



REQUEST FOR PROPOSAL (RFP) No. 23-156 ADDENDUM

Addendum No.: 1

Date of Addendum: February 20, 2024

RFP Number: 23-156

Agency: Community Development Agency

Due Date, Time: April 1, 2024 - 4:00 PM PST

Revised Due Date: May 31, 2024 - 4:00 PM PST

Revised Title: Affordable Homeownership Opportunities Housing Development

SCOPE OF ADDENDUM

The purpose of this addendum is to expand the types of eligible proposals for affordable rental projects with a development site preference for specific areas of the City. This addendum details deletions and additions to the RFP. Revisions to pre-existing language in RFP No. 23-156, are indicated either by **strike through** for deletions and **underlining** for insertions.

Revision 1 - ADD

Page 1, Cover Page

REQUEST FOR PROPOSALS NO. 23-156

FOR

AFFORDABLE HOMEOWNERSHIP/RENTAL OPPORTUNITIES HOUSING DEVELOPMENT

Revision 2 - ADD

Page 3, (II) Overview of Project

The City of Santa Ana (City) is seeking proposals from qualified firms and organizations (Proposers) to provide the development of affordable ~~homeownership~~ housing opportunities in the City of Santa Ana. ~~Proposed developments may be for acquisition and rehabilitation of eligible properties for ownership housing units; acquisition and conversion of non-residential property to ownership housing units; and/or new construction of housing units for ownership housing.~~ Proposed developments may be for acquisition and rehabilitation of eligible properties for rental and/or ownership housing; acquisition and conversion of non-residential property to multifamily housing units; and/or new construction of housing units for rental and/or ownership housing. In particular, the City is interested in projects that will provide affordable homeownership opportunities; however, rental projects are eligible.

In order to meet the City's goals, the City is soliciting proposals for the development of affordable ~~homeownership~~ housing projects from developers who are experienced, very knowledgeable of affordable housing programs and its requirements, financially creative and capable of developing, managing and maintaining high quality housing.

The term "Vendor", "Proposer", and "Contractor" shall refer to any legal entity or entities submitting a proposal in response to this Request for Proposals (RFP).

Development Site Preferences

The City wants to maximize the positive impact of its limited affordable housing development funds by concentrating

EXHIBIT 2

their expenditure in targeted areas of the City. The City has identified eight (8) geographical areas where it has targeted significant public resources in the past, and where it would like to see additional resources targeted in the future. These geographical areas include City-owned sites and areas as follows: 1st Street Hotel Conversion, Cornerstone Village, Townsend-Raitt, Cedar-Evergreen, and 1900-2000 Myrtle Street (see Attachments 1 through 8 in this Exhibit). The proposed disposition and development of the City-owned sites would be solely for the development of affordable housing in accordance with requirements for an exemption from the California Surplus Land Act (Gov. Code section 54220 et seq.).

Revision 3 - ADD

Page 4, (VI) Minimum Qualifications

In order to meet the City's goals, the City is soliciting proposals for the development of affordable ~~homeownership~~ housing projects from developers who are experienced, very knowledgeable of affordable housing programs and its requirements, financially creative and capable of developing, managing and maintaining high quality housing.

Revision 4 - ADD

Page 7, (ii) Developer Experience

A narrative describing recent affordable ~~homeownership~~ residential development experience, with an emphasis on experience gained in the last five years on projects similar to the one being proposed.

Revision 5 - ADD

Page 9, (VI)(G)(1)(d)(ii) Proposal Content - Financial Parameters

Low income housing tax credits (if applicable):

- Provide eligible basis, gross and net tax credit proceeds calculations.
- Provide the self-scoring sheet for the 9% TCAC or CDLAC applications. Explain why the project does not receive the maximum points, if applicable.
- Provide the tiebreaker calculation for 9% TCAC projects.
- Provide a description of the various sources of financing that will be needed to complete the project as either a 4% Low-Income Housing Tax Credit deal and as a 9% Low-Income Housing Tax Credit deal. The narrative should provide a projected tie breaker score for 9% Low-Income Housing Tax Credits with a best case and worst-case scenario based on the capital stack being pursued, with a relative comparison to the most recent tie breaker scores for the type of project being proposed in the last three 9% tax credit rounds. Clearly state if the project will be ready to apply for 9% Low-Income Housing Tax Credits during FY 2024 – 2025. This should include evidence of progression towards planning entitlements and other requirements necessary for the tax credit application. Clearly state if the project will be competing with another project owned by the developer in Orange County for an upcoming 9% Low-Income Housing Tax Credit round, including a comparison of the projected tie breaker scores for both projects.

