

**CITY OF DUBLIN AFFORDABLE
HOUSING FUNDS FOR
RENTAL HOUSING DEVELOPMENT**

**NOTICE OF FUNDING AVAILABILITY (NOFA) AND
REQUEST FOR PROPOSALS (RFP)**

**Proposal Due:
September 18, 2020 by 5:00 p.m.**

**City Contact:
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All inquiries and/or questions shall be submitted no later than September 6, 2020

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**CITY OF DUBLIN
NOTICE OF FUNDING AVAILABILITY (NOFA)
REQUEST FOR PROPOSALS (RFP)**

I. INTRODUCTION

The City of Dublin (City) is announcing a Notice of Funding Availability (NOFA) for the creation of affordable rental housing in Dublin. Approximately **\$10 million** in funding is available to support predevelopment, acquisition and construction of affordable rental housing. The funding is intended to help 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. The City may choose to recommend the project(s) selected through this NOFA for funding from Alameda County Measure A-1 Bond funds for all or part of the total amount awarded.

Qualified affordable housing developers/project sponsors (Applicants) that meet the NOFA requirements and demonstrate their ability to finance, design, build and manage affordable rental housing are encouraged to submit proposals. **All proposals must be received by September 18, 2020.** Funding will be awarded by the City on a competitive basis to the project(s) that provide the best opportunity to address the City’s affordable housing needs. The City will request that Applicants submit additional information after initial selection. Also, the City reserves the right to suspend, amend or modify the provisions of this NOFA, to reject all proposals, to negotiate modifications of proposals, or to award less than the advertised amount of funding available.

Funding Sources

Funding for this NOFA will be provided from one or more of the following sources:

- City Affordable Housing Fund comprised of fees paid to the City by developers to comply with the City’s Inclusionary Zoning Regulations; and
- Alameda County Measure A-1 Bond funds (Dublin Base City Allocation).

These funds may also be supplemented with other grant funds that the City is successful in securing to support affordable housing.

Eligible Applicants

Eligible Applicants include nonprofit and for-profit housing developers. Applicants must have demonstrated experience and capacity in the development and management of affordable rental housing. Applicants should have experience completing affordable rental housing projects of similar size and complexity as the proposed project.

Eligible Projects and Threshold Criteria

Each Applicant is permitted to submit only one project application for this NOFA.

- Projects must be new construction rental developments.
- Mixed-use projects (containing both residential and nonresidential space) are eligible. Generally, for mixed-use projects, the residential space should be a minimum of two-thirds of the gross square footage of the development. The non-residential component of the

project must be self-supporting.

- Site control as defined in Section III-6, Site Control below;
- Proposed units must remain affordable for at least 55 years;
- Reasonable acquisition and construction costs; the ability to compete well in securing other/competitive funding sources, including, but not limited to: County (Measure A-1 Bond funds), state and federal sources, Low-Income Housing Tax Credits (LIHTC), private equity, and be soundly underwritten;
- Leverage other financing sources;
- Incorporate high quality design and amenities and properly integrate with neighborhood scale, massing and setting and will be subject to a Site Development Review Permit;
- Incorporate appropriate community spaces, amenities and services for the target population;
- Applicant must have demonstrated experience with successful affordable housing projects, the ability to timely secure funding sources that minimizes the City's contribution of local funds, and the capacity to work cooperatively with the community in the design and development of the project;
- Target extremely low-income, very low-income, and/or low-income households earning up to a maximum of 80 percent of Area Median Income (AMI);
- Projects must meet all criteria established by Alameda County Department of Housing and Community Development (HCD) to qualify for Alameda County Measure A-1 Bond funds, including providing no less than 20 percent of all units developed within the project serving households earning no more than 20 percent of AMI;
- Consider a range of household/individual types, including veterans, seniors, disabled, special needs, and at risk of homelessness; and
- Include supportive services appropriate for the expected tenant population as an integral component of the project.

The ability to satisfy these criteria is in no manner whatsoever a guarantee of project funding, and the City reserves the right in its sole and absolute discretion to modify or waive any of these threshold requirements without further notice to proposers or potential proposers.

Sites Under Consideration Separately

The two sites noted below have previously been identified for affordable housing. The purpose of this current NOFA is to receive proposals for other sites which are feasible for development.

- 6513 Regional Street at St. Patrick Way in Downtown Dublin – 1.3 acres
- Transit Center Site D-1 at Martinelli Way and Iron Horse Parkway – +/-1 acre

Review of Proposals and Project Selection Process

City staff 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 loan documents with the selected Applicant(s).

City Financial Participation

At the City's sole discretion, and depending upon the financial need of the project and applicable project selection criteria responses, the City may generally provide a capital contribution, which may be in the form of a 55-year loan (City Loan) with an interest rate of three percent simple-interest. The selected Applicant(s) must provide adequate security for any predevelopment component of the City Loan, including but not limited to assignment of the purchase agreement and plans and specifications. Any 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, a notice of affordability restrictions and any additional security the City may require. City Loans may not be used to fund operating subsidies or supportive services.

