

## **Minot National Disaster Resilience Program Affordable Multi-Family Rental Housing Request for Proposal**

### **Advertisement for Bids**

The City of Minot is requesting proposals from for-profit and non-profit entities for eligible affordable multi-family rental housing development activities.

Proposal instructions are included in the proposal package which may be obtained at the CDM Smith Disaster Recovery Office located at Arrowhead Mall, 1600 2<sup>nd</sup> Ave SW, Ste 27, Minot, North Dakota. Deadline for receipt of proposal responses by the City is 4:00 p.m., on September 17, 2017. Applications will be received in the City Clerk's Office at the Minot City Hall, 515 2<sup>nd</sup> Avenue SW, Minot, ND 58702. If the proposal is submitted by mail, the address is P.O. Box 5006, Minot, ND 58702. Sealed bid packages will be accepted prior to this deadline, packages received after the deadline will not be accepted.

### **A voluntary pre-proposal meeting will be held:**

July 26<sup>th</sup>, 2017 from 3:30 – 5:00 p.m. in the City Council Chambers in the Minot City Hall, located at 515 2<sup>nd</sup> Avenue SW, Minot. Proposers are not required to attend this session.

Once the RFP has been issued, all questions concerning this RFP, the application package, review process, or any other aspect of the RFP must be directed in writing to: John Zakian, NDR Program Director at [john.zakian@minotnd.org](mailto:john.zakian@minotnd.org). All questions regarding the RFP must be submitted within six (6) days of the bid opening and will be addressed weekly in writing so that all potential responders can review any questions that are submitted and the responses to these questions. All updates to the RFP and all questions and answers will be posted on the City of Minot website. Potential responders are responsible for checking the website to find updates to the RFP or any RFP questions and responses.

The project is funded with CDBG-NDR funds. Therefore, the Bidder will be required to comply with all Federal, State and Local regulations. These requirements include compliance with Section 3 employment plan, and the Contractor must ensure that employees and applicants for employment are not discriminated against because of their race, color, religion, sex or national origin. The City of Minot reserves the right to determine the lowest responsible and eligible bidder, to waive irregularities and to reject and all bids.

# City of Minot

## Affordable Multi-Family Rental Housing

### Request for Proposal (RFP)

## Introduction

The City of Minot was awarded \$74.3 Million from the National Disaster Resilience Competition (NDR) that must be used for projects included in the City's NDR application. The City's application was developed based upon needs and a resilient vision of Minot defined by residents in over 70 public and stakeholder meetings held during the application process. The Minot NDR application and a subsequent Housing Supply and Demand Analysis Update documented the need for long-term affordable multi-family rental housing for Minot's low and moderate income households.

## Project Purpose

The City of Minot, in accordance with their NDR application, desires to expand the availability of quality multifamily rental housing that is affordable for the long-term in Minot to foster community and economic resilience. Long-term affordability means at a minimum 51 percent of the units must be affordable to low and moderate income households based on the current area median income (AMI) for Ward County and these units must remain affordable for a minimum of 20 years. Affordable housing according to HUD means housing for which a household is paying no more than 30% of total household income for gross housing costs including utilities. NDR funds will be used to provide **gap funding** for a quality, affordable rental housing development that will remain affordable for the long-term.

The City will utilize funding from Minot's National Disaster Resilience (NDR) award to provide gap funding for up to 50 units of long-term affordable multi-family rental housing. Proposals will be accepted for eligible project activities that include the rehabilitation of existing rental housing units that substantially improve the quality and long-term affordability of the housing or the rehabilitation or new construction of special needs housing that might include housing for seniors, housing for persons with disabilities, housing for veterans, or housing for persons with developmental disabilities. Those submitting an application for special needs housing should provide information to document the need.

The NDR funding is a loan. For the full affordability period of the project the loan will function as a zero interest, forgivable loan secured by a Deed of Trust or similar legal instrument as long as the responsible project owner(s) or assigns meet all project performance requirements that will be clearly established in the project development agreement. However, if the responsible project owner or assigns does not meet all project performance requirements (affordable rents, affordability period, acceptable maintenance and operation of the development, etc.) for the full affordability period, the NDR loan will become due and payable based on the terms established in the project development agreement.

