



The City of
OKLAHOMA CITY
Planning Department
Community Development Division
420 W. Main, Suite 920 Oklahoma City, OK 73102

**2020 SOLICITATION OF PROPOSALS
FOR
AFFORDABLE HOUSING DEVELOPMENT**

Introduction:

The City of Oklahoma City (CITY) Planning Department's Housing & Community Development Division is soliciting proposals from experienced housing providers to support development of affordable housing in the City's Neighborhood Revitalization Strategy Area (NRSA) or in areas designated as Opportunity Zones. Approximately \$1,800,000 in funds from the CITY's HOME Investment Partnership Program (CITY-source HOME) have been allocated for this purpose. It is anticipated that 3-4 projects will be assisted with this funding.

The solicitation package for this Affordable Housing Development (AHD) HOME program application is available online at:

<https://www.okc.gov/departments/planning/programs/housing-neighborhood-programs>.

Questions or requests for additional information may be submitted to chris.varga@okc.gov.

Application Deadline:

Applicants may submit only one proposal for a single project under this opportunity. Submittals may be made during the period **starting 8:00 am on January 11, 2021 and June 30, 2021 at 4 pm. The first review period will start February 1, 2021; applications submitted thereafter will be reviewed on a monthly basis for as long as funds remain available.**

Applications must be submitted electronically to the following email address,
HOME2021@okc.gov

The CITY will review each proposal received to evaluate conformance with this solicitation and HOME program requirements. Applicants must be familiar with current HOME regulations and cross-cutting federal requirements (specifically, applicants should understand that the HOME program has statutory and regulatory requirements that govern HOME-assisted activities including but not limited to Income Qualifying standards for persons who live in the units; Affordability Requirements; Fair Housing; Labor Standards; Equal Opportunity; Accessibility; Environmental Requirements; Affirmative Marketing, etc.) Long term compliance reporting and compliance inspections are standard throughout the affordability period.

Threshold Scoring:

Applications must score at least **40 points** to be considered for funding. Final funding recommendations will be based on a variety of factors including score; agency capacity, experience and risk; project feasibility and readiness; availability of funds compared to the request; level of match/leverage; alignment with CITY preferences; and application quality/completeness (meaning conformance to solicitation requirements). Minimum submission requirements must be met, and more substantially complete applications shall be scored accordingly. Substantially incomplete applications are subject to rejection without review.²

Selected applications will be forwarded to the City Council with a recommendation for funding. Applicants receiving recommendations for funding must attend a technical session covering HOME and cross cutting regulations as well as provisions contained in a draft agreement.

Approved applications proposing to incorporate Low Income Housing Tax Credits, known also as Affordable Housing Tax Credits (AHTC), will receive a loan commitment contingent on the award of tax credits.

Projects applying for financing from other sources, including government and/or private, must specifically reference the source(s) and requested amount(s) and include evidence of funding commitments such as term sheets, loan documents or letters of commitments from private funders. **The applicant must have all funds, except for the requested HOME funds, fully committed and sufficient to cover the entire project before an award of HOME funds is made.**

Section I, Eligible Applicants:

Developers of proposed housing may be small-scale property owners, CITY-approved Community Housing Development Organizations (CHDO's), for-profit developers or nonprofit housing providers. Applicants must demonstrate sufficient experience for the proposed activity or project and must demonstrate capacity as a developer of affordable housing.

Applicants must also have site control for the projects being proposed, and the properties must be properly zoned for the project.

Section II, Eligible Activities:

Activities are limited to new construction or acquisition/rehabilitation of affordable housing.

For rental housing projects, at least 90% of benefiting families must have incomes that are no more than 60% of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. Area median income is determined by HUD and published each year. Rents for HOME-assisted units cannot exceed HUD-published rents.

For-sale housing must be sold to families with household incomes that are 80% or less of the HUD-adjusted median family income for the area. Applicants intending to sell housing

developed under this program must ensure that buyers receive down payment assistance through a City-approved provider which can document the income eligibility requirements.