Any Deed of Trust for the City Loan may initially be 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 City anticipates that the selected Applicant(s) may be required to start construction within two (2) to three (3) years from the date the Loan Agreement is executed (depending on the project details and subject to the City's discretion) or the Applicant(s) would risk losing the City's funding commitment.

Predevelopment Loan: Depending on the schedule for the project, the City may decide to issue a preliminary predevelopment loan pursuant to a Predevelopment Loan Agreement. As security for a preliminary predevelopment loan, the selected Applicant(s) would be required to assign to the City its rights and obligations, including but not limited to, with respect to certain agreements (including purchase agreement), plans and specifications and approvals. If the project is proceeding and subsequent financing is approved, the preliminary predevelopment loan would be rolled into the subsequent City Loan. If the project proves infeasible, the preliminary predevelopment loan may be forgiven in certain circumstances, as determined by the City, and otherwise 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.

Compliance Monitoring Fee

The City charges an annual Compliance Monitoring Fee to cover the cost of monitoring compliance with City Agreements for the term (55 years) of the City Loan. Based on the City of Dublin adopted 2020-21 Master Fee Schedule, the annual fee is \$2,058 for projects between 21 and 100 units and \$2,964 for projects with 101+ units adjusted annually per the Consumer Price Index.

Legal Fees

Legal fees, including the cost of the City Attorney, incurred by the City during the negotiation and execution of loan documents, including both the predevelopment loan and the construction loan will be paid directly by the Applicant(s).

Insurance Requirements

The selected Applicant(s) will be required to comply with the City's insurance requirements, consistent with affordable multifamily insurance standards. Comprehensive detail about the City's insurance requirements will be provided upon request.

II. EVALUATION AND SELECTION

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. Experience completing affordable rental housing projects of similar size and complexity as the proposed project on time and within budget. Preference will be given to those with demonstrated knowledge;
- b. Positive track record for collaborative negotiations with public agencies (as demonstrated by references);
- c. Track record of positive cash flow and compliance with regulatory agreements, property reserves and property management standards for existing projects; and
- d. 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, healthy and safe 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 nine percent LIHTC, four percent LIHTC, project-based housing vouchers, 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 that address households with special needs (e.g., seniors, disabled, homeless);
- b. Project has supportive services and has identified funding to provide for such services;
- c. Applicant has proven success at gaining community support for affordable housing projects and remaining sensitive to concerns throughout operations; and
- d. Quality of the proposed structures. Attention to enhancing the quality of life for the future occupants and design compatibility with surrounding neighborhood.

4. Site Appropriateness

- a. Project site has easy access to public transportation and relevant local services and amenities, such as parks, medical services, fresh foods, schools, etc.; and
- b. Project is consistent with the site's General Plan and/or Specific 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 project warrants an amendment to land use and zoning designations and is compatible with surrounding land uses.

5. Completeness, Accuracy, and Quality of Proposal and Budget

This includes an overall evaluation of the proposal itself, as evidence of the Applicant's understanding of the project's purpose and objectives, knowledge of the field, and ability to prepare concise reports and budgets. It also includes the completeness, accuracy and quality of an Applicant's response to questions regarding the proposal.

III. SUBMITTAL REQUIREMENTS

1. Cover Letter

Provide a brief summary of the proposed project and discuss Applicant's qualifications, why Applicant is uniquely qualified to merit the City's investment, and why Applicant's proposal should be selected for funding.

Maximum length: two pages

2. Development Entity

- a. 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);
- b. Include resumes of key individuals and their roles; and
- c. Identify person who has the legal authority to enter into a contractual agreement with the City on behalf of the Applicant.

Maximum length: five pages

3. Experience

- a. Provide evidence of past project experience, particularly with developing affordable housing rental projects. For at least 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, financial statements for the three most recent years of each projects operations, and indicate if the project was completed on time and within budget; and
- b. For each of the projects identified above for experience, provide a reference with the city or agency including name, email address and phone number.

Maximum length: 24 pages

4. Description of Proposed Project Concept

- a. Provide a written description of the proposed project, scale of development (number 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;

- b. Provide basic site information such as property address, Assessor's Parcel Number, square footage, existing uses, current General Plan land use designation and zoning, and indicate if the proposed project is consistent with the existing General Plan land use designation and zoning, or if a General Plan Amendment and Rezoning are required;
- c. 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);
- d. Provide a graphic depiction of the proposed project consisting of a preliminary site plan and conceptual architecture. Overly detailed architectural renderings or glossy material are discouraged in response to this NOFA; and
- e. 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.

Maximum length: five pages

5. 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 county, state and federal 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:

- a. Total development cost budget, itemized 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, including developer fee, construction escalation, design contingency, and construction contingency of no less than 10 percent; and
- b. 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.

