

CITY OF MOUNTAIN VIEW

Community Development Department

**NOTICE OF FUNDING AVAILABILITY
FOR AFFORDABLE HOUSING
DEVELOPMENTS**

The City of Mountain View invites proposals from affordable housing developers that will increase the City's supply of affordable housing and will provide long-term affordability.

February 5, 2014



COMMUNITY DEVELOPMENT DEPARTMENT • NEIGHBORHOOD PRESERVATION DIVISION
500 Castro Street • Post Office Box 7540 • Mountain View, California 94039-7540
650-903-6379 • FAX 650-962-8502

CITY OF MOUNTAIN VIEW

NOTICE OF FUNDING AVAILABILITY (NOFA) Application Information and Instructions February 5, 2014

INTRODUCTION

The City of Mountain View is announcing the availability of funds for new affordable housing projects in Mountain View. A total of up to \$12.5 million in local housing funds is available under this NOFA to support the acquisition-rehabilitation or new construction of housing that will provide long-term affordability. At the City Council's discretion, up to an additional \$3.0 million may be available for exceptional projects. The funding is intended to fill the financing gap between the projected total development costs and other available funding sources.

Qualified affordable housing developers who can meet the NOFA qualifications and demonstrate their ability to design, build and manage affordable housing are encouraged to submit proposals. Funding will be awarded by the City Council on a first-come, first-served- basis to those projects that address the City's affordable housing needs and benefit the community.

The City is seeking proposals that demonstrate an understanding of the community, the unique attributes and opportunities of the neighborhood where the project would be located, successful experience in developing and managing affordable housing, and a commitment to an inclusive and responsive public participation process. The City is looking for developers who are capable of maintaining a collaborative partnership with City staff that results in high quality affordable housing.

Funding Sources

Funding under this NOFA will be provided from the following sources: Below-Market-Rate (BMR) Housing Program In-Lieu Fees, Housing Impact Fees and Rental Housing Impact Fees. The City also receives Federal Community Development Block Grant (CDBG) funds and HOME Investment Partnership (HOME) funds which, for certain

projects, may be used to help supplement local housing funds. The CDBG and HOME funds are awarded through a separate process. This NOFA is for the City housing funds only.

Eligible Applicants

Eligible applicants include for-profit or nonprofit corporations, general or limited partnerships, joint ventures or limited liability companies. Applicants must have demonstrated experience and capacity in the development and management of affordable housing. Applicants must have successfully completed a minimum of five affordable housing projects of similar size and complexity as the proposed project to be eligible to submit a proposal.

Eligible Projects

Each applicant is permitted to submit only one project application for this NOFA. Eligible projects include new construction or acquisition- rehabilitation, for the purpose of developing affordable housing for extremely low-, very low- and low-income households.

Mixed-use projects (containing both residential and nonresidential space) are eligible, as well as mixed-income projects (containing both affordable and market-rate rental units). Generally, for mixed-use projects, living space should make up the majority of the development. For both mixed-use and mixed-income projects, only the affordable housing portion of the project can be assisted under this NOFA and the commercial costs as well as the market-rate-unit costs need to be funded separately from the affordable housing costs.

Selection Criteria

The City will evaluate proposals based on project goals and housing priorities. All proposals will be reviewed for consistency with these goals and priorities. The priorities are a guide to the types of projects the City is especially interested in funding. There will not be a point system applied to these goals and priorities.

Project Goals

- Housing units will remain affordable for at least 55 years;
- The project's management plan promotes a healthy living environment for tenants and a compatible relationship with neighbors.

- The project is consistent with the goals and objectives of the City's Housing Element and General Plan;
- The project has reasonable costs, is structured to compete well in securing competitive funding sources and is soundly underwritten;
- The project will allow the City to spend housing funds expeditiously;
- The project site is near transit and services and is convenient for the target population;
- The project site would allow for a development to achieve maximum density;
- The building design/construction will incorporate "Green" building practices and material;
- The project is compatible with the zoning and neighborhood setting;
- The project incorporates appropriate community spaces, amenities and services for the target population; and
- The development team has demonstrated experience with successful affordable housing projects and the capacity to work cooperatively with the community in the design and development of the project.
- The development team has a demonstrated ability to work cooperatively and effectively with City staff during the initial evaluation and subsequent entitlement process.

