Call for Interest

For

Proposals of Acquisition and/or Rehabilitation of Affordable Rental Housing

Release Date: May 27, 2016
Submission Deadline: 2:00 p.m., Phoenix Time, August 5, 2016

Source of Funds:
HOME Investment Partnerships Program (HOME)
Community Development Block Grant (CDBG)

INTRODUCTION

In releasing this Call for Interest (CFI), the City of Phoenix Housing Department (HD) intends to facilitate acquisition and/or rehabilitation of affordable rental housing by providing financing at very low interest rates or through forgivable notes. On September 30, 2015, the Phoenix City Council approved housing for homeless populations, special needs populations, and/or projects submitted by eligible CHDOs as priorities for housing resources.

By issuing this CFI, it is the City's intent to identify those projects which significantly address City Council approved priorities, are supported by HD, and which can be fully underwritten for recommendation of funding to the Phoenix City Council. Before projects are recommended to City Council, all requested information from the Affordable Housing Loan Application must be provided.

HD expects its loans to be leveraged with other resources that may include private equity, loans from lending institutions, and/or funds from Federal, State or local programs. Qualified nonprofit and for profit developers who can demonstrate their ability to acquire and/or rehabilitate and operate affordable housing developments for homeless, special needs populations, and/or CHDOs and CBDOs are encouraged to respond to this CFI.

**Submittal deadline is 2 p.m. Phoenix time, Friday, August 5, 2016.**
HD provides financing for a range of housing programs utilizing funds from different federal and other sources. This CFI is seeking projects that can be supported by HOME Investment Partnerships Program (HOME) funds, or Community Development Block Grant (CDBG) funds.

The HOME program was created by the National Affordable Housing Act of 1990. A goal of the HOME program is to provide funds to expand the supply of affordable housing for very low-income and low-income persons as defined under 24 CFR part 92.

The CDBG program is a federal block grant program created by Congress in 1974. CDBG funded projects provide a benefit to low and moderate income persons.

Applications to this CFI can be for acquisition and/or rehabilitation of:

- Affordable Rental housing that reserves units for homeless populations and/or special needs populations;
- Affordable Rental housing submitted by an eligible CHDO or CBDO;
- Supportive transitional housing to enable homeless clients to move upward in the continuum of housing toward self-sufficiency;
- Supportive permanent housing provided through a “Housing First” model;
- Supportive permanent or transitional housing for homeless veterans;
- Supportive permanent or transitional housing for homeless youth, ages 18-24;
- Special Needs Housing with supportive services for populations such as victims of domestic violence, persons recovering from substance abuse, Persons Living with HIV/AIDS and disabled persons.
- Other affordable housing projects may be considered based on funding availability, and after applications addressing the Council approved properties are considered.

HD funds may not be used for a developer fee, supportive services, or operating expenses.

**WHO MAY APPLY**

The City invites applications from non-profit developers or for-profit developers who can demonstrate experience in providing quality, supportive housing for homeless or special needs populations, as well as eligible CHDOs or CBDOs who can demonstrate experience in providing affordable housing.

**CONDITIONS**

HD reserves the right to negotiate and award funding to multiple applicants and request additional information from applicants. **By the act of submitting an application, applicants acknowledge and agree to the terms and conditions of the Affordable Housing Loan Program and Underwriting Guidelines** [https://www.phoenix.gov/housing/building-affordable-housing](https://www.phoenix.gov/housing/building-affordable-housing) and to the accuracy of the information they submit in their response to this CFI. HD reserves the right to reject any and all applications, waive any nonmaterial irregularities in the application requirements, or cancel this CFI at any time. All application packages become the property of HD and, as such, are subject to the Arizona public records law and become public records.
LIMITED FUNDING AVAILABILITY

In issuing this CFI, HD is requesting applications that describe projects ready to begin construction at the time of application or which will be ready to begin construction in late 2016. For acquisition and/or rehabilitation projects, applicants may request up to $1,500,000. For rehabilitation projects where previous HOME or CDBG funds were invested, applicants may request up to $350,000 for a property-wide project or $15,000 per unit. The table below describes approximate funds currently available.

<table>
<thead>
<tr>
<th>Estimated Funding Currently Available</th>
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<tbody>
<tr>
<td>Funding Type</td>
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<tr>
<td>HOME</td>
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<tr>
<td>CDBG</td>
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CDBG funds are limited for use by a non-profit or eligible CBDO entity only. HOME funds are open for use by non-profit and for-profit entities as well as CHDOs.

