



Request for Proposals

Housing for Homeless Populations



2013 Program Guide

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Housing for Homeless Populations 2013 Request for Proposals

A. Overview

MaineHousing is pleased to offer this Request for Proposals (RFP) for the development of housing that is targeted to the needs of homeless households. For 2013, MaineHousing has made available up to \$4,000,000 for this RFP.

The source of funding for this RFP is Part E of the Maine Energy, Housing and Economic Recovery Fund established in Title 30-A, section 4863, which authorizes the issuance of revenue bonds by MaineHousing for the purposes of the Maine Energy, Housing and Economic Recovery Program (Part E).

Targets were established for the allocation of the Part E program funding. One target was for 10% of the funds to be applied to the construction or substantial rehabilitation of multi-family affordable rental housing units serving populations with special needs. For purposes of this RFP, MaineHousing has defined households that are homeless as meeting the definition of populations with special needs. The funding available for this RFP will be attributed to the 10% set-aside for serving populations with special needs.

MaineHousing has two separate, but related, documents that together contain all of the specific elements that constitute this RFP. The first document is this program guide (**Guide**) which explains the process through which these funds will be distributed and provides a summary of the key program elements. The second document is the **Supportive Housing Programs Addendum (Addendum)** which may be accessed on the MaineHousing website at:

<http://www.mainehousing.org/docs/program-guides/programguide-supportivehousingaddendum.pdf?Status=Master>

The **Addendum** provides an in-depth description of each element of the RFP.

Applicants will need to review both the **Guide** and the **Addendum** when preparing an application to this RFP.

B. Process

The process by which projects receive funding from this RFP occurs in three distinct stages. Those stages are: pre-application; application; and development underwriting. A summary of these three stages follows:

Stage I: Pre-Application

1) Site Review and Evaluation

MaineHousing must conduct a Site Review and Evaluation for all projects prior to an application being submitted under this RFP. The purpose of the evaluation is to determine

the prospective project's suitability for housing, which determination shall be made solely by MaineHousing. MaineHousing will evaluate the physical site for: the feasibility of developing the site and the building(s) to be constructed or rehabilitated; the ability to provide accessibility; demolition, remediation or site work that may be required; and potential environmental review issues per HUD's environmental review rules. The site will also be evaluated for the feasibility of the capital and/or operating costs that will be required. MaineHousing will notify the applicant in writing if MaineHousing determines a prospective project is unsuitable. If a prospective project is deemed unsuitable based on the evaluation, the project is not eligible to apply for funding under this RFP.

MaineHousing will conduct the Site Review and Evaluation upon receipt of a completed **Supportive Housing Pre-Application** which may be found on the MaineHousing website at:

<http://www.mainehousing.org/docs/housing-development/housingdev-shppreapplicationform.pdf?Status=Master>

Applicants are requested to submit completed Supportive Housing Pre-Applications immediately following site control being attained. However, Supportive Housing Pre-Applications will need to be received no later than April 26, 2013.

An applicant may appeal MaineHousing's determination that a prospective project is unsuitable to MaineHousing's Director within 20 days of the date of the notice from MaineHousing. The appeal must be in writing and identify the applicant and the project. The applicant may submit additional information not previously provided to MaineHousing with the appeal if the applicant believes the information is relevant to the suitability of the project. MaineHousing's Director will promptly respond with a written decision on the appeal. An applicant must use and complete this appeal process before pursuing other remedies. A decision by MaineHousing's Director pursuant to this appeal process constitutes final agency action with respect to the site review process described in this part.

2) Housing and Quality Standards Inspection

Applicants proposing projects involving the acquisition and rehabilitation of existing residential units (whether currently occupied or vacant) that will receive Section 8 Housing Choice project-based vouchers (PBV) must have a Housing and Quality Standards (HQS) inspection performed by MaineHousing prior to application. The HQS inspection will require that the HQS inspector have access to the entire building, both interior and exterior to include existing residential units. Applicants will need to coordinate with real-estate brokers and/or property owners to ensure the necessary access by the HQS inspector. This coordination will need to extend to any tenants that occupy units in the proposed property.

Proposed properties are not expected to meet HQS standards at time of application. The HQS inspection that will be conducted prior to application will only gauge the degree to which a particular property fails to meet the HQS standards. The scoring for applications will not be affected by the degree of non-compliance with HQS at the pre-application stage.