Housing Priorities

- Housing targeted to households earning less than 80% AMI, with preference to projects serving very low- and extremely low-income households.
- Housing providing the dual benefit of developing affordable housing and creating a substantial improvement of a blighted property and/or neighborhood.

APPLICATION PROCESS

Application Submittal Requirements

Applicants must submit the following material:

- One (1) original and twelve (12) copies of a complete application with all required supporting materials.
- All application materials must also be submitted on a CD or USB flash drive.
- Applications will be accepted on a on a first-come, first-served basis until all funds are committed.

Under the California Public Records Act, all documents submitted as part of this application are considered public records and will be made available to the public upon request.

Application Process

Staff will review all the proposals for completeness and to verify the applicant is eligible. Proposals from developers that do not meet the City's minimum required experience will not be considered. All proposals must be complete and contain all the required application information when submitted. Incomplete proposals will not be considered.

All proposals will be reviewed by a NOFA Review Committee (NRC) made up of the City Manager, the Community Development Director, Administrative and Neighborhood Service Manager and two appointed City Council members. Based on the project goals and housing priorities, the NOFA Review Committee will evaluate and make a reservation of funding recommendation to the full City Council. Applicants may be requested to provide additional information or tours of similar projects in their portfolio.

If the NRC recommends reserving funding for a project, the next steps would be:

- Applicant and City staff hold a neighborhood meeting to solicit public input;
- Applicant makes a formal presentation at a Council study session; and
- City Council holds a public hearing to make a final decision on the reservation of funding.

If the City Council reserves funding for the project, the applicant may move forward in the entitlement process and submit development review applications for the project

design. The final funding commitment will be made by the Council after the project has received all land use entitlements and an environmental review has been completed. The "Reservation of Funding" is intended to allow the project to proceed to the entitlement and environmental review process. The Reservation of Funding is not binding until contract documents are negotiated and executed at the completion of the entitlement process and the final funding commitment.

Environmental Review and Assessment

Prior to the final funding commitment, projects must be assessed in accordance with the California Environmental Quality Act (CEQA). If Federal funding is involved, the project will also be assessed in accordance with the National Environmental Policy Act (NEPA). The environment review will typically be conducted during the entitlement process.

Applicants must refrain from undertaking activities, including acquisition, that would limit the choice of reasonable alternatives between the time of the NOFA application submittal and when the City has completed its environmental review process for the project. Options for the purchase of property must be subject to completion of the environmental review and project approval.

NOFA Informational Meeting

Applicants are encouraged to attend a NOFA Information Meeting.

NOFA Informational Meeting
February 28, 2014
2:00 p.m. to 3:30 p.m.
Plaza Conference Room
Mountain View City Hall
500 Castro Street, Mountain View

Application Process Time Line

The tentative time line for evaluating and selecting proposals is anticipated to be the following.

Circulate NOFA	February 5, 2014
NOFA Informational Meeting	February 28, 2014
NRC Recommendation	Within 45 days after application submitted
Neighborhood Meeting	Within 30 days of NRC Recommendation
Council Study Session and Hearing	Within 45 days of Neighborhood Meeting

CONTACT INFORMATION

Questions regarding this NOFA may be directed to Vera Gil, Project Manager Affordable Housing, by calling (650) 903-6459 or sending an e-mail to *vera.gil@mountainview.gov*.

CHANGES TO NOFA PROCESS

The City of Mountain View reserves the right to request additional information from applicants, reject any and all submittals, waive any irregularities in the submittal requirements, or cancel, suspend or amend the provisions of this NOFA. If such an action occurs, the City will notify all interested parties.

APPLICATION SUPPORTING MATERIAL

In addition to submitting a complete application, the following additional supporting material must be provided with the application.