Maximum length: three pages

6. Evidence of Site Control

At the time of proposal submission, 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:

- a. Purchase agreement, including evidence that the agreement is for a term that is sufficient to hold the property until the anticipated date of purchase;
- b. Option to purchase or lease, binding on seller or landlord, including evidence that options are renewable until the anticipated date of purchase;

- c. Executed land sales contract or other enforceable agreement for acquisition;
- d. Letter of Intent to purchase, signed by both buyer and seller, indicating commitment to execute purchase or option agreement pending Applicant selection by City; or
- e. Other evidence that Applicant has site control acceptable by the City.

7. Preliminary Title Report

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

8. Project Schedule

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.

IV. SUPPLEMENTAL MATERIALS – NOT REQUIRED INITIALLY

Additional materials that may be required at a later date for NOFA finalists:

1. Applicant's Financial Statements

The most recent two years' audited financial statements of the Applicant and each proposed development entity/joint venture partner, if applicable.

2. Residential Services Plan

A plan that describes services to be provided to tenants (childcare, computer training, etc.) and demonstrates how supportive services for the tenant population will be provided and funded. The plan should also show funding sources.

3. Phase I Environmental Assessment for Project Site

Applicants may be required to provide a copy of the completed Phase I Environment Assessment prepared by a qualified environmental firm.

4. Community Outreach Plan

A plan for conducting community outreach to neighbors of the proposed project and community groups may be required. The outreach plan should discuss any anticipated community concerns and how they would be handled.

5. Appraisal

An appraisal of the project site may be required that has been completed within six months of the application deadline. All appraisers must be California State licensed/certified.

6. Project Cashflow Projection

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 (15-year projection with assumptions for out-year escalations). The table should clearly detail

assumptions on rents for all unit types including utility allowance factors and other sources of income.

7. Mixed-Use Budget

For mixed-use projects, a development budget will be required with the costs attributable to the commercial/retail or other nonresidential component clearly delineated from those for the residential component.

8. Project Sustainability Plans

Plans may be requested for reduction of negative impacts on the environment through principles and practices that reduce consumption water and non-renewable energy, and minimize waste and negative impact to the environment

IV. PROPOSAL PROCESS

Proposal Submittal

Proposals are due on **Friday, September 18, 2020, by 5:00 p.m.** and must include:

- Hard copies: One (1) original and three (3) copies of complete proposal; and
- Electronic copy: All proposal materials must also be submitted on a USB flash drive or via Dropbox. The sources and uses of the proforma, operating proforma and any other budget spread sheet must be submitted in Excel format.

Deliver to

City of Dublin, Community Development Department
Attn.: Housing Division
100 Civic Plaza
Dublin, CA 94568
HousingInfo@dublin.ca.gov

Inquiries/Questions

All inquiries and/or questions regarding this NOFA must be submitted no later than September 6, 2020, and directed to:

Jim Bergdoll, Senior Planner, at jim.bergdoll@dublin.ca.gov or (925) 833-6610

Pre-Proposal Meeting

Applicants are encouraged to attend a Pre-Proposal meeting on this NOFA:

Date: August 4, 2020

Time: 3:00 p.m.

Location: Due to the on-going COVID-19 health crisis, the Pre-Proposal meeting will be held via Zoom Video Communications. Please contact Jim Bergdoll at the e-mail address noted above by noon August 3, 2020, to receive a link to the meeting.

Proposal Process Timeline

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

NOFA SCHEDULE	
EVENT	DATE
NOFA Released	July 17, 2020
Pre-Proposal Meeting	August 4, 2020
Proposals Due	September 18, 2020, 5:00 p.m.
Initial Review of Proposals Completed	October 9, 2020
Additional Materials Due from Finalist(s)	October 30, 2020
Applicant Interviews, if necessary	November 2020
City Council Consideration of Applicant Selection	December 2020
Loan, Regulatory Agreements, Negotiation, Securing of A-1 Bond Funds	Spring 2021

Public Record

Under the California Public Records Act (PRA), ***ALL DOCUMENTS SUBMITTED IN RESPONSE TO THIS NOFA ARE CONSIDERED PUBLIC RECORDS AND WILL BE MADE AVAILABLE TO THE PUBLIC UPON REQUEST***, unless withheld from disclosure for the City's sole and exclusive benefit pursuant to an exception to disclosure under the PRA or other applicable law. Please do not include confidential information or information that may violate the privacy or intellectual property rights of a third party.

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.

V. BACKGROUND RESOURCES

1. City of Dublin General Plan: <https://dublin.ca.gov/171/General-Plan>
2. Housing Element 2015-23: <https://dublin.ca.gov/1516/Housing-Element>
3. Eastern Dublin Specific Plan: <https://dublin.ca.gov/DocumentCenter/View/7776/EDSP-2016-Update-Full-PDF?bidId=>
4. [Downtown Dublin Specific Plan:](https://dublin.ca.gov/DocumentCenter/View/7859/Amended_DDSP_Dec_2019?bidId=) https://dublin.ca.gov/DocumentCenter/View/7859/Amended_DDSP_Dec_2019?bidId=
5. Interactive GIS Portal: <https://gis.dublin.ca.gov/Html5Viewer/>
6. Dublin Development Activity: <https://dublin.ca.gov/174/Development-Activity>

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