Stage II: Application

Applications for this RFP must be received by MaineHousing no later than **5:00 P.M. on May 31, 2013**. Applications will be date stamped to verify receipt by the application deadline. The **2013 Requests for Proposals Housing for Homeless Populations Application** package is available on the MaineHousing website at:

[http://www.mainehousing.org/docs/applications/application-housingforhomelessrfp\(2011\).pdf?Status=Master](http://www.mainehousing.org/docs/applications/application-housingforhomelessrfp(2011).pdf?Status=Master)

MaineHousing will employ the following process to determine which applications will be selected for funding:

- (1) MaineHousing staff will review each application to ensure that the application is complete, including the submission of required attachments. Incomplete applications will be returned to the applicant, and will not be processed further by MaineHousing. Complete applications will be submitted for scoring.
- (2) All complete applications will be scored by a scoring committee convened by MaineHousing. MaineHousing will request that the Statewide Homeless Council recommend a representative to serve on the scoring committee. The recommended representative may not have any conflicts of interest related to any applications submitted under this offering. MaineHousing reserves the right to determine potential conflicts of interests.
- (3) All applications will be ranked according to their score. Projects that score higher than 115 points will be selected for funding recommendations by their rank until the funds for this RFP are exhausted.
- (4) The recommendation to fund will be forwarded to the Director of MaineHousing. The recommendation to fund may be accepted, denied or modified. However, the Director will give serious weight to the Scoring Committee's recommendation.
- (5) MaineHousing will issue a Notice to Proceed to the applicants that are selected. The Notice to Proceed will outline the development process, note any deadlines, and notify the developer as to which MaineHousing staff will be assigned to their project.
- (6) The applicant will acknowledge receipt of the Notice to Proceed by sending to MaineHousing a written timeline for the completion of key development activities. The list of key development activities will be contained in the Notice to Proceed.

Stage III: Development Underwriting

The applicant will complete all development activities necessary to demonstrate that the proposed project is financially, legally, physically, and operationally viable and compliant with program requirements.

- (1) Upon the demonstration of a viable project, MaineHousing staff will complete its due diligence process and an environmental review for projects for which project-based voucher assistance is proposed.
- (2) Projects that are successful through the steps above will be presented to the MaineHousing Finance Committee. The Committee will forward funding recommendations to the MaineHousing Director.
- (3) Projects that are approved for funding by the MaineHousing Director will be sent a written commitment letter that includes key terms and conditions associated with the MaineHousing subsidy funds.
- (4) Upon receipt of the executed commitment letter, MaineHousing will issue a closing agenda. The closing agenda will contain items that will need to be satisfied for purposes of a closing on the subsidy funds
- (5) MaineHousing will conduct a closing at its office located at 353 Water Street in Augusta.

C. Applicant Eligibility

The eligibility requirements for organizations wishing to apply under this RFP are detailed in the **Addendum**.

D. Tenant Eligibility

Housing funded by this RFP must serve persons and/or families who meet the following Homeless Definition and Income Eligibility Definition.

(1) Homeless Definition

Homeless persons include:

- (a) Persons who reside in places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings, or on the street
- (b) Persons staying at an emergency shelter
- (c) Persons who are in transitional housing for homeless persons and originally came from the streets or emergency shelters
- (d) Persons residing in any of the above places but spending a short time (up to 30 consecutive days) in a hospital or other institution
- (e) Persons who are being evicted within a week from a private dwelling unit, have no subsequent residence identified, and lack resources and support networks needed to obtain housing
- (f) Persons who are being discharged within a week from an institution, such as a mental health or substance abuse treatment facility or a jail/prison, in which they have been a resident for more than 30 consecutive days; have no subsequent residence identified; and lack the resources and support networks needed to obtain housing; and

- (g) Persons who are fleeing a domestic violence housing situation, have no subsequent residence identified, and lack the resources and support networks needed to obtain housing

(2) Income Eligibility Definition

All units funded under this RFP will be rented to tenants who, at the time of initial occupancy, earn annual incomes that do not exceed 50% of the area median income as defined by the federal Department of Housing and Urban Development (HUD). Projects that serve homeless victims of domestic violence may request a waiver of this requirement.