1. **Cover Letter**

Provide a brief summary of the proposed project and discuss your agency's qualifications and why your proposal should be selected for funding.

2. **Evidence of Site Control**

At the time a development proposal is submitted, the developer must have site control of the property for which funding is requested. The developer must provide documentation that if the proposal is selected, site control can be maintained through completion of the entitlement process and until the property can be acquired. As evidence of site control, one of the following documents must be submitted with the application:

- Purchase agreement, including evidence that the agreement is for a term that is sufficient to hold the property until the anticipated date of purchase.
- Option to purchase or lease, binding on seller or landlord, including evidence that options are renewable until the anticipated date of purchase.
- A long-term lease agreement with a term of not less than 55 years.
- Executed land sales contract or other enforceable agreement for acquisition.
- Other evidence that developer has site control.

Land acquisition costs must be justified and represent a competitive market price. Prior to closing on any City funding, the City will commission its own appraisal to confirm property value.

3. **Appraisal**

An appraisal is required that has been completed within three (3) months of submitting an application. The appraisal must conform to the Uniform Standards of Professional Appraisal Practice and the appraisal requirements of the Appraisal Institute's Regulation 3. All appraisers must be California State licensed/certified. The appraisal must include a separate as-is value for any improvements

to be retained, or a demolition cost for any to be removed. Site value must be as-is, with no presumed condition such as a rezoning or environmental cleanup.

4. **Preliminary Title Report**

A preliminary title report dated within thirty (30) days of the application deadline.

5. **Ten-Year Projects List (Do not include projects in application Section 26)**

For each project the applicant has completed in the past ten (10) years, provide the following information in a consistent format. If more than six (6) projects have been completed, provide information for the last six (6) projects.

- Name of Project:
- Location:
- Type of Development (senior, family, etc.):
- Number of Units:
- Mix of Unit Sizes:
- Number of Affordable Units and Level of Affordability:
- Number of Stories:
- Type of Construction:
- Project Amenities:
- Total Project Cost:
- Funding Sources and Amounts:
- Entitlement Date:
- Occupancy Date:
- Name of Project Manager:

6. **Rehabilitation Scope of Work, Property Inspection and Cost Estimate**

If the project involves rehabilitation, include the following information:

- Preliminary Scope of Work;
- A third-party physical needs assessment, property inspection report or predesign report;
- A preliminary independent cost estimate; and
- Basic unit configurations/plans.

7. **Preliminary Relocation Analysis**

If the project involves temporary or permanent relocation of residential or commercial tenants, provide a description of tenants eligible for relocation assistance and a preliminary budget for the relocation assistance. (A full Relocation Plan will be required during the entitlement process for projects that received reserved funding.) The preliminary relocation analysis should include:

- A description of the applicable relocation requirements and relocation benefits to be provided;
- A reasonable cost estimate of the relocation expenses;
- Identification of the number of households or businesses to be displaced;
- The current rent roll; and
- Name, contact information and a description of the consultant or agency that will prepare the Relocation Plan and provide assistance to the displaced households/businesses.

8. **Community Outreach Plan**

A plan for conducting community outreach to neighbors of the proposed development and community groups. The Outreach Plan should describe how the developer intends to build support for the project and address community concerns. The Outreach Plan should also discuss some anticipated community concerns and how they would be handled.

9. Development Schedule

Detailed project schedule, identifying all major milestones. The schedule must include major milestones for the development approval process, purchase of the property, community outreach process, financing applications, approvals and closings, project construction and lease-up.

10. Resident Services Plan

A Resident Services Plan that describes services to be provided to tenants (child care, computer training, etc.) and demonstrates how supportive and social services for the tenant population will be provided and funded. Projects with units set aside for formerly homeless households or special needs groups must provide sufficient supportive services for the target population and show sufficient funding commitments for services.

11. Management Companies

If the proposal includes the use of a management company other than the applicant, provide detailed information on that company, including:

- References;
- Total number of projects and units managed;
- Listing of projects managed and their locations,
- Number of company employees; and
- Management philosophy.

