

Mayor's Office of Housing and Community Development
City and County of San Francisco



London Breed
Mayor

Daniel Adams
Acting Director

NOTICE OF FUNDING AVAILABILITY

**Acquisition and Predevelopment Financing for
AFFORDABLE MULTIFAMILY RENTAL HOUSING,
Supported by the 2019 General Obligation Housing Bond – Proposition A**

Issue Date: December 27, 2019
Application Due Date: January 30, 2020

*Issued by the Mayor's Office of Housing and Community Development
of the City and County of San Francisco (City)*

Available Funds: up to **\$30,000,000**, including:

- \$15,000,000 for projects located in Districts 1, 2, 4, 7, and 8 and intending to serve low-income seniors; and
- \$15,000,000 for projects located in Districts 1, 2, 4, 7, and 8 intending to serve low and moderate-income families

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information is provided in response to questions raised at this meeting, it will also be posted on the MOHCD website and will be emailed to all parties that have attended the pre-submission meeting or otherwise requested that they be included on the NOFA emailing list. Subsequent to this meeting, questions or requests for interpretation will only be accepted by email and all questions and responses will be answered by email and posted on the MOHCD website. No questions or requests for interpretation will be accepted after **4:00 p.m. on January 16, 2020**. Emailed questions and information requests should be submitted to Jonathan Gagen at: jonathan.gagen@sfgov.org.

3. Submittal Date and Method.

Submittal of **7** hard copies of the Proposal must be received by the MOHCD receptionist and an emailed copy sent to jonathan.gagen@sfgov.org no later than **4:00 p.m. on January 30, 2020**.

4. Final Review and Commitment of Funds.

Selected applications will be scheduled for review and funding commitment by the Citywide Affordable Housing Loan Committee. All commitments recommended by the Loan Committee are subject to final approval by the Mayor. Commitments may be conditional; actual closings and disbursements of funds may be contingent on applicants' achievement of certain development benchmarks or performance goals. The City reserves the right to commit funds to a successful applicant in an amount that differs from the originally requested amount. The City also reserves the right to award an aggregate amount that exceeds the amount identified as available under this NOFA if necessary to fully fund a selected project.

C.a. Minimum Development Team Characteristics.

Only applicants who meet all of the following criteria will be considered eligible for selection and funding under this NOFA.

The proposed Development Team must include:

- At least one San Francisco-based non-profit development entity whose mission includes the development of affordable housing in low-income communities with experience developing housing for low-income families with experience developing housing and/or assisted living for low-income seniors and frail elderly, acting either as sole developer or as a partner in a joint venture, or joint-venture partner, defined as a nonprofit organization;
- A property owner entity with experience owning housing for low-income communities, including senior residents, and formerly homeless households;
- A property management entity with experience managing housing for low-income communities, including senior residents, and formerly homeless households;
- At least one services-providing entity with experience providing services appropriate for formerly homeless residents or services for seniors.

Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the developer must be submitted with the application.

C.b. Minimum Development Team Experience.

Minimum experience must be demonstrated by identifying specific **Qualifying Projects** in which team members have participated, as further described below. The proposed Development Team must submit **Form 5 - Qualifying Project Form**, to document how the Qualifying Project characteristics meet each of the experience categories below (developer, owner, property manager, service provider.)

To demonstrate the minimum required development team experience, each team should submit one project for each experience category. When appropriate, teams may submit the same project as evidence of experience across multiple experience categories, or may use different projects to demonstrate experience across categories. In all cases, no more than four (4) total Qualifying Projects should be submitted. **Qualifying Projects will not be scored, but are used to identify if the proposed Development Team meets the minimum development team experience required to develop the Site.**

For Developer and Owner, a **Qualifying Project** must have all of the following characteristics:

- new construction (not a requirement for Minimum Service Provision Experience) in a construction type appropriate for the proposed site development (not a requirement for Minimum Property Manager and Service Provision Experience)
- at least 75 units in size
- majority multiple-bedrooms (larger than studios – this is applicable only for proposed family developments)
- mixed-use including residential (not a requirement for Minimum Service Provision Experience)
- affordable to low- and very low-income households¹
- includes formerly homeless residents and/or senior residents
- financed by use of Low-Income Housing Tax Credits.