(3) Eligibility Restrictions

Eligibility restrictions will be set forth in a restrictive covenant agreement that will be recorded at the applicable registry of deeds and will remain in place for 30 years. This deed covenant will run with the property and cannot be removed without the written consent of MaineHousing prior to the end of the 30th year of operation. The deed covenant will not be affected by either a transfer of the property or a repayment of the RFP subsidy funding.

E. Project Eligibility

(1) Eligible Construction Activities

RFP funding may be used for either new construction or substantial rehabilitation of projects that will provide rental units that serve households who are homeless.

New construction

For projects that are being newly constructed, RFP funds may be used for the acquisition of a site and the costs of newly constructing a building(s) on that site. For a site to be eligible for this purpose, the site must be clear of any structures prior to the commencement of the new construction. The site can be cleared of structures via demolition. Demolition costs are an eligible use of RFP funds. MaineHousing will work with the applicant to determine whether any existing sub-grade infrastructure can be reused for the new building(s). Sites may be owned by the applicant prior to the submission of the application for this program.

Substantial Rehabilitation

For purposes of this RFP, substantial rehabilitation is defined as the acquisition and rehabilitation of an existing structure in which the cost of rehabilitation (as determined by MaineHousing) must average at least \$25,000 per unit. Projects that will entail substantial rehabilitation may be owned by the applicant prior to the submission of the application for this program.

(2) Eligible Project Activities

Properties that are currently in-service providing supportive housing for homeless populations are not eligible for this RFP. Projects must be creating new housing

opportunities for homeless populations. Eligible project activities are further detailed in the **Addendum**.

(3) Eligible Site Control

Evidence of site control must be submitted with the application. The MaineHousing requirements for site control are detailed in the **Addendum**.

Gaining site control (acquisition, purchase and sale contracts, option agreements, etc.) must occur prior to the date upon which MaineHousing receives the RFP application. If the RFP application includes a request for Section 8 project-based vouchers, it will trigger certain prohibitions under HUD’s environmental review rules that will apply to the proposed project. From the date of receipt of the application until a project (if awarded funding) receives its environmental clearance, HUD’s environmental review rules prohibit “choice limiting actions”.

The **Addendum** contains detailed information on HUD’s environmental review requirements, including examples of prohibited choice-limiting actions.

(4) Eligible Housing Types

Eligible housing types include: transitional housing, permanent housing, and safe haven housing. These three types of housing are more fully detailed in the **Addendum**.

Transitional housing projects may not utilize Section 8 project-based vouchers. Applicants will need to identify an alternate source of project operating revenues for transitional housing proposals. This restriction will also apply to safe haven housing that is transitional in its operation.

F. Ineligible Activities

MaineHousing RFP funds may not be used for the following activities:

- (1) Rehabilitation-only unless the total cost of rehabilitation averages at least \$25,000 per unit
- (2) Refinancing of existing debt
- (3) Operational funding (excepting Section 8 rental assistance)
- (4) Service funding
- (5) Projects that have a current, outstanding MaineHousing subsidy award

G. Funding

The MaineHousing performance grant funding is capped as follows:

\$150,000 per non-independent living unit

\$175,000 per independent living unit

For projects in which the total development costs of the units are in excess of these caps, applicants will be required to identify the source of funding that will support the excess cost. MaineHousing funding may not be used for this purpose. In addition to identifying the source of additional funding, the applicant will need to demonstrate either a commitment of the additional funding or eligibility to apply for the additional funding. This information will be required as part of the application for this RFP.

The amount of MaineHousing performance grant funding that can be used for compensation or reimbursement to the applicant (incurred costs, overhead, developer fee, etc.) shall be capped at a maximum of \$30,000 per project.

Funds disbursed under this program will be structured as non-interest bearing performance grants. The performance grants will be secured by a lien on the property. The MaineHousing liens will be in first lien position unless otherwise concurred to by MaineHousing in writing. MaineHousing will review requests for lien subordination on a case-by-case basis.

MaineHousing will not require repayment of the performance grant unless one of the following events occurs prior to the end of 30 years: (a) a sale, transfer, or assignment of the property; (b) the discontinuation of the intended public purpose; or (c) a default under the MaineHousing grant documents.

MaineHousing will not establish any minimum collateral requirements for the performance grants, e.g. loan to value.

H. Section 8 Project-Based Vouchers

MaineHousing will offer, subject to availability, Section 8 project-based vouchers for eligible units developed with funds from this RFP. Restrictions and requirements for Section 8 project-based vouchers are detailed in the Addendum.

