



Department of Planning & Community & Economic Development

## Community Development Division

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Child Care  
Community Resources  
Community Development Block Grant  
Madison Senior Center

April 6, 2017

### **Request for Proposals** Developers Seeking Financial Assistance for Rental Housing Development

**Due:** \_\_\_\_\_

#### **Introduction**

The City of Madison is seeking proposals from developers for projects that will expand or improve the supply of affordable rental housing. The City's primary objective is to add to the supply of affordable units. Affordable units are generally those for which occupancy is restricted to households with incomes at or below 60% of the county median income and for which rents are limited to amounts that approximate 30% of household income for eligible tenants. Projects eligible to receive support could include those that a) propose the construction of new units; b) involve the acquisition and renovation of properties in projects that yield a net gain in affordable units; or c) seek to prevent housing units that are currently income and rent restricted from converting to market rate housing.

The City will accept proposals from both non-profit and for-profit developers, as well as those that reflect strategic partnerships between two or more entities. The City is prepared to offer direct financial assistance to selected projects from one or more City-administered sources. These include the City's Affordable Housing Fund; Federal CDBG and HOME Program funds; and, where available, Tax Increment Financing. City staff will review and evaluate proposals and formulate recommendations for financial assistance to selected projects, to be drawn from sources deemed most appropriate to the projects. Those recommendations will be reviewed by the City's Community Development Block Grant Committee. The City's Common Council has final authority over financial aid offers.

In making decisions regarding the allocation of available resources, the City hopes to accomplish most or all of the following:

- Produce more quality rental housing that is affordable to lower and middle income households and located in areas of the city that are well connected to common

amenities such as public transportation, parks, schools, health care, food venues, employment, etc.

- Leverage, to the greatest extent possible, the use of other available resources, particularly Federal Low-Income Housing Tax Credits, administered by the Wisconsin Housing and Economic Development Authority.
- Increase the number of affordable rental units with three or more bedrooms, especially for households with very low incomes.
- Prevent the loss, or conversion to market rate status, of quality, affordable rental units that are nearing the end of their period of affordability.
- Achieve a wider dispersion of affordable rental housing throughout the city.
- Provide more housing opportunities, and support services, for persons or families who face common obstacles to stable housing, e.g., poor credit or rental histories, arrest or conviction records, poor money management skills, mental health issues, substance abuse issues, etc.
- Improve the coordination between affordable housing developers/property managers and housing support agencies in order to achieve housing stability and prevent homelessness.

### **Funding Availability**

The City CDD anticipates having approximately \$3 million in City Affordable Housing Funds, \$\_\_\_ in CDBG funds, and \$\_\_\_ in HOME funds to support this Request for Proposals. Projects proposed within active TIF districts may also qualify for assistance from that resource, which is managed by the City's Economic Development Division.

Assistance offered from City's Affordable Housing Funds will be contingent upon their authorization during the 2018 Budget process, which concludes in November of 2017. Federal CDBG and HOME funds are currently available for allocation. Staff recommendations to support proposals submitted through this RFP process will be reviewed and authorized first by the City's CDBG Committee and then forwarded to the Common Council for final approval.

### **Requirements and Preferences**

Proposal requirements and preferences are detailed in attachment A. There are a variety of specific requirements and preferences associated with each available funding source. While City staff will make determinations about which funding source(s) best fit a particular project, applicants should review these requirements and preferences and consult with staff as needed.

### **Financing Amounts and Terms**

- For proposals seeking LIHTCs, the CDD anticipates offering up to \$25,000 per unit of affordable housing
- For proposals not seeking LIHTCs, the CDD anticipates offering up to \$55,000 per unit of affordable housing
- The size of subsidy and favorability of loan terms offered will reflect the extent to which proposals match the City's overall goals, objectives and preferences as described in this RFP.

- Decisions about the appropriate funding source/s for each project will take into consideration the amount of funds available and requirements associated with each source.

Need to insert specific details re: park fee exemption, loan % interest, term, amortization, deferral, cash flow, repayment provisions etc.

All funding awards will be contingent upon receipt of other financing required to complete the project, as well as required land use approvals and permits.

### **Application Deadline**

Applications are due no later than \_\_\_\_\_. Late proposals will not be considered. Proposals must use the Affordable Housing Application attached as Exhibit \_\_\_\_ and submit any additional documentation as outlined either in the application form or this RFP. The application form is also available on the City CDD website at the following link: <http://www.cityofmadison.com/dpced/communitydevelopment/funding>.