12. Marketability of Mixed-Use Projects

Proposals for development of housing with commercial space must include evidence of demand for commercial/retail and marketability of space by submitting a market study or a survey of comparable and vacancy rates or have at least half of the commercial/retail space preleased.

13. Detailed Development Budget

Provide a detailed development budget that includes all anticipated funding sources and provides a breakdown of all development costs. The following requirements should be considered in preparing the budget:

- Construction Contingency

The City requires a 10 percent minimum construction contingency, which should be factored into the development budget. For projects involving extensive rehabilitation work, a 15 percent construction contingency may be required.

- Prevailing Wage Requirements

It is the City's policy that any affordable housing projects funded by the City will require State prevailing wage payments or if Federal funds are used for the project, Davis-Bacon wage payments. Applicants will be expected to comply with all State and Davis-Bacon wage requirements. Any previous unsettled violation of the prevailing wage requirements of the City may disqualify the contractor or any subcontractors from participating bidding as contractors or subcontractors on City financed projects.

- Insurance/Bonding Requirements

The selected agency will be required to comply with the City's insurance requirements, which should be factored into the project budget. Please refer to Attachment 1 for more information on the City's insurance and bonding requirements.

14. Detailed Operating Budget and 30-Year Pro Forma Analysis (Rental Projects Only)

For rental project proposals, a detailed operating budget and 30-year pro forma analysis should be submitted which uses the assumptions detailed below:

- Five percent (5%) annual vacancy/collection loss for family and senior projects.
- Ten percent (10%) annual vacancy/collection loss for efficiency studio, SRO or special needs projects.

- Three and one-half percent (3.5%) annual increase for expenses (other than property taxes and replacement reserve deposit).
- Two and one-half percent (2.5%) annual increase for income.
- Tenant utility allowances should be based on the Housing Authority of Santa Clara 2010 Utility Allowance Table available at www.hacsc.org/p_rentlimits.php.
- If Section 8 or other rental or operating assistance is assumed, an additional operating pro forma should be included that assumes the contract will expire after its initial term. Applicants should include transition reserves in their budgets due to the risk that rental assistance contracts may not be renewed.
- Partnership/Asset Management fees (for tax credit projects only) may not exceed a combined total of \$25,000 annually but may increase by 3 percent per year.
- The interest rate on the City's funds for low-income housing tax credit projects will be set on a case-by-case basis. The interest rate typically will range from 1 percent to 3 percent simple interest per annum, where there is a financial benefit to the project. Payments of interest and principal will be due from excess cash flow from operations after payment of operating costs, senior debt, reserves and deferred developer fee. All loans are due on sale, refinancing or transfer (except to a related entity, such as a limited partnership, subject to City approval).

The pro forma should clearly list all assumptions and include information on all debt sources, including term, interest rate information and name of intended debt providers.

The pro forma should also include information on the number of units, sizes, rent and utility levels, targeted levels of affordability and basis of rent level calculations.

15. **Developer Financial Reports**

Provide independent audit reports for the last three (3) years, including copies of management letters. This should include complete financial statements, including balance sheets, income statements and statement of cash flows with notes for the last three (3) years.

16. Experience and References

Provide resumés and project experience for all key staff working on the project, including, but not limited to, principals, project manager, project staff and financial officer. Indicate the level of experience of the project manager with projects similar to the proposal. Provide at least three (3) references from City or County staff involved with projects completed in the last six (6) years.

Information specifically related to experience in successfully completing projects with prevailing wage or Davis-Bacon wage requirements is preferred. It is highly desirable that the developer's contractor has experience in this area, but it is not mandatory.

17. Partnership Agreement or Corporate Articles and Bylaws (if applicable)

18. 501(c)(3) Letter of Determination from IRS (if applicable)

19. Photos

Attach recent, clearly labeled photos of the project site and surrounding area.

20. Board of Directors

Provide a listing of the Board of Directors, including the city of residence.

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