



Mayor's Office of Housing and Community Development City and County of San Francisco

**SITE ACQUISITION AND PREDEVELOPMENT FINANCING FOR
NEW AFFORDABLE RENTAL HOUSING**

NOTICE OF FUNDING AVAILABILITY

Pre-Submission Conference | February 9, 2023

INTRODUCTIONS

- **Mayor's Office of Housing and Community Development (MOHCD)**

- Mara Blitzer, Director of Special Projects

- mohcdHFOpps@sfgov.org

AGENDA

- ☐ **Welcome**
- ☐ **Overview – Funds Available**
- ☐ **8 Outcomes**
- ☐ **Important Dates**
- ☐ **Eligible Uses of Funds and Key Terms of Financing**
- ☐ **Minimum Requirements & Qualifying Project Characteristics**
- ☐ **Selection Process**
- ☐ **Questions**

\$40 million

Certificates of
Participation
(bonds)

PROJECT OUTCOMES 1-2

1. MOHCD will prioritize affordable housing projects best positioned to secure funding from the CA Debt Limit Allocation Committee (see: [CDLAC Procedures and Application Instructions](#)) by falling into one of three (3) priority funding categories.
 - Site development will produce at least 25% 2-bedroom and 25% 3-bedroom units, so that development will qualify as [High/Highest Resource](#) family development.
 - Site development will include at least 45% units set aside for referrals of homeless households from HSH's Coordinated Entry System, so that development will qualify as Homeless.
 - Site will be developed by a team that qualifies for the CDLAC BIPOC funding pool.
2. The proposed project must maximize density and unit count that may be built “as of right” using all available tools.
 - Use streamlined ministerial approval processes and maximize density per as-of-right zoning. For example, SB35 may be used in conjunction with the Affordable Housing Density Program or the State Density Bonus Program.
 - Adjust unit sizes to serve the proposed target populations.
 - Note: The City may determine, at its sole discretion, whether any projects with an existing entitlement meets this requirement.

PROJECT OUTCOMES 3-4

6

3. The proposal must implement an interim use plan for the site that outlines contingencies for construction start delays of up to three years that includes:
- Retention, where possible, of existing active uses.
 - Active site management to prevent unsafe conditions.
 - Any proposed interim uses that will activate the site. Note that costs to sustain any interim uses are not eligible uses for funding from this NOFA.
4. The proposal must maximize the benefit of the City's subsidy dollars through demonstrated **Cost-Effectiveness**, whether via low-to-no land costs, use of efficient construction techniques and/or materials, or other identified cost-saving measures.
- The site's development plan must accommodate funding constraints, namely, a maximum \$350,000 of City subsidy per unit, including land.
 - The proposal must secure construction and permanent financing that minimizes and leverages City resources to the greatest extent possible, e.g. a State of California, Housing & Community Development (HCD) loan and/or philanthropic contribution

PROJECT OUTCOMES 5-8

7

5. The proposal must designate a minimum of 25% of units for **Households Experiencing Homelessness**, subsidized by the City's Local Operating Subsidy Program.
6. The proposal must align with the implementation of **City policies** on anti-displacement, racially inclusive communities, and creating stable housing for vulnerable populations, as described below in Section III.
7. The proposal must create opportunities for the growth of **Emerging Developers** in primary development roles, as members of the development team, or as key members of selected development teams.
8. Serve at least 30% Extremely Low Income (ELI) households, eg \$29,100 for a single person household, or \$41,550 for a family of four.
 - This may be homeless households referred through the Coordinated Entry System or income restricted units that are subject to the Chapter 47 Preferences.
 - Maximize the number of target population placements into the Project (COP holders, etc.).

NOFA Timeline

NOFA Issued	January 27, 2023
Pre-submission conference at MOHCD	FEBRUARY 9, 2023
Deadline for questions and requests for additional information	MARCH 17, 2023
DEADLINE FOR SUBMITTING APPLICATIONS	APRIL 7, 2023 BY 4:00 P.M.
Notification to development teams who met submission requirements	APRIL 28, 2023
Development team interviews, if necessary	EARLY MAY 2023
Announcement of selection of development team	MID- MAY 2023

MINIMUM REQUIREMENTS – Development Team Experience

Lead Developer

- Completed within the past ten years at least **one** Qualifying Project

Ownership

- Owned at least **one** Qualifying Project for at least five years prior to the Submittal Deadline of this NOFA.

Property Manager

- Managed at least **one** Qualifying Project for at least 36 months.

Service Provision

- At least 36 months experience providing services to low-income families and formerly homeless residents within **one** Qualifying Project.

QUALIFYING PROJECT (QP) Characteristics

For Developer and Owner, a **Qualifying Project** must have all of the following characteristics:

- New construction
- Include units for households formerly experiencing homelessness
- Financed by use of Low-Income Housing Tax Credits

PROPOSAL REQUIREMENTS

11

1. Must demonstrate site control by applicant as evidenced by appropriate documentation (Deed of Trust, Purchase Agreement, Option to Purchase Agreement.) The proposed purchase price must be reasonable in comparison to other sites in the neighborhood, and in comparison to other affordable housing sites in the City, and must be supported by an appraisal as part of the application package.
2. Must include a description of proposed interim uses for the Site during the extended predevelopment period through 2026. This should include a description of current structures and uses; what if any structures or amenities will be preserved; and the timeline, budget, and scope of planned interim uses. The budget should include a description of how security and other holding costs have been calculated.
3. Must include a description of site context: parcel history; current zoning; parcel configuration, including the need for potential parcel mergers; potential historic resources on the site or adjacent to it; and prior uses at the site that may have left environmental impacts. Applicant must include a map of neighboring amenities.
4. Must demonstrate ability for the project to make use of streamlined entitlements through SB 35 or another streamlining initiative.

