualifications and intent of those responding to this solicitation. Interested developers must respond by submitting a basic Statement of Qualifications (“SOQ”). In addition, interested developers must also submit a detailed development proposal.

The SOQ will be used to identify developers with the requisite experience and knowledge of affordable housing development. The City/Authority will only consider development proposals from those developers that submit thorough and complete SOQs.

In the event that a developer chooses not to submit a detailed development proposal at this time, their completed SOQ will be kept on file and may be considered for future housing opportunities.

A. SOQ Submittal Requirements

The SOQ shall contain, at a minimum, the following information:

1. A description of recent residential rental development and property management experience (last 5 years). A description of experience developing very low and low income rental housing (last 5 years). The SOQ should provide details of relevant projects, including number of units, rental rates, tenant mix, etc.) The narrative shall include a

- description of the organizational structure, development track record and financial capability of the developer.
2. Complete financial statements for the last three years.
 3. Information outlining ability to obtain financing, and relationships with lending institutions and the equity market.
 4. Description of specific and relevant experience of the entire “Development Team,” including CEO/President/Executive Director, developer staff and all associated consultants and professionals. Document the developer’s ability and capacity to implement the proposed project by describing on a separate sheet the developer’s experience/qualifications in developing and/or completing housing projects, including CHDO projects, that are similar and/or smaller in size and scope to the proposed project. Of particular importance is the developer’s experience with successfully completing (a) projects that triggered Davis-Bacon and other Federal Labor Standards; (b) projects involving temporary or permanent relocation of tenants; or (c) projects involving the testing and appropriate treatment of lead-based paint and/or asbestos if the proposed project will involve any of those three dimensions. If this is the CHDO’s first project of this type, please provide a detailed description of the experience of the other members of the development team with similar projects.
 5. Documentation that a non-profit developer is organized under State or local laws, as evidenced by a Charter or Articles of Incorporation, if applicable.
 6. Documentation that a non-profit developer is certified as a 501(c) 3 tax exempt non-profit by the Internal Revenue Service (IRS), if applicable.
 7. Comprehensive list of references from public agency partners.
 8. A description of partnership(s) formed to provide supportive services if proposing a project for special needs populations or seniors.
 9. CHDO Documentation, if applicable.

All SOQ submittals under this solicitation will be reviewed and evaluated by Authority staff. Upon review of the information received, and if the developer is deemed qualified, the Authority will either evaluate their detailed proposal or file their SOQ for future consideration.

B. RFP Submittal Requirements

In addition to the SOQ, interested developers must also submit a detailed development proposal. The proposal shall contain, at a minimum, the following information:

1. Detailed project description.
 - a. In addition to providing an Itemized Development Budget through your response to item 6 below, summarize the key financials of the project, clearly indicating total project cost, the amount and intended use of City funds requested, amount and provider of other funding, and the current stage of those commitments.
 - b. Location by street address and include an area map with the property(ies) indicated.
 - c. Type of structure, square footage, number and size of units, bedroom/bathroom composition.
 - d. If there are existing structures, provide documentation from the taxing authority or other third-party source indicating the year the structure was built and occupancy status.
 - e. If the project will serve persons with special needs, describe the population to be served and the outreach or referral plan that will be used to publicize the availability of housing and/or supportive services.
 - f. Units accessible and adaptable for persons with mobility, sight, or hearing disabilities.
 - g. Compatibility with current Neighborhood Plan (if applicable).
2. Conceptual site plan. Site plan must include detailed project statistics/tabulations including: number of units/bedrooms, open space/community rooms, total parking spaces, and proposed setbacks.
3. Conceptual landscape plan.
4. Proposed development schedule.
5. Development Team. Identify the entities anticipated to be involved in implementing the project including lenders, attorneys, accountants, architects, engineers, general contractor, subcontractors, and consultants. Also, indicate if any entity is a minority- or women-owned business enterprise (MBE/WBE) or if any of the entities are also a CHDO.
6. Detailed project proforma. (Note: Developers may submit proformas in their preferred format. However, all proformas will be evaluated based on the Authority's preferred format – see Attachment A).

Provide detailed project budget/project financing structure, including specific sources and uses of funds.

NOTE: Total Developer's Fee and Management Cost limited to 10%. HOME CHDO Funds may not be used for Predevelopment Costs. Include evidence of funds anticipated (financial statements, letters of commitment, etc.). Include evidence of other funds leveraged by City funds to implement the project such as owner equity and commitments from private and/or other public resources.