CHDO and CBDO funds are available for specific housing activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO) or a Community Based Development Organization (CBDO). Nonprofit organizations applying as a CHDO or CBDO will be required to provide additional materials at the time of application so that HD may certify them as a CHDO or CBDO. Please contact Sheree Bouchee, at sheree.bouchee@phoenix.gov or (602) 262-4423 to request CHDO or CBDO certification documents.

In fall 2016, the Housing Department will issue a new Call for Interest. Priorities may be modified at that time.

DEFINITIONS

Community Based Development Organizations (CBDO) – A private nonprofit or for-profit community-based service organization that meets certain HUD requirements and has obtained or intends to obtain a governing body membership consisting of 51 percent LMI residents of with the capacity to engage in community development activities in a specific geographic area within the community.

Community Housing Development Organization (CHDO) – A private nonprofit, community-based service organization that meets certain HUD requirements and has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves.

CHDO Owner – The CHDO holds valid legal title to or has long-term leasehold interest in the rental property.

CHDO Sponsor – The CHDO develops or owns a property and agrees to convey ownership to another nonprofit organization.

CHDO Developer – The CHDO either owns a property and develops a project, or has a contractual obligation to a property owner to develop a project.
**Homeless & Chronically Homeless** – As defined in The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), 24 CFR 578.3.

**Permanent Housing** – Community-based housing without a designated length of stay and includes both permanent supportive housing and rapid re-housing. To be permanent housing, the program participant must be the tenant on a lease for a term of at least one year, which is renewable for terms that are a minimum of one month long and is terminable only for cause.

**Permanent Supportive Housing** – Permanent housing in which supportive services are provided to assist homeless persons with a disability to live independently.

**Rapid Re-housing** – an intervention informed by the Housing First approach that rapidly connects homeless families and individuals to permanent housing through tailored assistance that may include the use of time-limited financial assistance and targeted supportive services.

**Special Needs Housing** – Properties that are (i) uniquely designed and/or financed to meet the housing and service needs of a target special needs population, and (ii) provides supportive services for residents. Examples of Special Needs Housing include transitional housing, housing for homeless and disabled persons, and HUD 811 or 202 properties.

**Special Needs Populations** – Includes the following; victims of domestic violence, persons recovering from substance abuse, persons living with HIV/AIDS, frail elderly, veterans and disabled persons.

**Transitional Housing** – All program participants have signed a lease or occupancy agreement, the purpose of which is to facilitate the movement of homeless individuals and families into permanent housing within 24 months or a longer period if HUD determines necessary. The program participant must have a lease or occupancy agreement for a term of at least one month that ends in 24 months and cannot be extended.

**Supportive Services** – Services provided to homeless or special needs populations that assist with their accomplishment of the following goals: achieve residential stability; increase skill levels and/or incomes; and obtain greater self-determination (i.e., more influence over decisions that affect their lives).

**INSTRUCTION TO APPLICANTS**

All applications should adhere to the HD Affordable Housing Loan Program and Underwriting Guidelines available at https://www.phoenix.gov/housing/building-affordable-housing. Application requirements and loan terms are discussed in this document.

Those wishing to respond to this CFI should complete the Affordable Housing Loan Program Funding Application located at https://www.phoenix.gov/housing/building-affordable-housing. Although partial applications will be accepted, those applications providing the most information may be more competitive because reviewers will have a
complete understanding of the proposed project and will be able to assess project readiness.

Environmental Reports i.e. Phase I Environmental Scan, Asbestos Assessment and/or Lead Assessment; Appraisals; and Market Study, as applicable, shall be submitted to the City if the Project is selected for funding. Commitments for Financing shall be submitted with the application.

Please note that the Phase I, Site Plan, Elevations and other documents are critical to completing the Environmental Review required for all federally funded projects. Delay in providing these documents could delay completion of the Environmental Review resulting in delayed acquisition and/or start of construction. To better understand what documents will be required to complete the Environmental Review, refer to Understanding the Environmental Review Process at https://www.phoenix.gov/housing/building-affordable-housing.

HD will require all appraisals to be reviewed through the City’s Real Estate Section for projects receiving preliminary approval. HD only recognizes market value as an appropriate valuation in determining how much of an acquisition cost can be considered in determining gap.

The 2016 HOME Fact Sheet and 2016 Area Median Income Table can be found at https://www.phoenix.gov/housing/building-affordable-housing. These documents will be needed to determine appropriate rents for the proposed project and to complete application proforma, if necessary.