The City of Minot is seeking competitive proposals from for-profit and non-profit developers for long-term affordable multifamily rental housing. The City desires to create mixed-income housing that includes an appropriate mix of long-term affordable rent restricted housing and non-restricted housing that comply with HUD's rules and regulations. The selected project must demonstrate a capacity and commitment to affordable housing, meet HUD and NDR requirements and the City of Minot's objectives for long-term affordable multi-family rental housing. The NDR funds are subject to all of the applicable rules and regulations of the Department of Housing and Urban Development Community Development Block Grant program and the applicable rules and regulations set forth in the National Disaster Resilience Competition Notice of Funding Availability FR-5800-N-29A2.

Through this RFP, the City will select one (1) project to receive NDR funding to provide additional long-term affordable rental housing in Minot. The City intends to issue additional RFP's over the next three years to provide NDR funding to support long-term affordable rental housing needs. The Minot City Council will make the final project selection. Proposals submitted for this RFP that are not selected may be re-submitted in response to future RFP's. Please note, future RFP's may incorporate a diverse scope of services reflecting current community needs. Information about future RFP's will be widely disseminated through public media outlets.

NDR funding will be targeted for a project that meets the income and rent restrictions further described in the Project Requirements section in this RFP. The City desires to optimize and leverage the NDR funding to achieve the greatest benefits for residents and the community. To allow for additional future investments in affordable housing the City will give preference to projects as outlined in the evaluation criteria included in this RFP. The selected project must:

- be located within the city limits of Minot
- ensure at a minimum, that at least 51% of the units will be affordable to and leased to households with incomes at or below 80% of the Ward County Area Median Income (AMI)
- ensure that the affordable housing is properly maintained throughout the affordability period to provide quality affordable housing and remains affordable for the longest period possible enforced through deed restrictions or similar instruments
- ensure that NDR funds are used only for project needs that can be readily documented providing essential "gap" financing that optimizes the use of non-NDR leverage committed to the project
- meet all applicable HUD regulations and requirements in accordance with the City's NDR contract

## RFP Information Meeting

An RFP information session is scheduled for July 26<sup>th</sup> from 3:30 to 5:00 p.m. in the City Council Chambers in the Minot City Hall. Information regarding the meeting will be available on the City of Minot website. The City and NDR staff will be present at this information meeting to answer questions about this NDR affordable multifamily housing process. Proposers are not required to attend this session.

**Please Note:** After the RFP is issued by the City of Minot, all questions concerning this RFP, the application package, review process, or any other aspect of the RFP must be directed in writing to: John Zakian, NDR Program Manager, [john.zakian@minotnd.org](mailto:john.zakian@minotnd.org) . All questions will be addressed in writing weekly on the City of Minot website and will include the questions that have been asked and the responses. The City Staff and NDR Staff will not respond to any questions directed to them individually and will advise all individuals or organizations that they must submit their questions in writing. Proposers are responsible for checking the city's website for updates to the RFP and for RFP questions and responses.

## Submission of Proposals:

**Developers must complete the Affordable Housing application (available on the City of Minot's website and by calling 701-368-4301 and requesting a copy) and describe the details of their proposed project.** All projects must meet the requirements outlined in the Project Requirements section below.

Each proposal must provide information about the proposed project that includes the following:

- A detailed description and scope of the project
- Number and types of units (i.e. total number of units, number of affordable units, number of units with number of bedrooms, number of accessible units, etc.)
- Income levels to be served (specify the number of units at each income level)
- Statement of purpose for the NDR request and impact on the project
- Description of how the NDR funds are to be used in the project, be specific
- A project cost estimate from a qualified source or sources including common area costs, cost per unit, and cost per square foot, a detailed project budget, and verification of non-NDR funding commitments (to include contact information to verify funding commitments). The successful proposer will be required to post a performance and payment bond for the project.
- A market analysis statement regarding the mix of 1, 2, 3, etc. bedroom units and selected unit rents given current conditions
- Statement and details of any pending litigation against the property or project partners

- Description of any supportive services if applicable that will be provided to tenants
- Details of any relocation of existing tenants and a relocation plan as required by HUD in conformance with the Uniform Relocation Act (URA)
- Applicable environmental documentation may be required to meet HUD's environmental requirements such as Asbestos assessments, a Lead Based Paint assessment, or other analysis necessary to meet HUD regulations.