Project Cash Flow

- Provide a cash flow analysis that shows the order of repayment priorities. Be explicit about the cash flow assumptions.

Revision 6 - ADD

Page 10, (VI)(G)(6) Project Rental Income / Sales Prices

Include evidence that the rental income / sales prices shown in the pro forma are reasonable and achievable. Please include a preliminary market study analysis that supports that this is achievable.

Revision 7 - ADD

Page 11, 5. Number of proposed copies

RFP 23-156 FOR AFFORDABLE ~~HOMEOWNERSHIP~~ HOUSING OPPORTUNITIES

Revision 8 - ADD

Page 16, (XI)(D)(1) Ranking Criteria

Each member of the Review Panel will evaluate and rank each affordable rental housing proposal using the evaluation criteria listed below:

COMPETITIVE SELECTION CRITERIA	
1. LEVEL OF AFFORDABILITY AND TARGET POPULATION (Max. 25 Points)	ELIGIBLE POINTS
Project significantly increases affordable housing opportunities for large families (three- and four-bedroom units)	10

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Project provides at least 50% or more of the units for extremely low-income families at 30% Area Median Income (possible points based on a tiered scoring – 10 pts. for 50%, 8 pts. For 40%, 6 pts. for 30%, 4 pts. for 20%, etc.)	10
Project increases affordable housing opportunities for special needs populations including, but not limited to, homeless individuals and families, and persons with a disability	5
<i>Sub-total</i>	25
2. TIMELINESS TO BUILD NEW HOUSING (Max. 20 Points)	
Project has demonstrated site control	7
Project is zoned appropriately	5
Project does not have any other site-related issues	5
Project aligns with the City's Housing Element, Strategic Plan, and/or 5-Year Consolidated Plan	3
<i>Sub-total</i>	20
3. PROPERTY MANAGEMENT/SALES EXPERIENCE AND SKILLS (Max. 15 Points)	
Project is energy efficient and incorporates green-building techniques	6
Applicant's ability to manage affordable rental units to ensure ongoing compliance with affordability requirements and long term financial solvency	3
Applicant's past experience in property management or sale of affordable units	3
Applicant's capacity and ability to quickly lease/sell completed units	3
<i>Sub-total</i>	15
4. DEVELOPER EXPERIENCE AND SKILLS (Max. 15 Points)	
Applicant's experience in obtaining additional financing	4
Applicant's capacity and ability to obtain entitlements	4
Applicant's overall past and projected effectiveness to provide affordable housing	4
Applicant's past and projected effectiveness to manage the construction process and stay on schedule	3
<i>Sub-total</i>	15
5. LEVERAGING OF CITY FUNDS (Max. 5 Points)	
Applicant's potential or capacity to obtain additional financing for this project	5
<i>Sub-total</i>	5
6. ANTICIPATED FINANCIAL PARAMETERS (Max. 15 Points)	
Project's proposed development costs are reasonable and comparable	3
Project's proposed rents/sales prices are realistic	3
Project's operating costs are realistic and reasonable (rental only)	3
Project has sufficient operating and replacement reserves (rental only)	3
Project is projecting a positive cash flow through affordability period (rental only)	3
<i>Sub-total</i>	15
7. RFP PRIORITIES (Max. 5 Points)	
Project is an acquisition/rehabilitation project with substantial rehabilitation located in one of the four target geographical areas.	5
<i>Sub-total</i>	5
8. COMMUNITY INCLUSION (Max. 5 Points)	
Project demonstrates how neighborhood input was solicited and utilized in the development of the proposal including any community outreach efforts; or project provides details on the development team's community outreach strategy for the project.	5