**EVALUATION CRITERIA**

Criteria for selection and continuing work with Housing is described by the Underwriting Guidelines at https://www.phoenix.gov/housing/building-affordable-housing and include:

- **Experience** – Each applicant must demonstrate that its organizational and staffing capacity is sufficient to complete the proposed project:
  - **Developer Capacity** – Demonstrate the organizational and staffing capacity to complete the proposed project without reliance on HD staff. Prior experience of the organization, its staff members, and consultants in planning and completing projects of a similar type and size as well as compliance in meeting the terms of existing City loan agreements will be considered. The applicant should also demonstrate that it is capable of providing 10% of the development costs through equity, grants, or loans. Include the number of years of experience in providing housing similar to what is being proposed.
  - **Property Management Plan** – Describe the experience of those who will manage the proposed property and their experience managing properties of similar size and resident type. Include a management plan that outlines management policies such as security, intake of new residents, outreach plan (if applicable), eviction process, and any financial considerations. Demonstrate experience in reporting on federally subsidized units.
• **Project Merits** – Evaluation will consider soundness of concept and developer’s ability to partner with agencies that can deliver support services over the long term. The proposal will qualify based on the following:
  
  - **Project Need** – Identify the need for affordable housing or supportive housing for homeless or special needs populations being fulfilled by the proposed project by referring to neighborhood demographics; real estate market data; special programs offered; and proximity to relevant services, transportation or work centers.
  - **Energy Efficiency** – Consideration will be given to high energy efficiency, location near or in major transportation and employment corridors and proximity to amenities. Projects that diminish the demand of natural resources will be favored.
  - **Construction & Design** – Include a proposed site plan with location of residential units, commercial uses and community facilities and amenities. Elevation renderings; floor plans; a written narrative of unit mix, unit size, amenities provided, energy conservation, and accessibility features should be included if available.
  - **Project Readiness** – Submit a development timeline identifying project milestones such as development activities, funding application dates, introduction of the project to surrounding neighborhood groups and responsible staff in order to demonstrate the viability of the proposed project to succeed. Consideration will be given to the degree of funding commitments made.
  - **Supportive Services Plan and Experience** - Describe the types of supportive services that may be appropriate for the population such as tutoring, job training, childcare, transportation, healthcare coordination, etc. Include a plan, a budget, contracts or Memorandums of Understanding between the developer and service providers and a description of experience of partners who will deliver supportive services.
  - **Financial Feasibility** – Cost reasonableness of development project, letters of interest for financial commitments and ability to fund operations will be considered. Additionally, proposals will be qualified on:
    - **Development Financing Plan** – Demonstrate that financial due diligence has been performed.
    - **Funding Commitments** – Include evidence that necessary funding commitments have been obtained, information of the likelihood to secure future funding through other funding programs, and certification of consistent financial projections.
    - **Mitigation of Identified Risks** – Identify significant issues that could delay or prevent the proposed project such as zoning actions, environmental issues, site control issues, neighborhood or market conditions, etc.)
    - **Leverage of City Funds** – More favorable scoring will be given to proposals that can best leverage City funds and provide the most number of affordable units. Per door costs to develop/rehabilitate and the project’s ability to cover operational costs will also be considered.

All applications will be reviewed and scored by a staff-appointed selection committee.
Ultimately, in order for Housing staff to recommend approval of financing to the City Council, a complete application will be required for the proposed project so that it may be fully underwritten.

PROPOSAL SCORING GUIDE

Outlined below is the Scoring Guide that the selection committee will use to review all proposals.

EXPERIENCE
Developer Capacity 60 Points
Property Management/Plan 30 Points

PROJECT MERITS
Project Need 60 Points
Energy Efficiency 40 Points
Construction & Design 40 Points
Project Readiness 40 Points
Supportive Services Plan & Experience 60 Points

FINANCIAL FEASIBILITY
Development Financing Plan 60 Points
Funding Commitments 40 Points
Mitigation of Identified Risks 20 Points
Leverage 50 Points

TOTAL POINTS AVAILABLE 500 Points

TIMELINE AND PROCESS FOR SUBMITTALS

Outlined below is a tentative schedule of activities for this CFI. All times are Local Phoenix Time.