**Eligible costs include:** development hard costs for the actual cost of constructing or rehabilitating the housing including rehabilitation and special needs housing; approved related soft costs include reasonable and necessary costs incurred by the owner after project selection and associated with the rehabilitation or new construction i.e. architectural, engineering, permits, eligible developer fees, legal fees, and closing costs. Rehabilitation activities include but are not limited to structural, mechanical and electrical repairs, roof, windows, doors and work required when it has been determined that the useful life is five years or less and projects where rehabilitation is needed to make the units habitable. Note that mitigation is required if the units proposed to be rehabilitated contain lead or asbestos. This will impact the cost of the project. Refer to Attachment 1 for HUD's lead requirements for rehabilitation of housing. Repairs such as painting, replacing floor coverings, and trim work are only eligible when they are part of a larger project.

**Ineligible Project Costs include:** refinancing of property; developer fees in excess of those allowed under North Dakota Housing Finance Agency HIF rule for 2015-2017; code violations; pre-development costs; operating and management costs; costs associated with creating market rate housing and/or commercial spaces.

To support resilience, the City of Minot and HUD encourages applicants to implement green infrastructure to the extent practicable for non-substantial rehabilitation. Tools for green infrastructure are available at the Environmental Protection Agency's water website; Indoor AirPlus website; Healthy Indoor Environment Protocols for Home Energy Upgrades website; and ENERGY STAR website: [www.epa.gov/greenbuilding](http://www.epa.gov/greenbuilding).

The City of Minot NDR Long-Term Affordable Multi-Family Rental Housing RFP seeks proposals for projects that require gap financing to cover the difference between the total development/renovation cost and the amount of funding that the applicant secures from other sources (leverage). Other financial sources might include: Federal Home Loan Bank Board, North Dakota Housing Finance Agency, federal HOME Investment Partnership funds, developer debt and equity, and other private sources including foundations. Each applicant should evaluate various funding sources to determine the options that work best for their individual project.

All proposals must include the following required items:

1. One-page cover letter containing a brief narrative description of the proposed project and amount of funds being requested, signed by the owner/applicant and dated

2. A complete application form
3. All requested supplemental information and exhibits with a cover page indicating each exhibit by number as described in the application form
4. All requested financial information, please note this financial information may be subject to open records legislation

Five (5) hard copies of the proposal should be delivered unbound in an 8 ½" by 11" format each copy secured by a clip at the top in a sealed manila envelope with the words "**Minot NDR Affordable Housing RFP-1**" written in bold text on the outside of the envelope (if the proposal is too large to fit in an envelope please place the proposal in an accordion folder and secure the folder). Please use a labeled paper exhibit separator (i.e., colored paper with the name of each exhibit section typed in bold text on the paper, not a tab sheet) as the submittals will be scanned and copied for the review teams. An electronic copy of the proposal should also be included in the sealed package.

The project proposal must be delivered to: Kelly Matalka, in the City Clerk's Office, Minot City Hall, 515 2<sup>nd</sup> Avenue SW, Minot, North Dakota, 58702; or submit by mail by the deadline to Attn. Kelly Matalka, City of Minot, P. O. Box 5006, Minot, ND 58702. The City will not consider proposals that do not arrive prior to the proposal deadline.

**Project Proposals must be received in the office of the City Clerk at 515 2<sup>nd</sup> Avenue SW, Minot, ND by \_\_\_\_\_ p.m. on \_\_\_\_\_, 2017.**

### **Review Process:**

All proposals will be reviewed by the NDR Technical Review Committee and by the City of Minot NDR Review Committee. The NDR Technical Review Committee will review the proposal for completeness and will prepare a spreadsheet based on the evaluation criteria and score each proposal based on the criteria approved by City Council. The NDR Technical Review Committee will provide their information to the City NDR Review Committee. The City NDR Review Committee will determine how they will conduct their review of the proposals and once their review is completed they will provide a project selection recommendation to City Council. The City Council may request a copy of a comprehensive scoring spreadsheet. The Minot City Council will select the project that will receive NDR funding in this first RFP.