EXHIBIT 2

<i>Sub-total</i>	5
BONUS POINTS: <i>Project provides at least 75% or more of the units for extremely low-income families at 30% Area Median Income</i>	5
BONUS POINTS: <i>Developer commits to donate a portion of their developer fee to a project or initiative in the surrounding neighborhood</i>	5
TOTAL ELIGIBLE POINTS	115

Each member of the Review Panel will evaluate and rank each affordable homeownership proposal using the evaluation criteria listed below:

Revision 9 - ADD

Page 28, Available Funds for this RFP

Available program funds may be used for development loans for the following eligible purposes:

- (1) The purchase or lease of land and buildings for new construction or rehabilitation of housing that may utilize available State and Federal housing assistance programs for homeownership or rental projects.
- (2) The purchase of existing multi-family or other buildings that result in the sale or rental of units to low- and moderate-income households.
- (3) The provision of interim loan funds for any of the above purposes prior to the funding of a public or private loan. Eligible development costs for the above uses include, but are not necessarily limited to:
 - a. Site acquisition and preparation;
 - b. Rehabilitation of dwelling units, common areas and related structures;
 - c. New construction;
 - d. Carrying charges and financing fees;
 - e. Architectural, legal, and organizational fees;
 - f. Temporary or permanent tenant relocation costs.

Please refer to the Affordable Housing Funds Policies and Procedures amended by City Council on August 18, 2020 for more information.

As of the date of issuance, the Available Funds for this RFP will be as follows, subject to change:

HOME Investment Partnerships Program (HOME)	\$7,796,256 <u>\$8,360,632</u>
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Available funds can be used for a variety of housing types and preferences. Please see the table below for the general allowable uses of funds for each source. Please see Exhibit A for a more detailed description of the eligible uses for each source.

Source of Funds	Income at or below 80%	Income at or below 120%	Mixed Income	Non U.S. Citizens	Mixed Use Projects	Adaptive Reuse	New Construction of Rental or Ownership Units	Acquisition / Rehabilitation for Rental or Ownership Units	Homeownership
HOME Program Funds	X		X		X	X	<u>X</u>	<u>X</u>	X

The HOME Program establishes maximum per-unit subsidy limits for the use of HOME funds. The 2023 maximum per-unit subsidy limits published by HUD and applicable to Santa Ana are as follows:

Bedrooms	HOME Maximum Subsidy
0 Bedrooms	\$173,011
1 Bedroom	\$198,331
2 Bedrooms	\$241,176
3 Bedrooms	\$312,005
4+ Bedrooms	\$342,482

Revision 10 - ADD

Page 28, Eligible Projects

Projects eligible for HOME funding shall:

- 1) be an affordable homeownership or rental project located in the City of Santa Ana;

Revision 11 - ADD

Page 28, Eligible Uses and Activities

HOME funds may ~~only~~ be used to finance new construction or acquisition and/or rehabilitation of single family ownership housing which is affordable to low-income households as defined by 24 CFR 92.2. HUD defines "Single Family Housing" as a one-to-four family residence, condominium unit, cooperative unit, combination of manufactured housing and lot, or manufactured housing lot. HOME funds may also be used to finance new construction or acquisition and/or rehabilitation of rental housing which is affordable to very low and low-income households as defined by 24 CFR 92.2. Fifteen percent (15%) of the annual HOME fund allocation shall be set aside for certified Community Housing Development Organizations (CHDO's). New construction costs eligible for HOME funding shall be as specified in 24 CFR Part 92, including:

- 1) site acquisition;
- 2) site preparation costs (grading, filling, etc.);
- 3) financing costs as described in 24 CFR 92.206;
- 4) architectural, engineering, and other related soft costs;
- 5) the cost of extending or upgrading utilities to the site to support the proposed project;
- 6) construction costs;
- 7) relocation costs; and,
- 8) affirmative marketing and audit costs related to HOME program requirements.

