



Department of Planning & Community & Economic Development

Community Development Division

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Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

July 8, 2016

City of Madison, Wisconsin Request for Proposals Developers Seeking 2017 WHEDA Tax-Credits Rental Housing Development Due: Noon on August 18, 2016

Purpose

The City of Madison (City) Community Development Division (CDD) is seeking proposals from developers that would utilize the City's Affordable Housing Fund (AHF) to leverage 2017 WHEDA Low-Income Housing Tax Credits (LIHTC's) including bond financing, to meet one or more of the objectives listed below. The City is interested in early coordination with developers to assemble a competitive application to WHEDA. The City intends for this process to maximize the competitiveness of applications to WHEDA that would result in LIHTC's awarded to proposals located in the City.

Objectives

- Increase the supply of safe, quality, affordable rental housing throughout the City particularly in locations that are well served by transit and are proximate to places of employment, schools, parks, health care and other basic amenities.
- Preserve existing affordable rental housing throughout the City.
- Increase the availability of affordable housing with supportive services, especially for larger families including families experiencing or at risk of homelessness with incomes at or below 30% of County Median Income (CMI).
- Increase the availability of affordable housing with supportive services, especially for individuals re-entering the community from prison with incomes at or below 30% of CMI.

Application Deadline

The CDD requires all interested applicants to complete the Affordable Housing Fund application and submit additional documentation as outlined on the application form and in this RFP. The application form is available on the CDD website at the following link: <http://www.cityofmadison.com/dpced/communitydevelopment/funding>. All applications must be submitted no later than **noon on August 18, 2016**. The CDD will not accept responses received after this time.

Application Submittal Information

Applications and all required additional documentation should be submitted electronically to the CDD Office at CDDapplications@cityofmadison.com.

Applicants must also submit 10 paper copies of the following by the application deadline:

- A completed application along with the completed Application Budget Workbook, showing the City's proposed financial contribution.
- A project organizational structure chart.
- A close-up map of the site and a second map showing the site in the context of the City.
- Description of the development team's experience in:
 1. Obtaining and utilizing Section 42 tax credits.
 2. Participating in public/private joint ventures.
 3. Developing multifamily housing for low-income households.
 4. Property management.
 5. Providing supportive services, if the proposal includes such services.
 6. Developing multifamily housing that has received architectural awards or green building certification.
- References – three references for similar projects completed by the development team.
- WHEDA self score detail based on WHEDA's scoring criteria.
- A current appraisal of the property and an after-rehab/construction appraisal of the property, if available at the time of application.
- A recent market study, prepared by a third-party market analyst, if available at the time of application.
- A Capital Needs Assessment report of the subject property, if the proposal is for a rehabilitation project and if the report is available at the time of application.

If an appraisal, market study or needs assessment is not available at the time of application, and the proposal is funded through this RFP process, these items must be submitted to the City at least 10 days prior to the submittal of these items to WHEDA with the 2017 LIHTC application.

Developers are required to contact City CDD staff at least two weeks prior to the **August 18, 2016** application deadline to discuss how the City might best support a Tax Credit application. In addition, all applicants are required to contact and meet with Planning Division staff prior to submitting an application to discuss land use approvals and permits.

Questions/Contact Person

Questions concerning this RFP, the application, the review process or to schedule a meeting prior to the application deadline may be directed to Mary Charnitz, Grants Administrator, or Susan Morrison, Community Development Grants Supervisor, at cdbg@cityofmadison.com or 608-266-6520.

To schedule a meeting with Planning Division staff, contact Jay Wendt, at jwendt@cityofmadison.com or 608-267-8741.

Fund Availability

The CDD anticipates having approximately \$3 million to support this Request for Proposal. It is within the scope of this RFP to accept applications that utilize either 4% or 9% LIHTCs.