### **Decision Process:**

Applications will be reviewed as outlined in the review process and the recommended proposal and information will be forwarded to the Minot City Council for approval. The date for the City Council meeting will be posted on the City's website. The City reserves the right to reject any and all proposals and to negotiate the terms of the contract including the award amount, with the selected developer prior to entering into a written agreement.

## Selected Project Requirements

NDR funding will be subject to negotiation of a Project Development Agreement. Funds will be disbursed only at the time all conditions of the award have been met by the applicant and execution of the Project Development Agreement. An environmental review must be completed for any project that will receive federal NDR funds prior to the commitment or disbursement of funds.

## Project Requirements

To be considered for NDR funding, the applicant must show that the proposed development will comply with the requirements that follow. Applications that do not meet/adhere to these requirements cannot be considered for NDR funding.

### City of Minot NDR and U.S. Department of Housing and Urban Development Requirements:

- The project must be located within the corporate boundaries of the City of Minot.
- The applicant must submit a complete project application form and provide all requested supplement materials.
- The applicant must provide a minimum of three (3) verifiable references that speak directly to the applicant's housing development experience.
- The applicant must complete the NDR application form and provide the supplemental information requested in the application.
- The City of Minot will verify that the development team members are not on the U.S. Department of Housing and Urban Development (HUD) "debarred" contractor's list
- The application must provide evidence of the project's readiness to proceed. This documentation may include: documentation of property ownership/control by the developer, required zoning in place, required environmental documents completed, commitment of non-NDR leverage, commitments for construction and permanent financing, and preliminary design and engineering prepared enabling the project to move to construction to meet the project schedule. Work on the project should be initiated by October 2017, if work cannot be started by that time, applicant must explain the impact of the delayed start of construction to the final project completion. A detailed project milestone schedule must be submitted in the application
- All NDR-funded projects must leverage additional financial resources. The leverage percentage is calculated by dividing the total requested NDR amount by the Total Project Development Cost. (Total Development Cost is defined as the all-in cost of developing the project including any necessary acquisition, hard and soft construction or rehab costs, financing costs, eligible developer fees, and reserve account capitalization.)

- The application must include written documentation stating the amount, terms, and conditions of all funding committed to the project. Documentation containing words synonymous with “consider” or “may” (as in “may award”) are not considered funding commitments. The applicant must provide the name, organization, address, telephone number, and email address for verification of funding commitments.
- Prior to committing funds to a project that combines various sources of funding/financing (local, state, federal, private, etc.) the City’s NDR program manager will conduct a subsidy layering analysis to ensure that the City does not invest more funding than necessary for the proposed affordable housing. Applicants must demonstrate they have structured projects to maximize other available financing sources thus limiting NDR funding to the lowest amount necessary to assure project feasibility.
- The project must create new rent restricted affordable housing units that will be affordable long-term. The minimum affordability period for Minot NDR funded projects is 20 years. (Rent restricted unit is defined as a housing unit that is subject to income, rent, and other applicable restrictions enforced through the development agreement for the affordability period and annual audits to document the project’s performance on these restrictions).
- The project must comply with all applicable federal regulations depending upon the funding sources including but not limited to Fair Housing, Uniform Relocation Act (URA), Davis Bacon, Section 3, Lead Based Paint and Environmental Review requirements.
- Displacement of tenants is prohibited unless the developer submits a detailed relocation plan in the application that complies with applicable HUD and federal URA regulations and the cost of the relocation is fully captured in the total development costs.
- At a minimum ten percent (10%) of the units must be accessible for persons with disabilities.
- A minimum of fifty-one percent ( 51%) of the units in this proposal must be affordable to low and moderate income tenants and must remain affordable for a minimum of 20 years to maintain long-term affordability requirements established for this application. HUD defines affordable housing based on the household paying no more than thirty percent (30%) of household income for gross housing costs including utilities. Affordability for Long-term Affordable Multi-Family Rental Housing will be based on the most current area median income (AMI) for Ward County as established by HUD. Proposers are responsible for securing 2017 household income limits for Ward County, ND which can be found on the HUD website.