Provide a 55 year cash flow proforma for the project showing the residual receipts split. City/Authority split is 85/15 with 85% going to pay down the City/Authority loan. The residual receipts split is not negotiable.

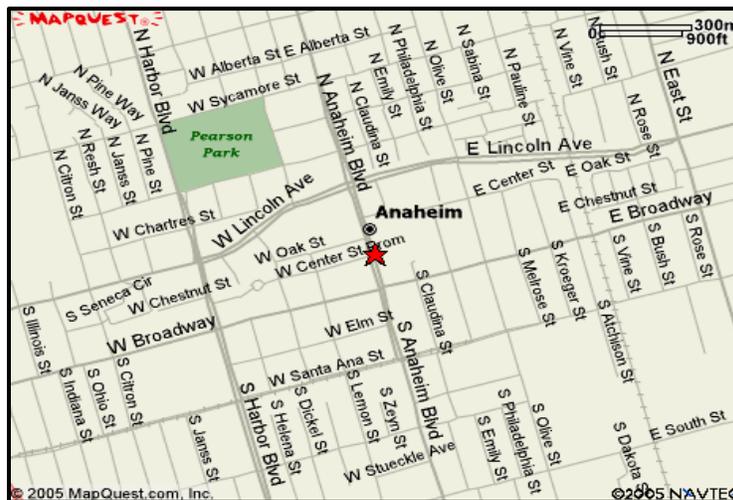
7. Neighborhood and Local Government Support. Include letters of support from local organizations and governmental entities within the area of the proposed project. The City cannot provide a letter of support.
8. Site Control and Demonstration of Value. If the site is known at the time this application is submitted, include evidence of site control, such as warranty deed or option, and provide a real estate appraisal or current tax documentation that substantiates the value of the subject property. Tax documentation for a comparable property recently constructed by the developer may be sufficient to estimate after-construction value, depending upon the location and similarity of the recently developed property. If the site is not known, indicate when the site will be known and when the requested documentation would be available.
9. Tenant Relocation. If the project is occupied at the time of proposal submission, include a Tenant Relocation Plan. The developer is responsible for providing tenant relocation assistance should the proposed project require or result in the temporary or permanent displacement of current tenants. The Plan must include, at a minimum, the following:
 - a. Total number of households in the project and number to be permanently or temporarily displaced.
 - b. A list and description of all households to be temporarily or permanently displaced (include current address, name, family size, and ages of individuals).
 - c. Circumstances under which the displacement is necessary.
 - d. Description of assistance to be provided and a schedule for assistance.
 - e. Source(s) of funds to be used for relocation assistance.
 - f. Procedures/methods by which those being displaced will be advised of their rights and available assistance.

C. RFQ/RFP Workshop

All developers must attend a **mandatory** pre-submission workshop. Staff will provide an overview of the RFQ/RFP process and answer any questions. Two workshops have been scheduled as follows:

**Date/Time: Tuesday, September 28, 2015 @ 10:00 a.m. OR
Thursday, October 1, 2015 @ 10:00 a.m.**

**Location: City of Anaheim, Gordon Hoyt Conference Room
201 S. Anaheim Blvd., 2nd Floor
Anaheim, CA 92805**



Please send an e-mail to szepeda@anaheim.net, or call (714) 765-4569, to confirm your attendance at **one of these workshops**, no later than September 22, 2015.

D. Submission of Proposals

Interested developers must submit four (4) bounded copies of their proposal. One of the copies should be unbound. **All submittals are due by 5:00 p.m., on November 5, 2015 to:**

**Andy Nogal, Senior Project Manager
Community and Economic Development
201 S. Anaheim Boulevard, 10th Floor
Anaheim, CA 92805**

Facsimile or electronic transmissions will not be accepted. The City/Authority, following review of the initial submission, may request additional information.

E. Selection Criteria

Upon receipt of submittals, City/Authority staff will evaluate and determine which, if any, developers will be invited for follow-up interviews. However, the City/Authority retains the right to select a developer without interviews.