Funds will be authorized within the City of Madison's 2017 Capital Budget. Funds proposed to support proposals under this RFP process will be authorized by the City's CDBG Committee and the Common Council and will be contingent upon their authorization in the City's 2017 adopted Capital Budget. The 2017 Capital Budget is anticipated to be approved in November 2016. After proposal and budget approval, the CDD will issue commitment letters for use in support of 2017 LIHTC applications. We anticipate commitment letters will be issued no later than early January 2017.

The CDD anticipates providing funding up to \$20,000 per housing unit for 9% LIHTC proposals. The CDD anticipates providing up to \$10,000 per housing unit for 4% LIHTC proposals. The CDD anticipates that deeper subsidies and/or more favorable loan terms will be offered for units that meet the preferences described in this RFP.

It is the City's goal through this process to support 2-4 proposals totaling 150 affordable units of LIHTC supported housing. All funding awards will be contingent upon the receipt of 2017 LIHTC's, the applicant's ability to secure other financing necessary for the project, and land use approvals and permits.

The City may utilize funds from other sources to complement financing offered through its RFP process. If any additional sources are used, requirements associated with the source will apply.

Proposal Eligibility and Preferences

Eligibility

The CDD has identified the following conditions of eligibility:

- Applicant must demonstrate site control, unless the site is already owned by the City or the Community Development Authority.
- The organization applying for City funds must have an ownership interest in the development.
- The proposed development must meet the income, occupancy and rent restrictions of LIHTC.
- The proposed site for new construction must be located in an Eligible or Preferred Area as identified on the attached map. The site for an acquisition/rehab proposed development may be located anywhere within the City of Madison.
- Any proposal serving households with incomes at or below 30% CMI must have supportive services available for those households.
- A minimum of 15% of the proposed units must include three or more bedrooms, at least half of which must be for families with incomes at or below 30% CMI.

- A minimum of 15% of the proposed units must be available for households with income at or below 30% CMI, at least half of which must be three bedrooms.
- A minimum of 20% of the proposed total units must include supportive services.
- Selected proposals will be required to apply for the Federal Home Loan Bank's Affordable Housing Program, if not already completed.
- Proposals will be required to have Plan Commission approval prior to December 31, 2016.
- Proposals must demonstrate strong connections with or proximity to key amenities such as employment opportunities, public transit, full service grocery store, health facilities, schools, etc.
- Projects will have a 30-year period of affordability (POA) requirement.
- Proposals seeking tax-credits through the WHEDA Supportive Housing set-aside will not be considered.

Preferences

In addition to the conditions of eligibility listed above, preference will be given to:

- Proposals from a non-profit who acts as Developer and Owner.
- Proposals in which more than 20% of the proposed units include three or more bedrooms, with more than half for families with incomes at or below 30% CMI.
- Proposals in which more than 20% of the proposed units are available for households with income at or below 30% CMI, with more than half being three bedrooms.
- Supportive housing that includes intensive on-site case management services with a minimum staff to supported household ratio of 1:10.
- Proposals that target units with supportive services for households experiencing or at risk of homelessness; or those re-entering the community from prison.
- Proposals that provide a non-smoking environment throughout the property.
- Proposals that include internet service that is low or no cost to the residents.
- New construction proposals with a site located in a Preferred Area as identified on the attached map. Acq/rehab proposals with a site located in an Opportunity Area as identified on the attached map.

Financing Terms

The CDD anticipates that at least 50% of the funds offered to any project will be provided in the form of a 0% interest, long-term deferred loan, payable upon the sale, transfer or change in use of the property. Repayment will be based on a percent of the appraised value after rehabilitation or construction, derived from the amount of CDD funds invested in the project or the amount of the loan, whichever is greater.

The CDD further anticipates that up to 50% of the funds offered to a proposal will be provided in the form of a 16-year term loan, amortized over 30 years. The interest rate will be set at 2.75% or the variable Annual Federal Rate, whichever is lower. Annual payments will commence one year after project completion, contingent upon sufficient cash flow to support the project. In the event that cash flow is insufficient to pay all or a portion of the annual payment, the balance of the payment due will be repaid at the end of the 16-year period.