The selected project will be subject to an annual monitoring to determine project performance on affordability of rents, compliance with the affordability period, maintenance of the property, and other performance requirement established in the

Development Agreement. The annual project monitoring will be based on the most current HUD data. An annual monitoring fee will be assessed for monitoring during the entire period of affordability. The annual monitor fee in 2018 will be \$500.

- The City of Minot will require the selected proposer to post a performance and payment bond for the project.
- Eligible projects must also meet all applicable state and local codes, ordinances, and requirements including FHA minimum property standards and applicable HUD property standards.
- Any conflict of interest requirements for the City of Minot, State of North Dakota, and the US Department of Housing and Urban Development must be adhered to.
- The City reserves the right to review and reject any and all proposals.

#### Required Financial Documentation

- The applicant must demonstrate in their financial documentation that the project would not be financially feasible without the financial assistance from NDR. The application must provide information on the short and long term financial feasibility of the project.
- Rehabilitation projects must require a minimum NDR rehabilitation per unit of \$15,000 and must not exceed an NDR investment of \$65,000 per unit for eligible rehabilitation expenses. The proposed project rehabilitation must preserve and improve the quality of long-term affordable housing in Minot and meet local and state housing standards and codes.

The application must include a detailed project development description and budget. The detailed budget must include all proposed costs and fees included in the project including: description of the proposed rehabilitation, construction related costs including hard construction costs, construction contingencies, general contracting fees, professional soft costs including eligible developer fees, spreadsheet breakdown of all soft and hard costs, operating and replacement reserves, etc. A cost reasonableness review will be conducted to evaluate proposed development costs comparing application costs to similar developments, based on construction type.

- **Capital Needs Assessment** – Proposers may choose to submit a Capital Needs Assessment (CNA) using the North Dakota Housing Finance Agency format without securing independent third party architects or engineers for the initial application. This CNA should be based on the owner's best available information and should provide adequate detail to enable reviewers to determine the condition of major building systems and components.

Before a project is selected and finalized, a Capital Needs Assessment (CNA) must be prepared for a project if the project includes any acquisition, includes existing building equity as a portion of the project's leverage, or includes rehabilitation of existing

structures. The Capital Needs Assessment (CNA) must be prepared by a competent, independent third party such as a licensed architect or engineer. The assessment will include an opinion as to the proposed budget for recommended improvements and should identify critical building systems and/or components that have reached or exceeded their expected useful lives. The CNA must identify the useful life of major systems. If the remaining useful life is less than the affordability period, a replacement reserve as well as a replacement schedule is required to ensure the items can be adequately maintained and addressed throughout the affordability period.

The CNA should analyze: the site including topography, drainage, pavement, sidewalks, parking areas, landscaping, amenities, water and wastewater utilities, drainage, and gas and electric utilities and lines; structural systems including exterior walls and balconies, exterior doors and windows, roofing systems, and drainage; interiors including common areas and units including unit finishes, kitchens, cabinets and appliances, and bathrooms; mechanical systems including plumbing and hot water, HVAC, electrical lighting fixtures, fire protection, and elevators.

If the CNA for the selected project concludes that there are significant building systems or components that must be replaced during the affordability period, these costs must be added to the project cost or replacement reserves and a determination will be made regarding the adequacy of the project financing to cover these costs. The City reserves the right to review and potentially re-score the selected project if there are significant changes as a result of the CNA which may result in another project being selected for funding.

- If an existing building that is a part of the project has existing tenants or an acquisition that is part of the project has existing tenants, the Uniform Relocation Act (URA) will apply and a plan to meet URA requirements must be fully documented in the proposal. No tenants may be displaced without proper notification and compensation under the URA requirements.
- During the initial evaluation phase of the proposal process, a proposer is not required to submit an appraisal, however the proposal must include property valuation information from a reliable and current source (completed within the past 3 years) to document the value of the property. Copies of source documentation and a description of the property valuation must be provided in the application.

If acquisition or equity in existing property is included in the selected project, the proposer must secure and submit an appraisal on the subject property. The appraisal must be completed by a North Dakota appraiser that is licensed and meets the requirements established by the North Dakota Real Estate Appraiser Qualifications and Ethics Board. The appraisal will be used to establish the fair market value to establish the eligible purchase price for any acquisition or the market value of equity used as leverage for the project. Any related-party transactions must be fully disclosed. If a

review appraisal is required it must be performed by a qualified MAI or comparable appraiser experienced in the State of North Dakota.