Properties of 1-4 units that are constructed or acquired/rehabilitated are eligible to be sold to owner occupants who agree to maintain the affordability requirements on all CITY-source HOME-funded units. Applicants must understand the special rules that apply to the sale of single-family properties having one or more units. These rules will be discussed individually with developers proposing the use of HOME funds for such projects.

Developer Fees: There are no administrative funds available under this solicitation. Developer fees are allowed as a percentage of hard construction costs (not total development costs) per Section IV part 2 below.

Project Location: Projects may be for one or more buildings on a single site or multiple sites, but must be located within the CITY's established Neighborhood Revitalization Strategy Area (NRSA¹) an area of the inner city consisting primarily of low-income census tracts or areas designated as Opportunity Zones (OZ). A map of the NRSA and OZ areas is included in this solicitation as Appendix A.

Applicants are advised per federal requirements, once a request is made to the City for HOME funds, there can be NO work on the project site until a City- approved environmental review clearance is received (See Section V of this document). This includes ANY clearance, ground disturbing or construction work- even if the work is funded with private dollars.

Minimum Property Standards must be met; Appropriate Zoning must be in place. All housing units assisted with funds under this opportunity must meet minimum property standards at project completion. Housing units rehabilitated with HOME funds must meet all applicable local codes and conform to the CITY's Housing Rehabilitation Policies as currently revised. For rehabilitation projects, CITY staff will review the scope of work and inspect work as it is completed.

Mixed-income or mixed-use projects are eligible, but only the HOME residential units can be funded; and only HOME-eligible tenants may occupy the funded units. All activities for which HOME funds are used must result in fully completed residences suitable for immediate occupancy. **If for any reason the project is not timely completed or the affordability period is not met, 100% of the funding award, including developer fees will need to be returned to the City.**

Section III, Eligible Funding:

Funding will be provided as a grant or construction or permanent loan. Each proposal will be reviewed and negotiated individually to ensure there is no undue enrichment to the developer

¹ For scattered site projects, 20% of funding may be used for units located outside the NRSA.

through the use of public dollars. In general, for-profit organizations may be provided loans at favorable rates and terms approximating federal affordability requirements. Funded non-profit housing organizations will be offered a Forgivable Loan with forgiveness based on project compliance. For-sale projects may be required to return a portion of sale proceeds to the City and/or to reinvest a portion of the proceeds to additional housing development.

All proposals must contain sufficient detail for City staff to assess project feasibility. Applicants must include information on the project's gross income, operating expenses, cash flow, debt service requirements and net operating income or net proceeds. For rental projects, the proforma period is to extend out through the affordability period.

The obligation to repay a loan may be subject to certain deferral and forgiveness provisions based on special project conditions including high cost factors for historical preservation, lead based paint remediation costs for rehabilitation projects, deep income targeting of proposed residents, or unit set-asides and accommodations for special needs populations as identified by The City's Consolidated plan including the homeless, disabled and seniors.

The term and final rate for loan-funded projects will be established following negotiations with City staff and will be based on individual project needs. Interest on unpaid balances will accrue but not compound.

Section IV, Eligible Costs:

CITY-source HOME funds under this opportunity are limited to development costs², which include but are not limited to:

1) Hard Costs (examples)

- Acquisition of land (for a specific project) and existing structures
- Site preparations or improvement, including infrastructure
- Materials and labor

2) Soft Costs (examples)

- Appraisals
- Architectural/engineering fees, including specifications and job progress inspections
- Environmental review (performed by owner/developer)
- Builder or developer fees (based on a percentage of hard construction costs not to exceed 15%)

Section V, Environmental Review:

All projects are subject to a Part 58 environmental review performed by the CITY. Applicants must comply with CITY requests pertaining to the Part 58 environmental review and provide all

² Relocation costs are not eligible under this opportunity. Projects involving acquisition/rehabilitation of occupied rental property will be rejected.

necessary information and property access to allow the CITY to timely complete its environmental review requirements. A Phase I environmental study may be required as part of site evaluation; applicants who have a Phase I on the project site, should submit it with the proposal.