Rehabilitation costs eligible for HOME funding include:

- 1) project acquisition with or without rehabilitation;
- 2) financing costs, as described in 24 CFR 92.206;
- 3) architectural, engineering, or other design costs;
- 4) utility upgrade or extension costs;
- 5) costs associated with demolition (where necessary) only if rehabilitation is commenced within 12 months of demolition;
- 6) construction costs;
- 7) project audit costs; and,
- 8) affirmative marketing costs.

Revision 12 - ADD

Page 29, Rental Affordability Requirements

HUD provides the following maximum HOME rent limits. The maximum HOME rents are the lesser of:

- 1) The fair market rent for existing housing for comparable units in the area as established by HUD; or
- 2) A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

In rental projects with five or more HOME-assisted rental units, twenty (20) percent of the HOME-assisted units must be occupied by very low-income families and meet one of following rent requirements:

- 1) The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits, which include average occupancy per unit and adjusted income assumptions. However, if the rent determined under this paragraph is higher than the applicable rent under 24 CFR 92.252(a), then the maximum rent for units under this paragraph is that calculated under 24 CFR 92.252(a).
- 2) The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

EXHIBIT 2

This addendum shall become part of the RFP and **MAY** be returned with the RFP.

RESPONDER: _____

NAME: _____

SIGNATURE: _____

TITLE: _____

DATE: _____

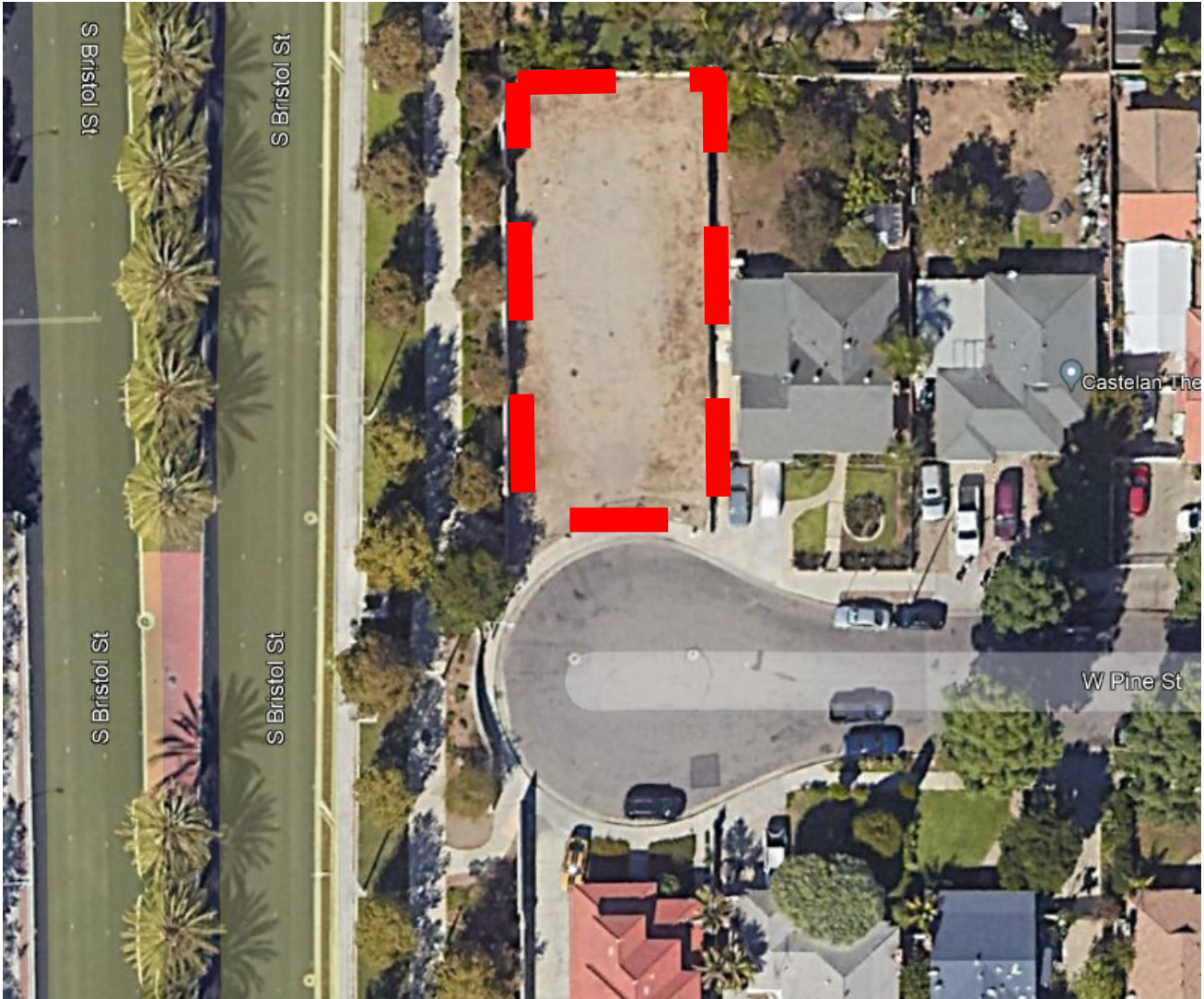
ATTACHMENT 1
CITY-OWNED SITES 1 AND 2



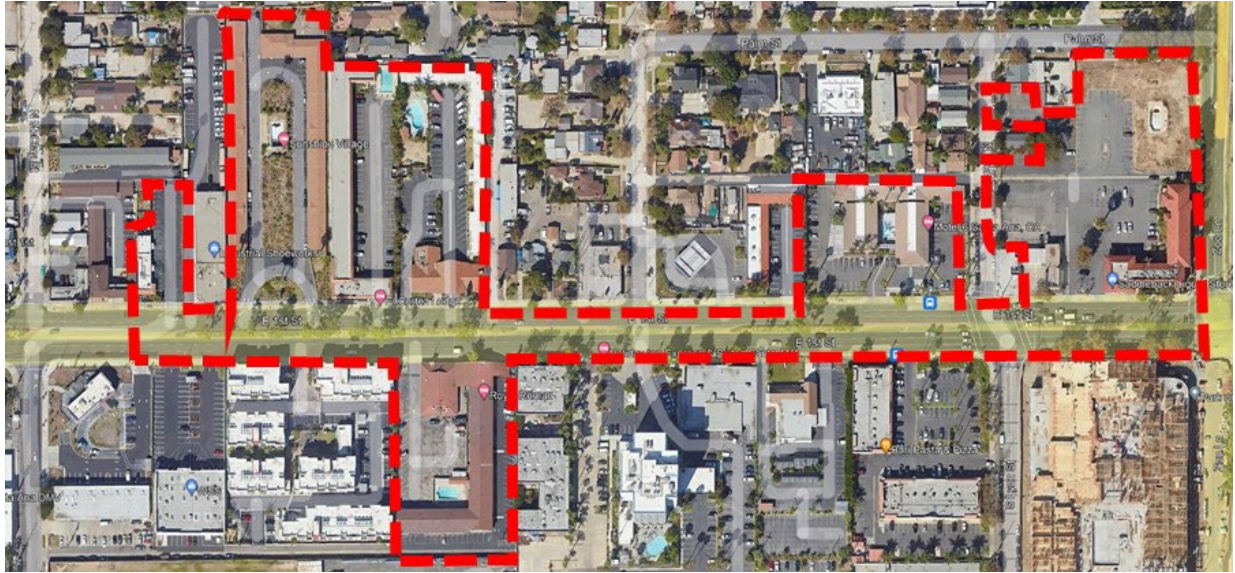
ATTACHMENT 2
CITY-OWNED SITE 3



ATTACHMENT 3
CITY-OWNED SITE 4



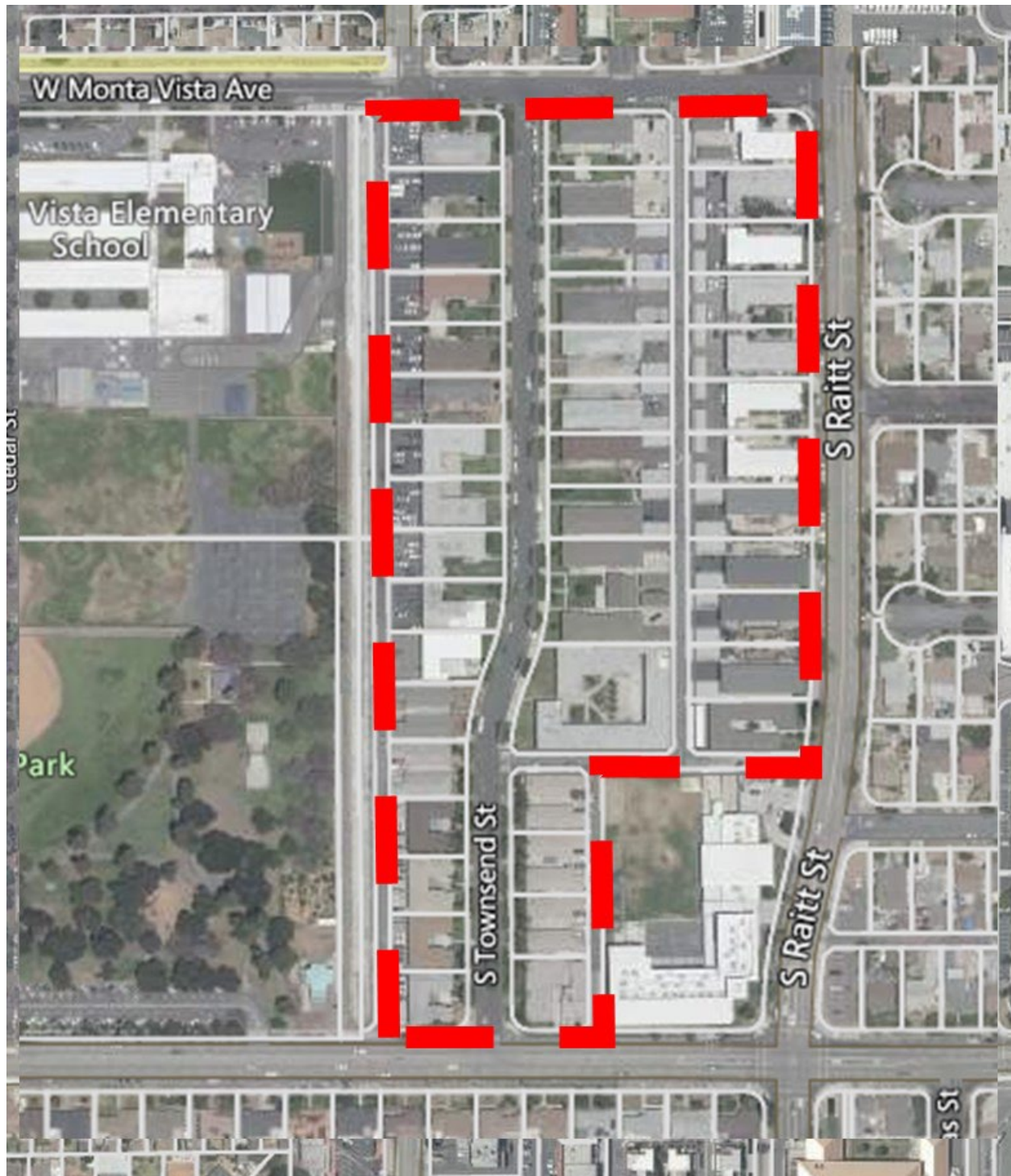
ATTACHMENT 4
1ST STREET HOTEL CONVERSION