1. **Minimum Development Experience:** The proposed Developer must have completed within the past ten years at least **one** Qualifying Project located in San Francisco. The definition of “completed” of a Qualifying Project means having received Temporary Certificate of Occupancy by the date of the issuance of the NOFA.
2. For joint venture Developer teams, the experience of the lead entity may suffice for the joint-venture partnership. A signed Memorandum of Understanding or Term Sheet between joint-venture Development partners that outlines roles and responsibilities, proposed ownership structure, etc. must be submitted with the application. Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Finally, the requirement to have served formerly homeless residents and/or senior residents may be satisfied in a

¹ “Low Income” is defined as 60% MOHCD AMI and below. “Very Low Income” is defined as 30% MOHCD AMI and below.

non- Type V over I or Type III over I building. In such a case, the proposed Developer must provide evidence of having completed a Type V over I or Type III over I affordable housing building, and separately, an affordable housing building that serves formerly homeless residents and/or senior residents.

3. **Minimum Ownership Experience:** The proposed Owner must have owned at least **one** Qualifying Project for at least four years prior to the Submittal Deadline of this NOFA. For purposes of this requirement, the member of the general partner of the tax credit partnership that will own the completed project is the proposed “Owner.”
4. **Minimum Property Management Experience:** The proposed Property Manager must have managed at least **one** Qualifying Project for at least 24 months.
5. **Minimum Service Provision Experience:** The proposed service provider(s) must have at least 36 months experience providing services to low-income family or senior residents (as applicable) within a Qualifying Project.

Note Regarding Experience: For any Respondent team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members’ experience in other firms was substantive and involved responsibilities similar to those that they are anticipated to perform during the proposed development of the Site. Any substitution should be clearly identified in Attachment 4, Qualified Project Form.

C.c. Minimum Developer and Owner Capacity Requirements.

The proposed Developer and Owner must demonstrate the financial and staffing capacity to successfully complete the project and manage the asset in the long-term, as further described below.

1. **Financial Capacity:** The proposed Developer (or Guarantor where another entity is providing required guarantees) must demonstrate its ability to obtain competitive financing, as evidenced by submitting the latest (2) years of either signed federal income tax returns (including schedules or attachments, if any); or audited financial statements (with management letters, if any). The proposed Developer must also submit **Attachment 5 – Financing Terms for Developer’s Qualifying Project** documenting the equity pricing and debt terms for the Qualifying Project submitted under Minimum Developer Experience.
2. **Staffing Capacity:** The proposed Developer must document its capacity to successfully plan, design, and develop the Project, throughout the period of development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. To document this, the proposed Developer must submit a written narrative **no more than one page** (in Times New Roman font, 12 font size, and 1-inch margins) to document the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. The proposed Developer must also submit **Attachment 6 – Projected Staffing Workload Form** to document the work assignments (existing or contemplated) associated with each staff person expected to work on the Project for Developer.

H. Evaluation Criteria and Scoring Summary.

Staff Review: MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements.

Low-Income Housing (Citywide) Selection Panel: The Director of MOHCD will appoint a Selection Panel composed of persons with expertise in areas that may include development, affordable housing financing, architecture, property management and resident supportive services. The Selection Panel may interview Respondents who meet the NOFA's threshold eligibility requirements, at which time Respondents will be asked to present and explain the major characteristics of their proposal, particularly as they relate to the Scoring Criteria, and respond to questions from the Selection Panel. After all interviews have been completed, the Selection Panel will meet to determine the final ranking of all responses and present this ranking to the Director.

Both Selection Panels' proposals scoring will be done by consensus and will be final: no appeals of the scores determined by either Selection Panel will be accepted.

The Director will then select Applicants for both the Family and Senior funding pool, and MOHCD and the selected teams will enter into acquisition and predevelopment loan agreements with specific milestone achievement requirements established in accordance with the terms of this NOFA.

Selection criteria will include priority for:

1. Applicant Experience and Capacity
2. Readiness (including ability to use SB 35)
3. Cost-Effectiveness
4. Neighborhood Location
5. Extended Community Benefits
6. Commitment to Racial Equity Framework

All applications that meet the Threshold Eligibility Criteria identified in Section C will be rated and ranked according to the following scoring criteria.