Section VI, Property Standards and Codes:

All CITY-assisted units must obtain necessary permits and must meet minimum property standards relevant to the project type throughout the period of affordability. Residential permits include 1 and 2 Family Dwellings and their accessory structures, while Commercial permits include all other residential structures as well as commercial and industrial structures. Currently the CITY uses:

- International Building Code, 2015
- National Electrical Code, 2017
- International Plumbing Code, 2015
- International Mechanical Code, 2015
- International Energy Conservation Code, 2009
- International Fire Code, 2015
- American National Standards Institute, 2009
- International Residential Code, 2015
- OKC Supplements to adopted codes

Housing units rehabilitated with CITY-source funds must meet minimum standards established by the CITY's Housing Rehabilitation Policy and Minimum Specification Requirements for Rehabilitation Projects. A copy of the policy and specification requirements is available upon request.

Section VII, Proposal Minimum Submission Criteria:

There is no application "form" to complete. The required content for proposals is defined below. Please see Section XI summary checklist and submit documents in the order listed.

The CITY reserves the right to request project-related information in addition to the minimum requirements during the proposal review process. Each proposal must be responsive to either A or B below and items C-G:

- A. If the HOME funding request from the CITY is greater than 10% of the total project costs **and** the project does not intend to utilize Affordable Housing Tax Credits (AHTC), the applicant must submit the following minimum documentation:
- 1) A complete and clear project description providing location-specific information including address or legal description and zoning, as well as a delineation of all activities included in the overall scope of the project
 - 2) A summary of the project financing, including the project development budget and operating budget

- 3) A list of proposed funding sources and uses identifying federal and nonfederal funds. Note: applications with an excessive reliance on federal funds may be rejected.
 - 4) Site plan and floor plans by building
 - 5) Unit breakdown by building, including unit sizes, type, and for rental projects the proposed unit rents.
 - 6) Number of HOME units in the project. Identify the location of the HOME unit(s) on the site and floor plans, and for rental projects designate whether the HOME unit(s) will be either floating or fixed. Floating units must be of comparable size and type.
 - 7) Development Timetable.
- B. If the HOME funding request from the CITY is 10% or less of the total project cost, **or** if the project proposes HOME funds for an AHTC project, the applicant must submit the following documentation:
- 1) Project summary including:
 - Project location
 - Site description
 - Description of need for the project
 - Project description
 - Total number of units proposed (by size and type)
 - Number of HOME assisted units proposed (size and type)
 - Total cost of project
 - Total HOME fund request
 - 2) Development Budget (include all sources and uses)
 - Line item detail of activities to be paid with proposed CITY-source HOME and non-HOME funds (show in separate columns)
 - For scattered site projects show CITY-source HOME funds by site/address
 - Show all hard and soft costs with line item detail under each respective category
 - Explicitly show all funding sources along with the anticipated financing terms
 - Contingency
 - 3) Operations Budget for rental units
 - Show income and expenses
 - Specifically show tenant income requirements (i.e., percent of AMI) for HOME assisted units by unit size and type
 - Indicate proposed rent and whether utilities are included in the rents
 - Operations budget must be reasonable and demonstrate project feasibility
 - 4) Pro forma extending through the applicable period of affordability as described in Section VI part 4 of this Application
 - 5) Development Timetable
 - 6) Evidence of Site Control. This may include an option to purchase, a long-term lease agreement (i.e. 99 years), warranty deed, etc.

- 7) Preliminary Plans. Include site plans, floor plans and elevations.
- 8) Evidence of Zoning. Document that zoning suitable to the project is in place at the time of application.
- 9) Phase I Environmental Assessment.