If the appraisal for the selected project concludes that the appraised value of the acquisition is different than the value included in the proposal, the proper property valuation data will be incorporated into the financial documentation for the project and the project will be re-evaluated to determine if the project costs, leverage and financing will result in a new project score. The City reserves the right to review and potentially re-score the selected project if there are significant changes as a result of the appraisal which may result in another project being selected for funding.

- The NDR funding is a loan. Documentation will be required to show that the project owners meet all project performance requirements during the life of the project as outlined in this development agreement. If the responsible project owner(s) meets all project performance requirements established in the development agreement for the full affordability period, the loan will function as a zero interest, forgivable loan that will be forgiven in accordance with the terms and conditions contained in the project development agreement. However, if the responsible project owner(s) or assigns does not meet all project performance requirements (affordable rents, affordability period, acceptable maintenance and operation of the development, etc.) for the full affordability period, the loan amount will become due and payable based on the terms established in the project development agreement.
- Proposers are required to submit detailed financial statements, sources and uses statement for the project, a detailed project operating budget, a 20-year pro forma for the project, and an income and expense statement. Additional financial documentation may be required. Applicants will use a seven percent (7%) vacancy rate in financial documentation.

### **Developer and Development Team Documentation**

The knowledge and experience of those who will develop, own, and operate the long-term affordable housing funding with NDR funds is very important to the success of the project. The applicant must demonstrate that the members of their development team have the expertise, ability, and financial capacity, in their respective roles, to undertake, comply with, maintain and manage the property.

The application must include information about the applicant's experience and capacity. This information will include:

- Description of the applicant's expertise in developing/rehabilitating and operating housing developments to include: applicant/developer's track record with similar developments; detailed information about the development teams experience; property management and experience with similar developments; reasonable financial strength; ability to undertake the proposed project and met timeliness requirements; ability to secure required financing sufficient for completion of the project; capacity to manage

the project successfully after completion of the development or capability of a professional management company with experience in property management, affirmatively furthering fair housing, and compliance with HUD requirements.

- To the extent an applicant cannot demonstrate the proper experience and knowledge in a particular area, they can hire or form a joint venture with an entity that has the necessary expertise in the particular area.
- **Developer Fee Policy** – Developer fees are capped at the same rate as those allowed by the North Dakota Housing Finance Agency (See page 6, NDHFA 2015 – 2017 Housing Incentive Fund (HIF3) Allocation Plan)
- The developer must provide evidence of site control as a condition of submitting the project proposal.
- If the proposer has secured or prepared preliminary conceptual plans, conceptual engineering information, or initial market evaluation data, this information should be submitted in the proposal. However any architectural and engineering costs incurred prior to the execution of the development agreement and environmental documents are not eligible costs.

#### CDBG-NDR Energy Efficiency and Green Building Requirements

- NDR projects must reflect the resilient features identified by the community during the NDR proposal meetings that include: walkability, accessible to services, design quality and construction, safe neighborhoods and play areas, environmental quality, well maintained, proximity to transit and community amenities, reflect smart growth principles, quality landscaping, and common open space.
- Applicants must meet the Green Building Standard in this subparagraph for: (i) all new construction of residential buildings; and (ii) rehabilitation of residential buildings. Rehabilitation of residential buildings may include reconstruction and may include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls.
- For purposes of this CDBG-NDR funding, the Green Building Standard means the applicant will ensure that all construction meets the ENERGY STAR industry-recognized standard selected by the City of Minot Building Inspections Officer.
- For rehabilitation applicants must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist, available on the CPD Disaster Recovery website ([portal.hud.gov/hudportal/documents/huddoc?id=drs1\\_retrofit.xls](http://portal.hud.gov/hudportal/documents/huddoc?id=drs1_retrofit.xls)). Applicants must apply these guidelines to the extent applicable to the rehabilitation work undertaken, including the use of mold resistant products when replacing surfaces such as drywall. When older or obsolete products are replaced as part of the rehabilitation work, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances. For example,

if the furnace, air conditioner, windows, and appliances are replaced, the replacements must be ENERGY STAR-labeled or FEMP-designated products; WaterSense-labeled products (e.g., faucets, toilets, showerheads) must be used when water products are replaced. Rehabilitated housing may also implement measures recommended in a Physical Condition Assessment (PCA) or Green Physical Needs Assessment (GPNA).