### **Letter of Interest and Application Deadline**

The CDD requires all interested applicants to complete and submit a Letter of Interest (LOI) to the CDD office no later than \_\_\_\_\_. CDD staff will meet with each developer submitting a LOI to discuss the proposed project in an effort to assist in the formation of the proposal before expending a significant amount of pre-development funds.

After this initial meeting, developers will be asked to submit a full application with supporting 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 \_\_\_\_\_. The CDD will not accept responses received after this time.

Also after this initial meeting all applicants will be required to contact and meet with Planning Division staff at least three weeks prior to submitting an application to discuss land use approvals and permits. To schedule a meeting with Planning Division staff, contact Tim Fruit, at [tfruit@cityofmadison.com](mailto:tfruit@cityofmadison.com) or 608-\_\_\_\_\_.

### **Application Requirements**

Proposals and all required additional documentation must be submitted electronically to the City CDD Office at [CDDapplications@cityofmadison.com](mailto:CDDapplications@cityofmadison.com). Applicants must also submit 10 paper copies of their proposals by the deadline listed above. These must be individually and securely bound.

Proposals must include the following in order to be considered complete and thus eligible for consideration:

- Completed Application and Application Budget Workbook, showing the City's proposed financial contribution (and all other proposed financing sources?)
- Project's proposed financial and organizational structure (needs clarification)
- Detailed site map and a second map showing the site in the context of the City
- Description of the development team's experience in the following areas:
  - a) Obtaining and utilizing federal, state, city and other financing resources
  - b) Participating in public/private joint ventures
  - c) Developing housing for low- and moderate-income households
  - d) Property management
  - e) Providing supportive services, if the proposal includes such services.
- Three references for the development team based on similar projects as that being proposed
- Current appraisal of the subject property
- After-rehab/construction appraisal of the proposed project, if available at the time of application
- Recent market study, prepared by a third-party market analyst, if available at the time of application
- 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
- Detailed WHEDA self-score based on WHEDA's scoring criteria, if applicable.

If an appraisal, market study or needs assessment is not available at the time of application, submittal of these items will be required to be submitted as they are available and no later than one month prior to the start of contract negotiations.

### **Application Review and Scoring**

#### Review

Proposals will be reviewed based on the following criteria:

- Application is complete, including all additional requested documentation.
- There are no known environmental issues that might significantly delay the project.
- Proposal includes documentation of site control and readiness to proceed.
- Proposal addresses the objectives, preferences and conditions of eligibility as described in the RFP.

Site visits will be required. Information gleaned during that process will be used during the review process to determine the overall quality and suitability of the site.

Developers may be required to submit additional information upon request.

#### Scoring

Applications will be evaluated based on the following criteria:

- *Overall Quality (30 points)*

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.

- *Responsiveness (20 points)*

Level of responsiveness to overall City goals, objectives and preferences as described in this RFP.

- *Feasibility (20 points)*

Development proforma details sources and uses of funds and includes all development costs

Operating budget details reasonable costs and cash flow over a 30 year period

Financial structure details any tax credits, financial strength of proposal, financial strength of applicant, and includes reasonable assumptions and projection

WHEDA self-score is accurate and reasonable and also includes project income mix and income targeting information

- *Proposed Site (20 points)*

Access to schools, transportation, groceries and other key amenities; benefit to surrounding neighborhood; impact on schools; suitability for new construction or major rehabilitation; conformance with adopted plans; ability to achieve zoning requirements and secure permits and/or approvals; level of Alder support; and level of neighborhood support.

- *Capacity Experience and Qualifications (10 points)*

Demonstrated capacity to produce a high-quality product – based on successful history of developing affordable housing and reference checks by City staff.

Each proposal will be evaluated according to the criteria listed above. **The six highest scoring proposals** will be recommended for further consideration. Development teams that remain under consideration will be expected to present to the review team the week of \_\_\_\_\_ . The City reserves the right to interview more than the **top six applicants** if it deems that necessary to maximize the opportunity realize the goals of this RFP.

The highest-ranked proposals will be offered financial support in an amount and under terms the City deems necessary for the financial feasibility of the project.

### **Initial and Ongoing Project Requirements**

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

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

During the period of affordability, the City will require the recipient of its funds to provide detailed compliance reports. 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 City reserves the right to schedule site visits to verify compliance with the terms of the City agreement.

### **Contract Negotiation and Administration**

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.

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

### **Questions and Contact Persons**

Questions concerning this RFP, the application, the review process or to schedule a meeting prior to the application deadline may be directed to Community Development Division staff as follows:

- Mary Charnitz, Grants Administrator  
mcharnitz@cityofmadison.com  
608-261-9661
- Susan Morrison, Community Development Supervisor  
smorrison@cityofmadison.com  
608-266-1053