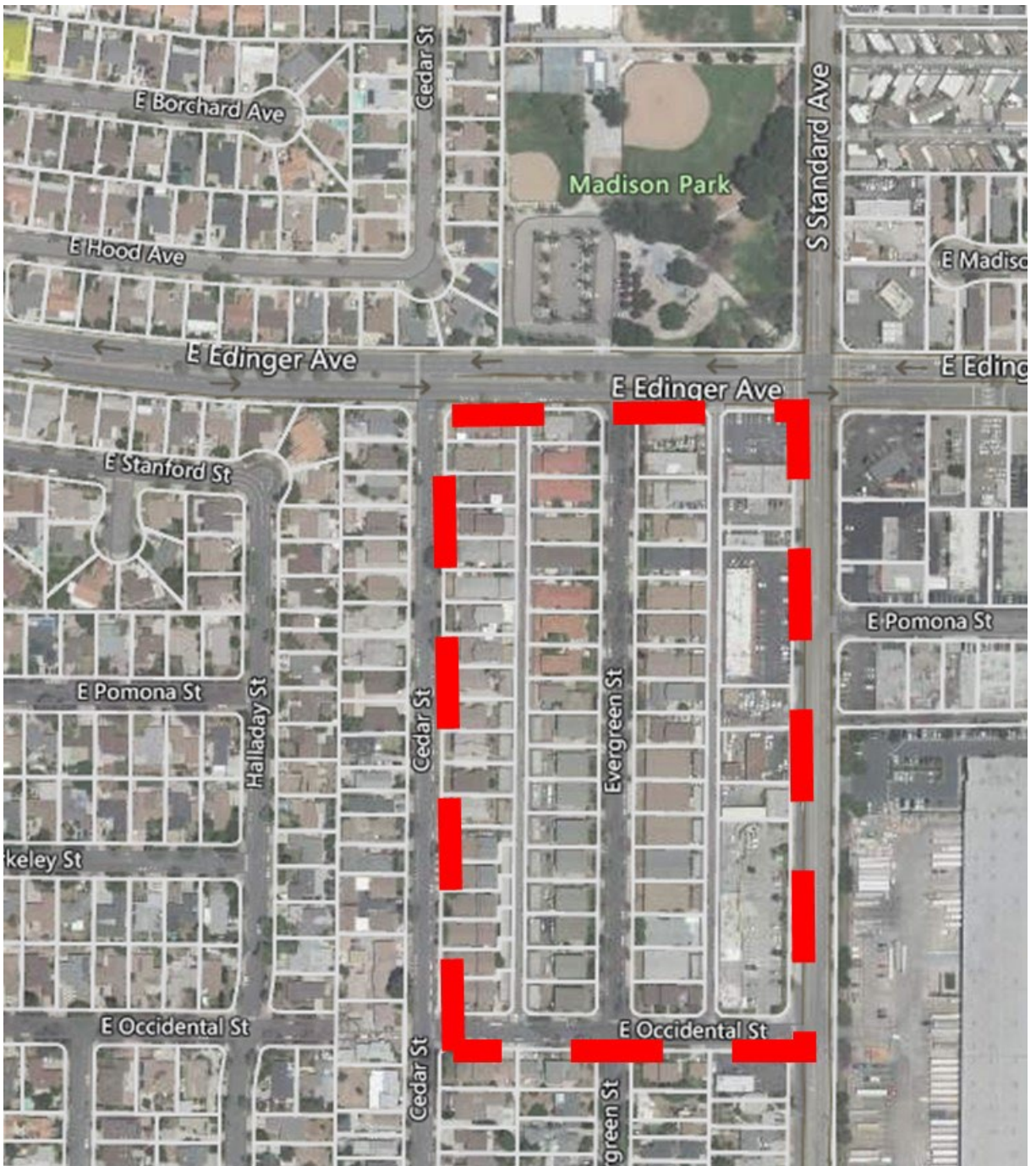
ATTACHMENT 5
CORNERSTONE VILLAGE



ATTACHMENT 6
TOWNSEND-RAITT



ATTACHMENT 7
CEDAR-EVERGREEN



ATTACHMENT 8
1900-2000 WEST MYRTLE STREET