	Category	Points
A.	EXPERIENCE:	40
i.	Developer (20 pts) <ul style="list-style-type: none"> ➤ Experience with the following: <ul style="list-style-type: none"> ○ Completing projects on time and on budget ○ Obtaining competitive financing terms ○ Developing housing in the proposed construction type ○ Developing for low-income families, including senior and formerly homeless residents ➤ Building community support through outreach ➤ Current staff capacity and experience to take on this project type 	
ii.	Owner (10 pts) <ul style="list-style-type: none"> ➤ Track record successfully owning housing financed with Low-Income Housing Tax Credits <ul style="list-style-type: none"> ○ Experience owning affordable housing for low-income ➤ Current asset management structure, staffing and portfolio ➤ Capacity for assuming asset management of an expanded portfolio once the development is complete 	
iii.	Property Manager (5 pts) <ul style="list-style-type: none"> ➤ Experience property managing for low-income families, including senior and formerly homeless residents ➤ Experience achieving high rates of housing retention ➤ Implementing low barrier tenant selection policies ➤ Contributing to long-term sustainability of the development ➤ Achieving cost efficiencies in operations 	
iv.	Service Providers (5 pts) <ul style="list-style-type: none"> ➤ Experience delivering services to low-income families, including senior and formerly housing residents ➤ Experience linking residents to the City's safety net of services ➤ Working with property management to achieve high rates of housing retention ➤ Supporting positive outcomes for residents around health and economic mobility ➤ If applicable, provides explanation for service contracts terminated prematurely within the last 5 years 	
B.	SITE CHARACTERISTICS AND VISION:	60
i.	Program Concept (30 pts) <ul style="list-style-type: none"> ➤ Proposes site whose location, size, configuration and zoning are propitious for the development of affordable housing, including ability to maximize unit yield in a cost-effective construction type and make use of entitlement expediting such as SB 35. ➤ Describes vision for a development program at this site, while best achieving the project goals, and includes: <ul style="list-style-type: none"> ○ A residential program and other envisioned uses; ○ Indicates how the proposed uses and amenities will enhance the lives of the proposed target population and the surrounding neighborhood. 	

	➤ Indicates particular groups served by the programs and spaces (tots, children, teens, young adults, adults, elderly, disabled etc.).	
ii.	Community Engagement Strategy (10 pts) <ul style="list-style-type: none"> ➤ Describes community engagement strategy and includes: <ul style="list-style-type: none"> ○ The team's philosophy on community engagement; ○ Process for establishing and/or building positive relationships with surrounding neighbors and the larger community; ○ Efforts designed to engage all interested community members, including monolingual non-English speaking members of the community; ○ How the Development Team intends to comply with the City's Language Access Ordinance. ➤ Describes the Team's approach to achieving entitlements for the project expeditiously and the Team's approach to maintaining and building community relationships after entitlements have been achieved and the development is in operations. 	
iv.	Finance and Cost Containment Approach (10 pts) <ul style="list-style-type: none"> ➤ Describes the Development Team's financing approach to the project and presents preliminary financing plan that shows a feasible project consistent with current MOHCD underwriting practice. ➤ Includes the Team's process for structuring the project and controlling development costs. ➤ Includes innovative strategies intended to minimize MOHCD's projected capital gap financing. ➤ Describes any innovative (i.e. non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses. 	
v.	Commitment to MOHCD's Racial Equity Framework (10 pts) <ul style="list-style-type: none"> ➤ Describes capacity and strategies for effectively implementing MOHCD's Housing Preferences, including neighborhood preference, to meet the goals of the program and ensure that residents of surrounding neighborhood will have maximum opportunity to access housing at the development. ➤ Describes proposed outreach strategies to engage communities that have traditionally lacked access to affordable housing opportunities in San Francisco, and how such strategies will support these communities to pursue opportunities at the proposed site 	
TOTAL POSSIBLE POINTS		100

I. Funding Requirements and Guidelines.

Funding Terms

Funds will be provided as residual receipts loans. Loans will be interest bearing, or may be interest free if needed to ensure the financial feasibility of the project. For all loans, however, in the event of uncorrected default under the loan agreement, interest shall be charged at the