Submittals will be evaluated based on the following criteria:

1. Completeness of the submittal relative to the RFQ/RFP requirements.
2. Developer Qualifications and Experience.
 - a. Experience in working with Public Agencies
 - b. Previous experience developing affordable housing
 - c. Experience of development team, including key consultants
 - d. Property management experience
 - e. Ability to finance development projects/financial strength
 - f. Quality design and architecture
3. Development Proposal (100 points maximum).
 - a. Project design/project schedule (10 Points)
 - i. Overall quality design/efficient use of site/site layout
 - ii. Proposed development schedule
 - b. Project affordability/financial strength (40 points)
 - i. Number of affordable units/depth of affordability
 - ii. Efficiency of subsidies
 - iii. Cost efficiency of affordable units
 - iv. Proposed financing structure
 - v. General terms and conditions requested by developer
 - c. Developer Experience (35 Points)
 - i. General development experience
 - ii. Affordable housing development experience
 - iii. Affordable housing financing
 - iv. Affordable housing construction
 - v. Property management experience
 - d. Overall Development Proposal (15 Points)
 - i. Quality design features that are cutting edge and consider the character of the surrounding community/neighborhood.
 - ii. Level of outreach by proposed by developer. Outreach to be completed prior to approval of the Affordable Housing Agreement.

The City/Authority will completely review and analyze all submittals and may request that developers modify, clarify or supplement their proposals with additional information. Developer(s) may also be asked to make a formal presentation and/or come in for an interview. The final selection decision is to be made by the governing body of the City/Authority.

F. Disclaimers

All facts and opinions stated herein and in any additional information, whether written or oral, provided by the City of Anaheim and the Anaheim Housing Authority and/or its representatives, are based on available information and is believed to be accurate. However, no representation or warranty is made with respect thereto.

The City/Authority reserves the right to issue written notice of any changes in the submission process, should the City/Authority determine, in its sole and absolute discretion, that such changes are necessary.

Those submitting proposals assume all financial costs and risks of submission. No reimbursement or remuneration will be made by the City/Authority to cover the costs of any submittal, whether or not such submittal is selected.

The City/Authority reserves the right to reject any or all submittals at its sole and absolute discretion and accepts no responsibility for any financial loss by such action.

Any agreements which may be entered into between the developer(s) and the City/Authority, including but not limited to an Exclusive Negotiation Agreement and Affordable Housing Agreement, are subject to approval by the City Council/Housing Authority.

Developer is hereby notified that this project will be a Public Works Project for the purposes of all State and Federal requirements, including, but not limited to all labor performance and material bonding requirements. The exemption under the LIHTC Program will not preclude this project from satisfying these requirements.

Marketing and tenant selection of units shall be in accordance with an approved marketing and tenant selection plan approved by the City/Authority. Prospective tenants shall come from the City/Authority's wait list in accordance with the City/Authority Live/Work Preference.

G. Staff Contacts

If you have any questions regarding the RFQ/RFP process, please call the RFP Hotline at (714) 765-4569. Staff will respond to any telephone messages within 24 hours. Staff will be in contact with all applicants through the RFQ/RFP process, notifying them as to their status.

For questions regarding CHDO submission requirements, please call Albert Ramirez at (714) 765-4826.

Predevelopment loans and rental assistance are not eligible affordable activities under this SOQ/RFP.

Financial assistance for an eligible project will be made in the form of a direct loan paid back from project cash flow in the form of residual receipts. The loan will be secured by a first or second lien on the property. The rates and terms of the loan shall be subject to negotiation on a project-by-project basis. City/Authority split is 85/15 with 85% going to pay down the City/Authority loan. The residual receipts split is not negotiable.

Housing units assisted under the HOME Program shall comply with the applicable federal, State and local codes and ordinances, the rules and regulations for affordable rental housing set forth at 24 CFR 92.252 and all other applicable federal requirements.

The amount of financial assistance allocated to eligible projects under this RFP will be limited to the availability of HOME funds. Proposals will be reviewed for compliance with the HOME Program regulations and the terms of the RFP. Projects that are determined to comply with both the HOME Program Regulations and the RFP will be evaluated according to the established RFP Evaluation Criteria. Each proposal will be scored by multiple reviewers, and the scores will be averaged to achieve a final score. Subject to HOME Program funding availability, the project or projects determined to be the most competitive will be selected for assistance through the HOME Program and presented to the Anaheim City Council/Housing Authority for recommendation and approval. Upon receipt of project proposals, the City reserves the right to request additional information and/or reject any or all proposals.

All applicant's should carefully review the HOME Program Regulations and HOME CHDO Regulations, as applicable under 24 CFR Part 92, prior to submitting a HOME Program Proposal. Please direct all questions on this RFP to Andy Nogal at 714-765-4368 or at anogal@anaheim.net

ATTACHMENT A
SAMPLE PROFORMA

ATTACHMENT B

CHDO Checklist