The City may alter the terms and conditions of its loans from those described above for any proposal if it deems that is necessary to maximize the expansion of affordable housing units.

Application Review Process and Scoring

Review Process

The City will review all proposals for completeness including the following:

- The application is complete, including all additional requested documentation.
- There are no known environmental issues that could significantly delay project timelines.
- The applicant is sufficiently ready to proceed and can demonstrate site control.
- The proposal addresses the objectives, conditions of eligibility and preferences described in this document.

Developers may be required to submit additional information upon request.

Application Scoring

Applications will be evaluated based on various scoring criteria including the following:

- **Overall Quality of Proposal** – Development concept and plan, number of units and types of units, unit amenities, proximity to transportation and services, sensitivity to neighborhood needs, proposal vision and goals, anticipated market demand as demonstrated through the market study, readiness to proceed, compliance with eligibility requirements. (30 points)
- **Responsiveness** – Of proposal to preferences identified in this RFP. (20 points)
- **Feasibility of Proposal** – Development proforma including sources and uses of funds and development costs, operating budget including operating costs and cash flow over a 30 year period, financial structure including tax credits, overall financial strength of applicant and proposal, reasonableness of assumptions and projections including WHEDA self-score, unit mix and income targeting. (20 points)
- **Proposed Site** – Benefit to the surrounding neighborhood, level of support of the alder and the neighborhood, impact on schools, access to services, suitability for new construction or major rehab, ability to achieve zoning, permits and/or approvals, conformance to existing plans. (20 points)

- **Capacity, Experience and Qualifications** – Of development team and applicant itself, assessment of capacity to produce a quality product, successful history of developing affordable housing, results of reference checks. (10 points)

The CDD will score each proposal and identify the highest scoring proposals. The CDD will contact a member of the development team of the six highest scoring proposals to arrange an interview to discuss the proposal with the development team. Meetings are anticipated to occur during the week of **September 19, 2016**. The City reserves the right to interview more than the top six applicants if it deems that is necessary to maximize the expansion of affordable housing units.

The highest-ranked applicants will be offered financial support in an amount and under terms the City deems necessary for the financial feasibility of the proposal and its viability as affordable housing.

Initial and Ongoing Project Requirements

Applicants offered financial support will be required to enter into a 30-year Land Use Restriction Agreement recorded in first position after the first mortgage financing for a 30-year period.

The City shall secure its funding with a promissory note and a mortgage in the form of a non-recourse loan.

During the 30-year period of affordability, the City will require the recipient of its funds to provide copies of all reports required by WHEDA for determining compliance with the LIHTC. The City will require the recipient of its funds to submit periodic reports on the project for the term of the loan. Due dates and specific requirements will be established within the Loan Agreement.




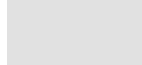

The owner of a City-funded development must keep records for each assisted property that show compliance for each year of the POA. The City reserves the right to schedule site visits to verify compliance with the terms of the City agreement.