PROPOSAL REQUIREMENTS continued

12

5. Must include the opportunity for the City to eventually own the land as ground lessor under a long-term ground lease structure or some other land dedication/ subdivision mechanism that will insure long-term affordable housing as the primary use of the land.
6. Must demonstrate overall financial feasibility through inclusion of a Financing Plan. The financing plan must include a detailed Sources and Uses Budget that includes the following and uses the most current version of the MOHCD Underwriting Guidelines, available on the MOHCD website (<https://sfmohcd.org/housing-development-forms-documents>.) The project must be financially feasible, including realistic development and operating budget projections that conform to industry standards, including TCAC minimum standards. Each proposed financing source must be realistic, compatible with MOHCD and all other committed or proposed funding sources, and appropriate for the proposed housing. Applicant must demonstrate that there is a reasonable likelihood that all identified development sources will be secured in a timely manner.

PROPOSAL REQUIREMENTS continued

13

7. Must demonstrate – through provision of specific examples of inputs used for estimating – that the project's total development budget, as well as its specific line items, are comparable to recent and similar projects, to industry standards and are compliant with funding source regulations, MOHCD policy and most recent underwriting guidelines. Cost per unit, per square foot (land area and building space), per bed or bedroom will be examined relative to total development cost, City subsidy, and construction cost.

8. Must propose the maximum use of available, non-local funds to achieve the highest reasonable financial leveraging of capital resources for the predevelopment, construction and permanent phase. The amount of City funds requested per unit and the actual or proposed level of funds to be leveraged from other sources will be examined.

9. Must demonstrate competitiveness for State bond and tax credit funds administered by the California Debt Limit Allocation Committee.

PROPOSAL REQUIREMENTS continued

14

10. Proposals that include any displacement/relocation of residential and/or commercial tenants must include a full relocation plan and budget. Displacement or relocation that is required as a condition of site control is highly discouraged, though in some cases may be justified.

11. Must budget for a supportive services and housing stabilization component that is appropriate for the needs of the anticipated tenant population, including households who have experienced homelessness, and within either HSH's or MOHCD's funding guidelines for the services contract.

12. Must include a community engagement plan that demonstrates the capacity to generate necessary neighborhood support for the proposed development. Include any evidence of support expressed to date for the project, as well as plans for community engagement going forward. This also needs to cover the entire development period, including interim use and construction work.

13. Must include an operating budget that includes all expenses necessary to properly operate and maintain the building. This budget should include a service coordinator/connector staff position(s), at 1:100, to assist the non-homeless households. A separate budget should be attached for services that will support the households who were formerly homeless, for which the City will provide funding.

PROPOSAL REQUIREMENTS continued

15

14. Must provide a construction cost estimate that reflects current construction costs and show escalation assumptions as a separate line item.

15. Must include a Services Plan and Budget that complies with MOHCD underwriting requirements. The awarded development team will apply for services funding separately at the appropriate time. However, HSH, MOHCD, and OCII, where applicable, collaborate closely on funding decisions in order to maximize the use of City resources. Capital funding decisions under this NOFA will include review and approval by representatives of these agencies. Successful applicants under this NOFA will receive priority for funding from HSH and MOHCD for services and operating subsidies.

16. Must provide concept-level drawings and/or diagrams that indicate the Project approximate height, bulk, site layout, unit count, and commercial/common space use, which can be printed on 8.5" x 11" paper, no more than two (2) pages. The purpose of these diagrams will be to confirm the anticipated unit yield at the site, and its conformance to existing zoning restrictions including any available density bonuses. Note: This information does not constitute a formal design submission. There is no reimbursement for costs related to this requirement.

APPLICATION CHECKLIST

16

- **See Attachment B**
- Key elements:
 - ▣ Experience Narrative max 4 pages
 - ▣ Vision Narrative max 7 pages
 - ▣ After Vision Narrative, include the following:
 - Evidence of Site Control
 - Appraisal
 - Map of Neighborhood Amenities
 - MOHCD Application Proforma
 - Attachment I - CDLAC Self Score Worksheet

SCORING OVERVIEW

	<u>Category</u>	<u>Points</u>
<u>Experience:</u>		40
	Developer (12 pts)	
	Owner (4 pts)	
	Property Manager (8 pts)	
	Services Provider/s (8 pts)	
	Racial Equity (8 pts)	
<u>Vision:</u>		60
	Site and Program Concept (15 pts)	
	Community Engagement Strategy (10 pts)	
	Services Delivery Strategy (10 pts)	
	Finance and Cost Containment Approach (15 pts)	
	Racial Equity Strategy (10 pts)	
	TOTAL POSSIBLE POINTS	100

Questions?

Reminder: submit any questions to MOHCD at mohcdHFOpps@sfgov.org and reference “2023 Acquisitions NOFA” in the subject line.

MOHCD will respond in writing to questions from this meeting as well as questions received before March 17th. Anyone who has registered for the NOFA (submitted Attachment C) will receive notification when responses are published.

THANK YOU