I. Replacement Reserve

MaineHousing will require the establishment and funding of a project-specific replacement reserve account prior to a closing on subsidy loans. The replacement reserve requirements are detailed in the Addendum.

J. Tax and Insurance Requirements

MaineHousing will require the establishment and funding of a project-specific tax and insurance escrow. The escrow requirements are detailed in the Addendum.

K. Part E Reporting Requirements

Applicants shall provide all information, together with any supporting documentation, required by MaineHousing in form and substance acceptable to MaineHousing to comply with the reporting requirements under the Maine Energy, Housing and Economic Recovery Program, including without limitation, the type and location of the housing, the costs associated with the project, the number of direct construction jobs created or maintained by

the project, the amount of direct construction wages paid in creating and maintaining said construction jobs and the amount and type of building materials purchased in connection with the project.

L. Right to Cancel

MaineHousing reserves the right to reject or cease processing any requests for funding prior to issuance of a MaineHousing letter of commitment. MaineHousing accepts no obligation to finance any proposal until a commitment has been issued and accepted by the applicant in accordance with its terms. The closing of the transaction is conditioned upon meeting the conditions contained in the commitment letter.

SCORING CRITERIA

The Scoring Committee will be using the following scoring criteria to score each eligible application. Please refer to the [2013 Requests for Proposals Housing for Homeless Populations Application](#) for the specific submission requirements for each criteria.

I) Executive Summary (Maximum of 2 Points)

The Executive Summary will provide an overview of the applicant and the project.

II) Organizational Capacity (Maximum of 25 Points)

The following four elements will be evaluated in determining a score for organizational capacity:

- The financial, staffing and managerial capacity of the applicant to facilitate and coordinate all facets of real estate development
- The experience of the development team in developing projects within reasonable time-frames and budgets. The development team may include consultants, design professionals, contractors, etc.
- The experience of the applicant in owning and/or managing real estate assets
- The experience of the applicant in developing and operating projects that serve the needs of homeless populations

III) Project Feasibility (Maximum of 40 Points)

Points will be awarded to projects that demonstrate a high level of feasibility. Points will be awarded on the following basis:

Development Capital (up to 10 Points)

- Applicant will have the capital required to complete the project; formal funding commitments for capital funding from any sources other than MaineHousing are presented with the application.

Reasonable Budget (up to 30 Points)

- The budget includes all of the items required to complete the project and the costs of those items are consistent with market conditions.

To assist in the evaluation of project feasibility, each application must include a set of pro formas that are complete and that demonstrate a reasonable and feasible financial structure

IV) Readiness (Maximum of 35 points)

Projects will be evaluated as to the degree of readiness demonstrated in the application. The following critical path items will receive a score within the range indicated:

Site Control

- Site is owned by applicant at the time of application **(15 Points)**
- For sites that are not owned by applicant at time of application, the strength of site control as evidenced by contract, i.e. purchase and sale contract or option will be assessed and scored accordingly **(up to 10 Points)**
- Municipal Compliance **(up to 5 Points)**
 - (a) A letter from the municipality's code enforcement officer (or other authorized official) indicating the proposed project complies with local ordinances
 - (b) A letter from the municipality's code enforcement officer (or other authorized official) confirming that the proposed project will conform to the existing zoning ordinance

Design and Engineering **(up to 15 Points)**

- Applicant should include preliminary design and investigative work products that describe the proposed scopes of work necessary to achieve program compliance. Such documentation should be prepared by a contractor, engineer or architect familiar with MaineHousing's standards, construction in general, and the project in specific. Projects that submit conceptual site plan, floor plans, a typical building elevation, outline specifications and a detailed cost estimate reflective of the design and investigative work will receive the maximum points in this category.

V) Need and Response to Underserved Populations (Maximum of 10 Points)

An evaluation will be made as to the degree to which a specific and defined need in the community exists for the proposed project.

An evaluation will be made as to the degree to which the project will serve the defined need.

VI) Accessible Unit Incentive (Maximum of 15 Points)

Applicants will need to state in the application the total number of fully-accessible units that will be provided in the proposed project. The number of fully-accessible units indicated in the application will need to be provided in the completed project; i.e. it is a binding commitment. If the number of proposed fully-accessible units exceeds the number of accessible units that are required by either federal or state law, then the application will receive 15 points for this scoring criterion. If the number of proposed fully-accessible units

is equal to the number that is required by federal or state law, the application will not receive any points in this scoring criterion.