C. Analysis of local market. For projects with greater than 20 units, a Market Study must be prepared by an independent market analyst experienced in analysis of multi-family rental or for-sale housing markets as applicable to the project type. For projects with 20 or fewer units, the applicant may provide a market analysis which may include independent market studies, waiting lists and other market information assembled by the applicant. In all cases, however, the market analysis for a project should:

- Evaluate general demographic, economic, and housing conditions in the community.
- Identify the geographic area from which the majority of a project's tenants or buyers are likely to come. This may or may not coincide with census tract or neighborhood boundaries.
- Quantify the pool of eligible tenants or buyers in terms of household size, income, tenure (homeowner or renter), and other relevant factors. Not all residents of the market area are potential or likely tenants or buyers of any given project.
- Analyze the competition by evaluating other housing opportunities with an emphasis on other affordable rental developments or sales opportunities in the market area, including those financed through either the HOME program or other federal programs.
- Assess the market for the planned units and determine if there is sufficient demand to sell the HOME-assisted housing within nine months of construction completion (§92.254(a)(3)) or to rent the HOME-assisted housing within 18 months of project completion (§92.252).
- Evaluate the effective demand and the capture rate, usually expressed as a percentage (the project's units divided by the applicant pool). The capture rate is the percentage of likely eligible and interested households living nearby who will need to rent units in the proposed project in order to fully occupy it. The lower this rate, the more likely a project is to succeed.
- Estimate the absorption period. Plan how many units can be successfully leased or sold each month and how long it will take to achieve initial occupancy/sale of the HOME units and stabilized occupancy for the project as a whole. In some cases, other funders may require independent market studies.

Section VIII, Other Requirements³:

³ *Projects located within 100 Year Flood Zones or Floodways are not eligible.*

- 1) **Identification of HOME units.** For rental projects, the proposal must specifically identify which units are HOME units or indicate that the units will float among all of the units in the project. Floating units must be comparable in terms of size, type and amenities.
- 2) **Rent Requirements:** (See 25 CFR Part 92.252) which puts limits on how much rent can be charged for units assisted with HOME dollars.

Generally, the rule provides that for rental properties with five or more HOME-assisted units at least 20% of those units must serve households with 50% AMI or less. These units must charge rents that are no more than thirty (30) percent of the tenant's monthly household income. There are other nuances in the rule that may affect rent rates. The rent on HOME-assisted units will not be able to exceed annual rents as published by HUD.

3) Affordability Requirements:

- New construction projects: 20 years affordability period for HOME-assisted unit(s)
- Acquisition/rehabilitation of existing housing: affordability period is determined by the amount of HOME assistance per unit:
 - \$15,000/unit = 5 years.
 - \$15,000- \$40,000/unit = 10 years.
 - >\$40,000 = 15 years.
- Affordability requirements – For-sale housing:
In accordance with the City's Down Payment Assistance Program – currently a seven-year minimum.

Please note that per federal rules any property currently under a HOME long-term affordability period is not eligible for funding under this solicitation.

- 4) **Unit Accessibility:** Developers must abide by accessibility requirements of the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973.
- 5) **Match:** Projects must provide at least 25% nonfederal (Match) financing.
- 6) **Energy Efficiency:** Selected projects are expected to incorporate energy efficiency appliances and measures that will result in ongoing savings for property owners and building residents.
- 7) **Design:** Funded projects proposing new construction are expected to incorporate a design that is architecturally consistent with or complements the surrounding neighborhood context.

Section IX, Proposal Selection Preferences⁴:

⁴ *The CITY reserves the right to award or to reject any or all proposals in whole or in part; and, waive technical defects, irregularities and/or omissions.*

The CITY will give special consideration to :

- 1) Projects with a mix of affordable and market rate units
- 2) Projects that demonstrate a maximum use of private financing and utilize federal assistance (including AHTC) as a means of supplemental financing
- 3) Projects focused on acquisition/rehabilitation of property in historic districts or vacant buildings
- 4) Projects proposed to be built on vacant infill lots in SNI Neighborhoods. (Note these projects must have specific design approval and consistency with neighborhood architecture.)
- 5) Projects proposing to serve disabled and senior populations.
- 6) Projects providing housing for the homeless in any of the following categories:
 - Single Room Occupancy (SRO) projects with on-site services
 - Rapid re-housing for homeless families with children
 - New permanent supportive housing for chronically homeless persons with disabilities.