## Affordable Multi-Family Rental Housing Evaluation Criteria

Each proposal that is submitted in response to the Request for Proposal (RFP) will be reviewed to determine if the required documentation is contained in the proposal. Applications that do not contain the required information and documentation will be identified and the application will be considered “Incomplete” and will not proceed in the review process. Applicants must achieve a minimum score of 55 points to be considered for funding.

All proposals will be reviewed by two teams:

1. A Technical Review Team composed of 3 – 4 technical experts from the CDM Smith Team and the Planning Director. This review is conducted to provide information for the City Review Team. The Technical Review Team does not select the project.
2. An Internal City Review Team will include the NDR Program Director, the Federal Compliance Officer, the Principal Planner, and the Finance Director

The Technical Review Team will review and evaluate each of the proposals. An initial review will determine if the required documentation and information has been included, proposals that do not contain the required information and documentation will be marked as “Incomplete” and passed on to the City Review Team without further review or evaluation by the Technical Review Team.

The Technical Review Team will complete a thorough technical review and evaluation of each of the proposals determined to be complete, based on the evaluation criteria approved by the Minot City Council. For rehabilitation projects, a physical inspection of the property to be rehabilitated may be necessary. The Technical Review Team will arrange for a property inspection and will advise the City Review Team so they may participate if they choose. The Technical Review Team will evaluate and score each completed proposal based on the approved evaluation criteria. The Technical Review Team will provide this information to the City Review Team.

The City Review Team will determine how they choose to evaluate the proposals. The City Review Team will complete their review of the proposals and make a written recommendation to City Council. The City Council may request a copy of the comprehensive scoring spreadsheet for the projects prior to their selection of the project to receive NDR funding.

## Scoring Criteria

Each proposal that meets the project requirements will be reviewed and scored according to the following evaluation criteria. Representations made by applicants for which points are

given will be binding and will be monitored through the annual compliance review process throughout the affordability period. The Minot City Council will select the project to receive NDR funding. Once a proposal is selected, the City will determine the amount of NDR funding to be awarded which may not equal the amount requested in the application.

In the event of a tie between two or more proposals the first tie breaker will be the project with the best leverage ratio; the second tie breaker will be the number of total units in the project that are rent restricted for LMI households.

Complete proposals submitted to the City will be reviewed, evaluated and scored based on the following criteria:

1. Period of Affordability

- 30 + years ..... 20 points
- 20 – 29.9 years ..... 10 points
- Less than 20 years ..... 0 points

2. Number of affordable rent restricted units within the Development (The City of Minot encourages mixed income projects, therefore projects with more than 75 percent rent restricted units will not receive any points unless the proposal is for special needs housing in which case the proposal will receive the same points shown below with 25 points provided for greater than 75% of the units being rent restricted).

- 51% to 59% ..... 5 Points
- 60% - 65% ..... 10 Points
- 66% - 75% ..... 20 Points
- Greater than 75% ..... 0 Points

3. Number of handicapped accessible units provided within the Development

- 16% - 20% ..... 10 points
- 11% - 15% ..... 5 points
- 10% ..... 0 points

4. Low and moderate income households served - Developers may propose to provide affordable rent restricted units that are affordable to households with a varying mix of incomes below 80% AMI and will receive points based on the average of units targeted using the calculation chart below. For this calculation, market rate units will use an AMI of 120%.

Example: If a 100-unit development proposes to provide 60% of the units for families at 60% of AMI and 40% at market rate using an AMI of 120%, the average AMI for the facility is 84% and would receive no additional points.

