



**RFQ #15-001**

**NOTICE OF FUNDING AVAILABILITY (NOFA)**

**PROPOSALS DUE NOT LATER THAN:  
2:00 PM ON FRIDAY, FEBRUARY 13, 2015**

**REQUEST FOR PROPOSALS SCHEDULE**

RFP Released	Tuesday, October 21, 2014
Pre-proposal meeting	Thursday, November 20, 2014, 10:30 AM
Questions submitted by	Monday, January 26, 2015, 3:00 PM
Responses to Questions	Monday, February 2, 2015
<b>Proposals due to City</b>	<b>Friday, February 13, 2015, 2:00 PM</b>

**Submit Proposals to:**  
**City of Fremont**  
**Purchasing Services**  
**3300 Capitol Avenue, Bldg. B**  
**Fremont, CA 94538**

**CITY OF FREMONT**  
**NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**October, 2014**

**Proposal Deadline: Friday, 2:00 p.m., February 13, 2015**

**I. INTRODUCTION**

The City of Fremont (City) is announcing a Notice of Funding Availability (NOFA) for the creation of affordable rental housing in Fremont. Approximately \$8.0 million in funding is available to support predevelopment, acquisition and construction or rehabilitation of affordable housing. The funding is intended to fill the financing gap between a project's total development cost and other available financing sources. The funding available through this NOFA is for capital costs only; no financing is available to fund operating subsidies or supportive services. It should be noted that if additional housing funds become available to the City during the NOFA evaluation process, the amount awarded through this NOFA may also increase.

Qualified affordable housing developers that can meet the NOFA requirements and demonstrate their ability to finance, design, build/rehabilitate and manage affordable housing are encouraged to submit proposals. All proposals must be received by February 13, 2015. Applications submitted after the deadline will not be considered. Funding will be awarded by the City on a competitive basis to the project or projects that provide the best opportunity to address the City's affordable housing needs. The City reserves the right to request that Applicants submit additional information as may be requested by staff to clarify submitted information. Also, the City reserves the right to reject any and all proposals for any reason, and at its sole discretion.

**Funding Sources**

Funding for this NOFA will be provided from a combination of at least three sources:

- Low and Moderate Income Housing Fund program income collected by the City as the Housing Successor Agency to the former Fremont Redevelopment Agency
- Fees paid to the City by developers to comply with the City's Affordable Housing Ordinance
- General Fund monies appropriated for affordable housing purposes by the City Council

It should be noted that funds in the Low and Moderate Income Housing Fund (about \$3.7 million at the time of release of the NOFA) are subject to SB 341, a State law enacted in 2013 that requires that at least 30% of these funds be spent on extremely-low-income housing, among other requirements.

The funds described above may be supplemented with federal HOME Program funds that the City receives through its participation in the Alameda County HOME Consortium and/or with federal Community Development Block Grant (CDBG) allocations. These funds may also be supplemented with other grant funds that the City is successful in securing to support affordable housing.

### **Eligible Applicants**

Eligible developers/project sponsors (Applicants) include nonprofit and for-profit housing developers. Applicants must have demonstrated experience and capacity in the development and management of affordable housing. Applicants must have completed a minimum of two affordable housing projects of similar size and complexity as the proposed project to be eligible to submit a proposal.

### **Eligible Projects**

Each Applicant is permitted to submit only one project application for this NOFA. Eligible projects (Projects) must be new construction rental developments or substantial rehabilitation of existing market rate developments for the purpose of creating new affordable rental housing for extremely low, very low and low income households. Mixed-use Projects (containing both residential and nonresidential space), as well as mixed-income Projects (containing both affordable and market-rate rental units), are eligible. Projects where City funds would be used to provide deeper and/or broader levels of affordability in new rental housing than would be required under the City's Affordable Housing Ordinance are also eligible. Generally, for mixed-use Projects, residential space should make up the majority of the development. For both mixed-use and mixed-income Projects, only the affordable housing portion of the Project can be assisted under this NOFA and the market-rate units must be funded from other sources. The non-residential component of the project must be self supporting.

### **Sites Available for the Development of Affordable Housing**

The City's General Plan, adopted by the City Council in December, 2011, designates numerous areas in the City, predominantly in locations within ½ mile of a transit station, where residential development at 30 dwelling units per acre (du/acre) or higher is allowed. Fremont recognizes that higher density residential, planned districts and mixed-use districts provide the potential for lower construction costs because of economies of scale created and are therefore most suitable for development of housing affordable to very low and low income households. Also, the City's mixed use ordinance allows

development of housing at densities above 30 du/acre or higher by right on commercially zoned parcels of less than two acres.