VII) Development Capital Requested (Maximum of 25 Points)

A) Applications that were **NOT** eligible for points in the Accessible Unit Incentive criteria (above) and request development capital within the following ranges will receive points as indicated:

Independent Units

Total Request Per Unit of \$115,000 or less - **25 Points**

Total Request Per Unit of \$115,001 to \$140,000 - **12 Points**

Total Request Per Unit of \$140,001 to \$160,000 - **8 Points**

Total Request Per Unit over \$160,000 - **0 Points**

Non-Independent Units

Total Request Per Unit of \$90,000 or less - **25 Points**

Total Request Per Unit of \$90,001 to \$115,000 - **12 Points**

Total Request Per Unit of \$115,001 to \$135,000 - **8 Points**

Total Request Per Unit over \$135,000 - **0 Points**

B) Applications that **WERE** eligible for points in the Accessible Unit Incentive criteria (above) and request development capital within the following ranges will receive points as indicated:

Independent Units

Total Request Per Unit of \$117,000 or less - **25 Points**

Total Request Per Unit of \$117,001 to \$142,000 - **12 Points**

Total Request Per Unit of \$142,001 to \$162,000 - **8 Points**

Total Request Per Unit over \$162,000 - **0 Points**

Non-Independent Units

Total Request Per Unit of \$92,000 or less - **25 Points**

Total Request Per Unit of \$92,001 to \$117,000 - **12 Points**

Total Request Per Unit of \$117,001 to \$137,000 - **8 Points**

Total Request Per Unit over \$137,000 - **0 Points**

VIII) Leveraged Funds (Maximum of 20 Points)

Leveraged funding can be committed, pending approval, or not yet applied for. However, preference will be given for leveraged funding that has been secured at the time of application. For purposes of this scoring criterion, leveraged funds will be limited to funding that may be used for development capital or operational funding, i.e. service funding will not be taken into consideration.

- Up to **15 points** may be awarded for projects that have already been awarded project-based Section 8 rental assistance from a source other than MaineHousing
- Up to **5 points** may be awarded for all other non-MaineHousing leveraged funds that will be used for development capital or operational funding

IX) Smart Growth (Maximum of 15 Points)

Projects that incorporate the following elements of smart growth will receive points as indicated:

- A project that is located in a Service Center Community will receive **5 points** (see **Addendum** for a list of Service Center Communities)
- A project located within a safe walking distance of not more than 2,500 feet of at least one destination important to the course of daily activities for the intended population. Projects meeting these criteria will receive **5 points**.

The term “safe walking distance” means year-round pedestrian access by one or more of the following, as appropriate to the area: sidewalks adjacent to the project, paved wide shoulders suitable for walking, crosswalks and traffic signals at busy roads or intersections. Such destinations may include convenience stores, healthcare facilities, public schools, etc.

The Applicant must submit a map generated by readily available internet services or commercial software, preferably Mapquest, Google Maps (free to user version), MSN Livesearch or Google Earth (subscription service). The map must clearly show the specific address for the entrance to the Project, (Point A) and the ending point or destination (Point B), the distance between Point A and Point B in terms of feet, and the exact route from Point A to Point B used in determining the distance. The entire route must conform to the definition of safe walking distance set forth above and must not cut across parking lots or private property. According to the definition, the route must be walkable year-round, including during the winter, i.e. plowed.

- A project located within a safe walking distance of not more than 1,500 feet of a designated pick-up location for existing fixed-route public transportation to the

downtown of the municipality in which the project is located or a proximate downtown that serves the area in which the project is located, or an on-call transportation service is available to all of the residents of the project. The term “fixed-route public transportation” means year round, regularly scheduled public transportation that operates at least 3 days per week and provides regular service throughout the day. Projects meeting these criteria will receive **5 Points**.

For communities which do not have year round, fixed route public transportation systems, a project will receive these points if they directly provide transportation (vehicles/drivers) for the residents for purposes of completing daily activities (shopping, health care appointments, employment, community activities). On-call transportation services with eligibility criteria that limit or deny service to any residents of the project are not eligible for these points.

Total Points Available - 178 Points