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>DATE</th>
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<tbody>
<tr>
<td>Issuance of “Call for Interest”</td>
<td>May 27, 2016</td>
</tr>
<tr>
<td>Submittal of Written Questions Due Date by 3:00 p.m.</td>
<td>June 15, 2016</td>
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<tr>
<td>Pre-submittal Conference</td>
<td>June 16, 2016</td>
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<tr>
<td>251 W. Washington, 10th Floor</td>
<td>10:00 am</td>
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<tr>
<td>Responses to Written Questions provided at</td>
<td>June 20, 2016</td>
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<tr>
<td><a href="https://www.phoenix.gov/solicitations">https://www.phoenix.gov/solicitations</a></td>
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<tr>
<td>Deadline for Submittals by 2:00 pm</td>
<td>August 5, 2016</td>
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<tr>
<td>Phoenix Neighborhoods, Housing and Development</td>
<td>September 2016</td>
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<td>Subcommittee Meeting</td>
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*All dates are subject to change by the City without prior notice. The City of Phoenix is not responsible for cost or losses incurred by any applicant due to date changes.*
Applications must consist of one signed original and four (4) copies with tabs identifying the application and all attachments. Additionally, the applicant should submit a copy of the application, application tabs and attachments on a CD-ROM.

FREQUENTLY ASKED QUESTIONS

ELIGIBILITY
What are the eligibility requirements?
The City of Phoenix, Housing Department is accepting applications for permanent or transitional rental housing projects that serve special needs or homeless populations at or below 50% and 60% of the Area Median Income (AMI) (as applicable per the underwriting guidelines) with supportive services, as well as applications for permanent or rental housing projects submitted by CHDOs that serve residents at or below 50% 60% of the Area Median Income (as applicable per the underwriting guidelines). Other affordable housing projects may be considered based on funding availability, and after applications addressing the Council approved properties are considered.

What housing projects are not eligible under this Call for Interest?
Applications for emergency homeless shelters, and homeownership projects are not eligible under this Call for Interest. Additionally, projects whose financing is dependent on a 9% Low Income Tax Credit award are not eligible.

When will a Call for Interest be released for projects utilizing LIHTC as their primary financing?
The HD will release a CFI in the fall 2016 for those projects utilizing LIHTCs.

What fees/costs are unallowable?
The City will not pay a developer fee or reimburse for cost related to administration, operations, reserves, supportive services and the construction/rehabilitation of stand-alone community areas.

UNIT COMPOSITION
If a project uses mixed financing can the City units be located anywhere within the project?
The City units will need to be a mix of available unit types. For example, if your project consists of 1, 2 and 3 bedroom units, the City units would need to be an appropriate mix of these units and would not be allowed to be only one-bedroom units or only two-bedroom units.

If a project uses mixed financing do all the units need to meet the special needs or homeless population requirement?
All City designated units must meet a special needs or homeless population at or below 50% and 60% of the Area Median Income (AMI), as applicable per the underwriting guidelines. City designated units within a CHDO project must be at or below 50% of the AMI.

What is the minimum percentage of City designated units?
The number of City designated units is determined by a two part process. The number of units will be a pro-rata share of the HOME investment as it relates to the HOME eligible development costs. In addition the HOME-assisted unit maximum investment cannot be exceeded. However, applicants may choose to set aside more HOME units to increase
the competitiveness of their proposal. The HOME-assisted unit maximum investment can be found in the 2015 HOME Fact Sheet at https://www.phoenix.gov/housing/building-affordable-housing.

Is there a minimum and maximum per unit subsidy?
The minimum investment per assisted unit is $1,000 and the maximum per assisted unit is determined by unit size and can be found at https://www.phoenix.gov/housing/building-affordable-housing in the 2015 HOME Fact Sheet.

LOAN CONDITIONS
What are the conditions of the City’s loan (i.e. forgivable, hard note, soft note, term, interest rate, etc.)?
All terms of the loan will be negotiated with the applicant if funds are awarded. To review the types of loans offered by the City please refer to the City of Phoenix Affordable Housing Loan Program and Underwriting Guidelines at https://www.phoenix.gov/housing/building-affordable-housing.

What are the Period of Affordability conditions for the City’s loan?
The City will require that Projects assisted with public funds be subject to restrictive covenants that assure that the specified number of units meet certain affordability restrictions for the specified Period of Affordability. An affordability period of 40 years will be required on all assisted units for acquired HOME or CDBG loans for acquisition and rehabilitation projects that have not been previously funded by the City. If a non-profit developer currently has a loan with the City from a previously funded project, they may opt to extend that loan’s Period of Affordability for an additional five years.

APPLICATION REQUIREMENTS
What is the percentage ‘accessible’ units required by the City?
The project must construct 5% of the dwelling units to be accessible for persons with mobility disabilities. An additional 2% of the dwelling units must be accessible for persons with hearing or visual disabilities. Accessible units must meet City Code, Section 504 requirements and the City’s Minimum Property Standards, which can be found at: https://www.phoenix.gov/housing/building-affordable-housing.