The City's draft Housing Element for 2015-2023 is a valuable resource for identifying possible affordable housing sites. Table 5.2 of the draft Housing Element (<http://www.fremont.gov/1823/Housing-Element-Update-2015---2023>) lists residential parcels zoned for development at 30 units to the acre or higher. In addition to listing the sites, the Housing Element tables also provide the City's analysis of each site, including current site use, infrastructure and environmental constraints, and realistic development potential. Under the City's mixed-use zoning, residential development at 30 du/acre or higher is allowed on commercial properties as part of a mixed-use project. Table 5.3 of the draft Housing Element lists vacant and underutilized commercial parcels where staff believes redevelopment is likely and will include housing as allowed by the General Plan and zoning.

It should be noted that the site lists are not final and may be adjusted based on comments received from the Department of Housing and Community Development. It should also be noted that the South Fremont/Warm Springs Community Plan, which was adopted after the draft Housing Element, rezoned a number of properties for residential development at 30 du/acre or higher. Sites listed in the Housing Element are provided for information only. Project proposals are not limited to the sites listed in the Housing Element.

#### **Project Threshold Criteria**

- Applicants must have site control as defined in Section IV, #7 Site Control below;
- Housing units must remain affordable for at least 55 years;
- Projects must have reasonable acquisition and construction costs, the ability to compete well in securing other/competitive funding sources and be soundly underwritten;
- Projects must leverage other financing sources;
- Projects must incorporate high quality design and amenities (for a general overview of what the City considers high quality design, see the Community Character Place Types Manual from the General Plan at <http://www.fremont.gov/DocumentCenter/View/6630>; also see various design guidelines at <http://www.fremont.gov/1263/Design-Guidelines>);
- Projects must incorporate "green" building practices and materials in building design and construction;

- Projects must be compatible with neighborhood settings from a massing and design perspective;
- Projects must incorporate appropriate community spaces, amenities and services for the target population;
- Applicant must have demonstrated experience with successful affordable housing projects and the capacity to work cooperatively with the community in the design and development of the Project; and
- Projects must be consistent with the goals and objectives of the draft Housing Element (<http://www.fremont.gov/1823/Housing-Element-Update-2015---2023>) **Housing Priorities**
- Projects should target extremely low income households (30% or less than area median income), very low income households (50% or less than area median income) and low income households (80% or less than area median income).
- Projects should consider a range of households, including transition-age youth, veterans, large families and seniors.
- Projects should include supportive services appropriate for the expected tenant population as an integral component of the Project.

### **Review of Proposals & Developer Selection Process**

City staff and technical consultants will review all proposals submitted that meet the NOFA requirements. Proposals will be evaluated based on the Applicant and Project Selection Criteria under Section II below. Proposals that receive favorable staff review will be presented to the City Council, with staff's funding recommendation, for further consideration and for a final funding decision. Once the City Council has made a final decision, staff will begin negotiation of a Loan Agreement with the selected Applicant(s).

### **City Financial Participation**

Depending upon the financial need of the Project, the City will generally provide a capital contribution in the form of a 55-year loan (City Loan) with an interest rate of 3% simple-interest, payable from residual receipts. The City Loan will include an amount up to \$250,000 (Predevelopment Component) for predevelopment costs (see definition below). The Applicant must provide adequate security for the predevelopment component of the City Loan, including but not limited to assignment of the purchase agreement and plans and specifications. The City Loan will be secured by a promissory note and recorded trust deed (Deed of Trust) and will be conditioned upon additional security in the form of a recorded rent regulatory agreement and a notice of

affordability restrictions. The City Loan may not be used to fund operating subsidies or supportive services.

The Deed of Trust for the City Loan will be initially recorded in second lien position junior to any private lender acquisition/construction trust deed and further may be subordinated to other state or federal public agency financing if required by law. The selected developer will be required to start construction within three years from the date the Loan Agreement is executed or risk losing the City's funding commitment.

Predevelopment Loan: As security for a Predevelopment Loan, Developers are required to assign to the City its rights and obligations with respect to certain agreements (including purchase agreement), plans and specifications and approvals. If the project is proceeding and subsequent financing is approved, the Predevelopment Loan is rolled into the subsequent loan. If the project proves infeasible, the predevelopment loan may be forgiven in certain circumstances pursuant to the terms of the Predevelopment Loan Agreement.