Section X, Point Structure:

Applications will be individually scored by Review Committee members utilizing the point system below. Projects with the highest aggregate scores will receive awards based on rank order and available funding. A minimum score of **40 points** is required for funding consideration.

1) Private (Match) financing:	<u>Possible 15 points</u>
81%-100%	15 points
61%-80%	10 points
26%-60%	8 points
2) Project Type:	<u>Possible 15 points</u>
Acquisition/rehabilitation of historic structures or vacant structures	15 points
Housing for special needs populations	10 points
Building on vacant infill lots in established neighborhoods	10 points
Acquisition or rehabilitation (general)	8 points
New construction	6 points
3) Demonstrated experience with housing development as proposed	<u>Possible 15 points</u>
Previous successful experience using HOME Funds	15 points
Previous and substantial experience with similar project type	10 points

	Previous but limited experience with similar project type	8 points
	Previous experience with housing development	6 points
4)	Developer Fee (based on a percentage of hard construction costs)	<u>Possible 15 points</u>
	< 10%	15 points
	10-12%	10 points
	12-15%	6 points
	Total	POSSIBLE 60 POINTS

Bonus Categories

Mixed Income project	10 bonus points
Project in Strong Neighborhood Initiative areas	10 bonus points
Projects including units for households making 50% or less AMI	10 bonus points
Developer can provide evidence of attendance at Fair Housing Trainings	5 bonus points

Section XI. APPLICATION CHECKLIST

- A letter on Applicant's letterhead:**
 - Identifying who the applicant is and including a brief description of applicant's experience in building housing
 - Briefly summarizing the proposal
 - Specifying requested amount of HOME funding

Applicants with proposals that fall under Section VII.A., are to provide:

- A complete and clear project description. Include location-specific information (address or legal description) and current zoning.
- Description of all activities included in the overall scope of the project.
- A summary of project financing. Include the project development budget.
- If a rental project is proposed, submit an annual operating budget showing projection of all income and all expenses.
- A list of all sources and uses of funds. Specify all funding sources, including federal, nonfederal, and private funds.
- A site plan and floor plans by building; include
 - A unit breakdown by building, including unit sizes, type, and for rental projects the proposed unit rents.
 - Number of HOME units in the project. Identify the location of the HOME unit(s) on the site and floor plans, and for rental projects designate whether the HOME unit(s) will be either floating or fixed.
 - Elevations showing external design
- A Development Timetable.

Applicants with proposals that fall under Section VII.B., are to provide:

- Project summary including:
 - Project location
 - Site description
 - Description of need for the project
 - Project description. Include elevations of external design.
 - Total number of units proposed (by size and type)
 - Number of HOME assisted units proposed (size and type)
 - Total cost of project
 - Total HOME fund request

- Development Budget (include all sources and uses)
 - Line item detail of activities to be paid with proposed CITY-source HOME and non-HOME funds (show in separate columns)
 - For scattered site projects show proposed CITY-source HOME funds by site/address
 - Show all hard and soft costs with line item detail under each respective category
 - Explicitly show all funding sources along with the anticipated financing terms
 - Include contingency

- Operations Budget for rental units
 - Show income and expenses
 - Show tenant income requirements (i.e., percent of AMI) for each unit size and type of HOME assisted units (i.e., 1 bdrm at 60% AMI; 2 bdrm at 70% AMI, etc)
 - Indicate proposed rent and whether utilities are included in the rents. Identify any additional charges proposed such as parking or pet fees.
 - Operations budget must be reasonable and demonstrate project feasibility

- Pro forma for a period that extends through the applicable period of affordability as described in Section VI part 4 of this Application

- Development Timetable

- Evidence the applicant has Site Control. This may include an option to purchase, a long-term lease agreement (i.e. 99 years), warranty deed, etc.

- Preliminary Plans. Include site plans, floor plans and elevations.

- Evidence of Zoning. Document that zoning suitable to the project is in place.

- Phase I Environmental Assessment.

All Applicants are to provide:

- Analysis of local market for the new housing product proposed (see Part VII.C. for what must be included.)