Average AMI Calculation Chart			
TARGET AMI	NUMBER OF UNITS	MULTIPLY BY:	TOTAL
30%		.3	
50%		.5	
80%		.8	
<b>MARKET RATE</b>		<b>1.2</b>	
	Total Units: _____		Total of all rows Above: _____
	= A		=B

Additional points assigned as shown:

- Average AMI of Total Units: 69% or lower AMI ..... 10 points
- Average AMI of Total Units: 70% to 75% AMI ..... 5 points
- Average AMI of Total Units: Above 75% ..... 0 points

5. Leverage – Direct financial resources from non-NDR or other city funds that will be invested in the project to cover eligible project costs. Example: Total documented eligible project cost is \$8 million, requested NDR funds \$1.5 M = 18.7% leverage earning 20 points

NDR program funding divided by documented total project cost equals:

- 25% or less ..... 20 points
- 26% - 30% ..... 15 points
- 31% - 35% ..... 10 points
- 36% - 50% ..... 5 points
- 51% or greater ..... 0 points

#### 6. Proximity to Resilient Housing/Neighborhood Features

Proposed development is located within  $\frac{1}{2}$  mile of: full service grocery store, transit, medical facilities (pharmacy, hospital/clinic), walking/biking trail, and public park/recreation area

- Within proximity to transit or full service grocery store ..... 2 points
- Within proximity to 2 resilient features ..... 2 points
- Within proximity to 3 resilient features ..... 4 points
- Within proximity to 4 resilient features ..... 6 points

## 7. Design Quality

Projects will be evaluated to insure compliance with the CDBG-NDR Green Building and Energy Efficiency standards and quality construction. Projects that enhance the exterior design of an existing structure including incorporation of quality landscaping that ensures the project becomes an aesthetic quality neighbor and is compatible with the adjoining neighborhood, will be awarded up to 10 points. The City Planning Department will be part of this review and the methodology for awarding points will be documented in advance of the evaluation.

## Development Team Experience

The knowledge and experience of those who will develop, own, and operate the long-term affordable housing is very important to the success of the project. The applicant must demonstrate that the members of their development team have the expertise, ability, and financial capacity, in their respective roles, to undertake, comply with, and maintain and manage the property. The City of Minot may require the applicant to provide financial statements as deemed necessary. Misrepresentation of information about experience or financial capacity of any proposal team member will be ground for denial.

1. Developer experienced in Affordable Multi-Family Rental Housing – for Project Developer
  - No experience ..... 0 points
  - Experience with 1 - 2 similar development projects ..... 2 points
  - Experience with 3 or more similar development projects ..... 4 points
2. Development Team Experience in Affordable Multi-Family Rental Housing
  - No experience ..... 0 points
  - Experience with up to 5 similar development projects ..... 2 points
  - Experience with more than 5 similar development projects ..... 4 points
3. Property Management Experience in Affordable Multi-Family Rental Housing
  - No experience managing income-restricted housing ..... 0 points
  - Designated Property Management Entity has a documented track record of successful property management experience and has the capacity to take on management of the proposed project, but has not managed an income-restricted property ..... 2 points
  - Designated Property Management Entity has a documented track record of success managing income-restricted properties of smaller size and/or fewer units, and has the capacity to take on management of the proposed project ..... 4 points

- Designated Property Management Entity has document track record of success managing income-restricted properties of similar size and/or similar unit counts, and has the capacity to take on management of the proposed project ..... 6 points

## Financial Strength

### 1. Sources and Uses of Funds

- All sources and uses of funds are clearly indicated and provide sufficient evidence of funding availability and/or commitment are included ..... 10 points
- All sources and uses of funds are clearly indicated, but evidence of funding availability or commitments are incomplete ..... 0 points

### 2. Debt Coverage Ratio (DCR)

The debt coverage ratio is based on “hard debt” (debt services contractually obligated to be repaid). The net operating income over the debt service determines debt coverage ratio.

- Project will be debt-free or DCR of 1.25 or greater ..... 20 points
- DCR between 1.21 – 1.24 ..... 15 points
- DCR between 1.15 - 1.20 ..... 10 points
- DCR less than 1.15 ..... 0 points

### 3. Loan to Value Limits

The loan amount to value is defined as all debt compared to the Fair Market Value which will be determined through a qualified appraisal (See item 15 under General Requirements) completed within the preceding 12 months.

- Loan to value greater than 85% ..... 2 points
- Loan to value from 70% to 85% ..... 4 points
- Loan to value less than 70% ..... 6 points