*Predevelopment costs: Predevelopment costs are upfront project costs necessary to determine project feasibility and include costs of an initial feasibility study: consulting fees, legal fees, architectural and engineering fees, soil and environmental review services, and other upfront expenses incurred during the preconstruction phase. Predevelopment costs do not include option deposits to acquire site control.*

### **Partnership/Asset Management Fees**

For tax credit projects, the annual Partnership Management Fee and Asset Management Fee may not exceed \$25,000 and \$5,000, respectively. These fees shall not escalate and are allowable as a Project expense only during the project's first 15 years of operation.

### **Compliance Monitoring Fee**

The City charges an upfront Compliance Monitoring Fee to cover the cost of monitoring the Developer's compliance with the City Loan Agreement for the term (55 years) of the City Loan. The fee is \$5,000 per year, for 55 years, discounted to the net present value using the City's current investment rate as the discount rate.

### **Environmental Review and Assessment**

Prior to the City funding commitment, the Project must comply with the requirements of the California Environmental Quality Act. If federal funding is involved, the Project will also be assessed in accordance with the National Environmental Policy Act.

## **Insurance Requirements**

The selected Applicant will be required to comply with the City's insurance requirements, summarized as follows:

- a. Workers' Compensation insurance to the extent required by law, including Employer's Liability coverage, with limits not less than \$1 million each accident
- b. Commercial General Liability insurance with limits not less than \$2 million each occurrence
- c. Comprehensive Automobile Liability insurance with limits not less than \$1 million for each occurrence
- d. Property insurance, including during the course of construction builder's risk insurance, covering the development, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value.
- e. Commercial Crime Insurance covering all officers and employees, for loss of City Loan proceeds caused by dishonesty, in an amount not less than the amount of the City Loan naming the City as a Loss Payee, as its interests may appear.
- f. The general contractor, subcontractor, or agent working on the development must maintain insurance of the types and in at least the minimum amounts described in items a, b, and c above, except that the limit of liability for commercial general liability insurance for subcontractors is \$1 million.
- g. All policies, both during construction and after completion, must name the City as an additional insured.

The above summary covers general requirements and does not include comprehensive detail about the City's insurance requirements. For specific questions and exact insurance requirements, the Applicant should contact the City's Risk Management Office at email: [riskmanagement@fremont.gov](mailto:riskmanagement@fremont.gov) or phone: (510) 284-4050.

## **II. EVALUATION AND SELECTION**

### **Applicant and Project Selection Criteria**

Applicants who submit proposals that meet the requirements of this NOFA will be evaluated according to the criteria below.

#### **1. Applicant Qualifications, Experience and Management of Affordable Rental Housing:**

- a. Qualifications of the Applicant and development team;
- b. Applicant's track record of successfully developing similar projects on time and within budget;

- c. Positive track record for collaborative negotiations with public agencies (as demonstrated by references);
- d. Track record of positive cash flow and compliance with regulatory agreements, property reserves and property management standards for existing projects; and
- e. Quality and track record of on-site management of rental properties, including ongoing upkeep and maintenance of the property, availability of conflict resolution programs, and highly trained on-site managers that maintain a crime-free environment.

**2. Applicant Financial Capability and Economic Feasibility of Project:**

- a. Applicant financial strength and track record in securing the proposed financing;
- b. Source and amount of equity contributions and other sources of funding;
- c. Degree of leveraging of Affordable Housing funds;
- d. Track record in securing 9% tax credits or other major funding; and
- e. Per unit subsidy of Affordable Housing funding request (lower the better).

**3. Public Benefit and Response to City's Housing Priorities:**

- a. Project has housing units affordable to extremely low (highly desirable), very-low and low income households;
- b. Project has housing units that address households with special needs (e.g., homeless, large families, transition-age youth, seniors);
- c. Project has supportive services and has identified funding to provide for such services;
- d. Success at gaining community support for affordable housing projects and remaining sensitive to community and neighborhood concerns throughout operations; and
- e. Quality of the proposed structures. Attention to detail with a focus on enhancing the quality of life for the future occupants and surrounding neighborhood;
- f. Project results in units that can be counted towards the production totals of the City, pursuant to definitions in California law and adopted by the Association of Bay Area Governments (ABAG) (highly desirable);
- g. Project incorporates Universal Design principles into some or all affordable units.