Which utility allowance is required for the City’s Application?
If your project is also submitting for LIHTC then the energy savings model used by the Arizona Department of Housing (ADOH) may also be used for the City of Phoenix application. If the project is not submitting for LIHTC the applicant may use the City’s utility allowance chart, which can be found at: https://www.phoenix.gov/housing/building-affordable-housing.

What are the appraisal requirements?
The property purchase price must not exceed current fair market value, as substantiated by an independent appraisal performed according to the USPAP standards and acceptable to the City. Appraisals must conform to the Uniform Relocation Act guidelines if relocation is involved in the project. The appraisal cannot be a ‘restricted’ report prepared solely for the developer or another entity. Additionally, the City will only accept a summary or self-contained appraisal report which includes the City as an intended user. There should be enough data and analysis in the report for the reviewer to analyze the information and arrive at the same conclusions as the appraiser. Appraisals will be reviewed by the City’s Real Estate Section.
Does the City conduct the environmental review process? If so, when does this process begin?
The City conducts the federally mandated environmental review process. This process begins once a project has secured all financing necessary to complete the development. However, the applicant is responsible for the submittal of the Phase I and other supporting documentation needed to complete the City’s review.

CHDO ELIGIBILITY
How does the City determine CHDO eligibility?
CHDOs will submit their CHDO application for review at the same time as their funding application, and will be re-certified prior to contract execution. After project completion, CHDO status is reviewed during monitoring.

What are the key points of CHDO eligibility?
A non-profit must demonstrate that it meets certain criteria regarding its: legal and tax-exempt status; financial management capacity and accountability; staff capacity to carry out HOME-funded activities; experience serving the community; required board representation (1/3 of its members are low-income); and a lack of for-profit or public control.

CDBO ELIGIBILITY
How does the City determine CBDO eligibility?
CBDOs applying for funding will be required to complete the certification process after funding approval and may be subject to re-certification prior to contract execution.

What are the key points of CBDO eligibility?
A non-profit or for-profit entity formed under state or local law to engage in community development activities for the primary purpose of improving its geographic area through assistance to low income persons. And must meet the board composition requirements (51% composed of eligible low and moderate income representation and not to exceed 1/3 membership by public officials).

SOLICITATION TRANSPARENCY POLICY
Beginning on the date the solicitation is issued and until the date the contract is awarded or the solicitation withdrawn, all persons or entities that respond to this solicitation including their employees, agents, representatives, proposed partner(s), subcontractor(s), joint venturer(s), member(s), or any of their lobbyists or attorneys, (collectively, the Proposer) will refrain, from any direct or indirect contact with any person (other than the designated procurement officer) who may play a part in the selection process, including members of the evaluation panel, the city manager, assistant city manager, deputy city managers, department heads, the mayor and other members of the Phoenix City Council. As long as the solicitation is not discussed, proposers may continue to conduct business with the City and discuss business that is unrelated to the solicitation with the City staff.

Proposers may discuss their proposal or the solicitation with the mayor or one or more members of the Phoenix City Council, provided such meetings are scheduled through Sheree Bouchee, Housing Development Specialist, conducted in person at 200 West Washington, Phoenix, Arizona 85003, and are posted as open meetings with the City Clerk at least twenty-four (24) hours prior to the scheduled meetings. The City Clerk will be
responsible for posting the meetings. The posted notice shall identify the participants and the subject matter, as well as invite the public to participate.

With respect to the selection of the successful Proposer/Bidder, the City Manager and/or City Manager’s Office will continue the past practice of exerting no undue influence on the process. In all solicitations of bids and proposals, any direction on the selection from the City Manager and/or City Manager’s Office and Department Head (or representative) to the proposal review panel or selecting authority must be provided in writing to all prospective proposers.

This policy is intended to create a level playing field for all Proposers, assure that contracts are awarded in public, and protect the integrity of the selection process. **PROPOSERS THAT VIOLATE THIS POLICY SHALL BE DISQUALIFIED.**

**TECHNICAL ASSISTANCE, CLARIFICATION & ADDENDA**

Questions or requests for clarifications regarding this CFI should be directed in writing by 3:00 p.m. Phoenix time, June 15, 2016 to: Sheree Bouchee, Housing Development Specialist, Housing Department, 251 W. Washington, Street, 4th Floor, Phoenix, AZ or e-mailed to sheree.bouchee@phoenix.gov. Responses will be posted at [https://www.phoenix.gov/housing/building-affordable-housing](https://www.phoenix.gov/housing/building-affordable-housing) on June 20, 2016 by 5:00 p.m. No additional questions will be answered or clarifications made after the June 16, 2016 Pre-submittal Conference.