Contract Negotiations

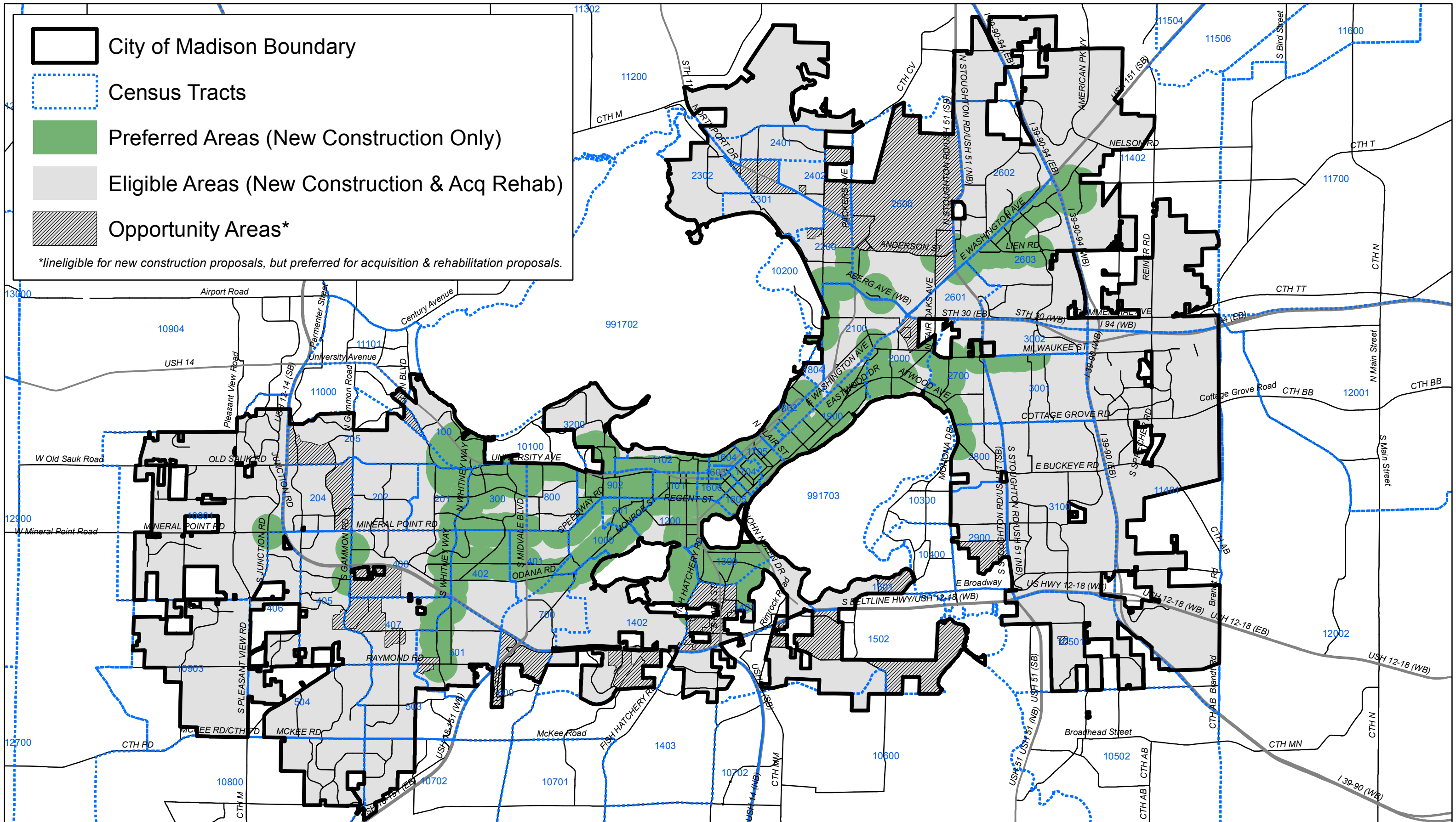
The City reserves the right to reject any and all proposals and to negotiate the terms of the contract, including the award amount, with the selected developer prior to entering into a written agreement.

The funding awards resulting from this RFP will be administered by the City of Madison Community Development Division.

The City Parks Division is considering the possibility of waiving park fees related to the development of affordable housing units. At this time, this proposal is under discussion. The outcome of this discussion may affect the City's financing of a project. As of the date of this RFP application due date, it is anticipated that the park fee structure will remain the same as 2016.

-  City of Madison Boundary
-  Census Tracts
-  Preferred Areas (New Construction Only)
-  Eligible Areas (New Construction & Acq Rehab)
-  Opportunity Areas*

*ineligible for new construction proposals, but preferred for acquisition & rehabilitation proposals.



2016 Affordable Housing Targeted Area Map