**4. Site Appropriateness:**

- a. Project site is within ½ mile of a transit station or bus corridor
- b. Project site has easy access to relevant local services and amenities, such as parks, medical services, fresh foods, schools, etc.
- c. Proposed project is consistent with the proposed site's General Plan land use designation and zoning. In cases where the land use designation and/or zoning would require an amendment, applicant can demonstrate that the proposed project is compatible with surrounding land uses.



The site's appropriateness should be described in detail in the narrative (see item # 5 under Section IV, Submittal Requirements). It should be noted that projects are not required to meet every criterion listed.

### **5. Green Building Features:**

- a. Project incorporates features beyond the California Green Building Code that conserve (or produce) energy, improved indoor air quality, reduce waste, and/or conserve water. Water conservation both within the building and as part of the project landscape is a high priority.

Proposals will be judged based on staff's evaluation of how well the Project and Applicant meet the selection criteria. The final selection will be made at the sole discretion of the City Council. The City is under no obligation to select any of the proposals submitted, and may at its discretion reject any or all submissions.

## **III. PROPOSAL PROCESS**

### **Proposal Submission Format**

Applicants must submit material in the following format. See Section IV below, Submittal Requirements, for specific material to be included in proposal application:

- Hard Copies: One (1) original and seven (7) copies of complete proposal
- CD: All proposal material must also be submitted on a CD. The sources and uses proforma, operating proforma and any other budget spread sheet must be submitted in Excel format.
- Proposals must be received by 2:00 p.m., Friday, February 13, 2015.

### **Deliver to:**

City of Fremont Purchasing  
3300 Capitol Ave, Building B,  
Fremont, CA 94537

The City has partnered with BidSync to post and distribute the NOFA and to respond to questions. In order to view questions submitted and the City's responses, proposers must register on Bidsync at [www.bidsync.com](http://www.bidsync.com). All questions regarding the NOFA should be submitted through Bidsync and answers will be posted there.

Under the California Public Records Act, all documents submitted in response to the NOFA are considered public records and will be made available to the public upon request.

**Pre-Proposal Meeting**

Applicants are encouraged to attend a Pre-proposal Information Meeting on this NOFA:

Pre-Proposal Meeting:

Thursday, November 20, 2014

10:30 a.m. to noon

City of Fremont

Niles Conference Room

39550 Liberty Street, 1<sup>st</sup> floor, Fremont, CA 94538

**Proposal Process Timeline**

The tentative timeline for evaluating and selecting proposals is presented below:

<b>NOFA SCHEDULE</b>	
<b>EVENT</b>	<b>DATE</b>
NOFA released	Mid- October, 2014
Pre-Proposal information meeting	Thursday, 11/20/14
Proposals due	Friday, 2/13/15
Initial review of proposals completed	Monday, 3/9/15
Applicant interviews ( <b>Specific date TBD</b> )	Mid- March 2015
City awards funding	May 2015
Loan, Regulatory Agreements Negotiation	June-July 2015
City approve Loan and Regulatory Agreements	July, 2015

**Right to Reject Proposals**

The City reserves the right to reject any and all proposals for any reason, and at its sole discretion. The City reserves the right to alter the guidelines in the NOFA at any time, at its discretion.

## **IV. SUBMITTAL REQUIREMENTS**

### **1. Cover Letter**

Provide a brief summary of the proposed Project and discuss your firm's qualifications, why you are uniquely qualified to merit the Agency's investment, and why your proposal should be selected for funding.

### **2. Development Entity**

- Identify the entity with the legal authority to contract directly with the City, including all joint ventures/limited partners and their percentage ownership interest (if applicable).
- Include resumes of key individuals and their roles.
- Identify person who has the legal authority to enter into a contractual agreement with the City on behalf of the Applicant.

### **3. Financial Statements**

In order to assess the financial soundness of the Applicant's proposed development entity, the submittal is to include a copy of the most recent and prior years audited financial statements of the Applicant and each proposed development entity/joint venture partner, if applicable.

### **4. Experience**

- Provide evidence of past project experience, particularly with developing affordable housing rental projects. For three (3) projects include: a brief narrative description of the project, the Applicant's role, the cost of the project, amounts and sources of funds used to finance the project, the date the project was completed, audited financial statements for the three most recent years of each projects operations, and indicate if the project was completed on time and within budget.
- For each of the projects identified above for past project experience, provide a reference with the applicable city or redevelopment agency including name, email address and phone number.

### **5. Description of Proposed Project Concept**

- Provide a written description of the proposed Project, scale of development (stories, type of construction, size, use of proposed tenants of commercial component (if applicable), occupancy restrictions, number and size of units, number of parking spaces, and type of amenities).
- Provide basic site information such as property address, APN square footage, existing uses, current General Plan land use designation and zoning, indicate if the proposed Project is consistent with the existing zoning, or if rezoning is required.
- Describe the property location, neighborhood, transportations options, local services and amenities (full-service grocery store, neighborhood

park, pharmacy, medical facility, schools, etc) within close proximity to the site (include distance e.g., ¼ mile, ½ mile).

- Provide a graphic depiction of the proposed Project consisting of a preliminary site plan and elevation. Overly detailed architectural renderings or glossy material are discouraged in response to this NOFA.
- Describe how the Project will be managed. Also, provide a list of rental projects that are currently under the company's management. Include each property's location, number of units and number of affordable units.

## **6. Financing Plan and Proforma**

Provide a narrative description of the proposed method of financing the proposed Project including all sources of debt and equity. In the case of a proposed tax credit project, identify the assumed tax credit pricing/cents on the dollar projected in the proposed project's Sources and Uses. Given the competitive nature of many of the available federal and state funding programs, the narrative should describe the Applicant's approach to alternative financing scenarios as a contingency to the preferred plan.

The proposal should also include a complete preliminary financing proforma of the proposed Project including:

- Development cost budget for each component of the Project, identifying predevelopment costs, estimates of land acquisition and site preparation costs (if applicable), direct construction costs (for each component) and all indirect and financing costs, and developer fee.
- A complete sources and uses of funds table for both construction and permanent financing for each component of the Project. The table should clearly indicate the amount of requested Affordable Housing financial assistance and the proposed repayment terms of such assistance.
- An estimate of Project income and Project operating expenses, including rents for each unit type, vacancy rate, operating expenses, debt service, and all distributions of remaining cash flow. The table should clearly detail assumptions on rents for all unit types including utility allowance factors and other sources of income. Also include a 15-year operating projection with assumptions for out-year escalations.

## **7. Evidence of Site Control**

At the time of proposal submission, the Applicant must have site control of the property for the proposed Project for which funding is requested. The Applicant must show that if the proposal is selected, site control can be maintained until the property can be acquired. As evidence of site control, one of the following documents must be submitted with the application:

- Purchase agreement, including evidence that the agreement is for a term that is sufficient to hold the property until the anticipated date of purchase
- Option to purchase or lease, binding on seller or landlord, including evidence that options are renewable until the anticipated date of purchase
- A long-term lease agreement with a term of not less than 75 years
- Executed land sales contract or other enforceable agreement for acquisition
- Other evidence that Applicant has site control acceptable by the City

### **8. Appraisal**

An appraisal is required that has been completed within 6 months of the application deadline. The appraisal must conform to the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice. All appraisers must be California State licensed/certified.

### **9. Preliminary Title Report**

A preliminary title report dated within 30 days of the application deadline.

### **10. Phase I Environmental Assessment**

Applicants must provide a copy of the completed Phase I Environment Assessment prepared by a qualified environmental firm.

### **11. Relocation Plan**

If the Project involves temporary or permanent relocation of residential or commercial tenants, please provide a narrative Relocation Plan and Relocation Budget. The Relocation Plan should include:

- A description of the applicable relocation requirements and relocation benefits to be provided;
- A cost estimate of relocation expenses;
- Identification of the number of households or businesses to be displaced;
- The current rent roll; and
- A description of the proposed advisory services that will be provided to the displaced households/businesses.

All relocation Plans must comply with applicable federal and state regulations.

### **12. Community Outreach Plan**

Provide a plan for conducting community outreach to neighbors of the proposed Project and community groups. The outreach plan should describe how the Applicant intends to build support for the Project and address community concerns. The outreach plan should also discuss any anticipated community concerns and how they would be handled.

### **13. Residential Services Plan**

If applicable, provide a residential services plan that describes services to be provided to tenants (child care, computer training, etc.) and demonstrates how supportive services for the tenant population will be provided and funded. The plan should also show funding commitments for services.

### **14. Project Schedule**

Provide a preliminary Project schedule identifying the estimated date of achieving key milestones including: securing of all financing commitments, acquisition of the site, start of construction, completion of construction, and lease-up and stabilization of residential and commercial operations (if applicable). Project schedule should start within 30 days of date the Applicant's project is selected.