

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 26, 2019

CAO File No. 0220-05151-0100

Council File No. 17-0090-S4

Council District: ALL

To: The Proposition HHH Administrative Oversight Committee

From: The Proposition HHH Citizens Oversight Committee

Subject: **COMMUNICATION FROM THE PROPOSITION HHH CITIZENS OVERSIGHT COMMITTEE RELATIVE TO A REPORT FROM THE HOUSING AND COMMUNITY INVESTMENT DEPARTMENT REGARDING THE REQUEST FOR APPROVAL TO RELEASE THE PROPOSITION HHH HOUSING CHALLENGE REQUEST FOR PROPOSALS**

SUMMARY

At its February 15, 2019 meeting, the Proposition HHH (Prop HHH) Citizens Oversight Committee (COC) considered the attached report from the Housing and Community Investment Department (HCID) relative to the Request for Approval to Release the Prop HHH Housing Challenge Request for Proposals (RFP). The COC recommended to forward the report to the Prop HHH Administrative Oversight Committee (AOC) with amendments.

RECOMMENDATIONS

That the Prop HHH Administrative Oversight Committee:

1. Forward the report to the City Council for consideration with the recommendation that the City Council approve HCID's report with the following amendments to the RFP:
 - a. Amend the RFP scoring process to include the following steps:
 - i. Initial review of minimum threshold requirements;
 - ii. A panel review with applicants that meet threshold requirements to review their applications and provide feedback; and
 - iii. Numerical scoring process of applications that received a panel review.
 - b. Move the requirement that a lead developer or managing general partner must have "been the lead developer of at least two affordable housing projects placed in services for a period of more than one year within the last three years" from the threshold Eligibility Requirements in Section III.A to the Evaluation Criteria Section III.D;
 - c. Broaden the Evaluation Criteria Section III.D to allow applicants to receive points for

experience with any type of multifamily housing; and

- d. Add a contracting requirement that awardees must indemnify the City if claiming an exception to Prevailing Wage requirements.



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau
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hcidla.lacity.org

INTER-DEPARTMENTAL MEMORANDUM

TO: PROPOSITION HHH CITIZENS OVERSIGHT COMMITTEE
FROM: SEAN L. SPEAR, Assistant General Manager
LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT
DATE: FEBRUARY 12, 2019
REGARDING: REQUEST FOR APPROVAL TO RELEASE THE PROPOSITION HHH HOUSING CHALLENGE REQUEST FOR PROPOSALS

SUMMARY

The Los Angeles Housing + Community Investment Department (HCIDLA) requests approval to solicit funding applications from developers for the Proposition HHH Housing Challenge Request for Proposals.

RECOMMENDATION

The General Manager of HCIDLA respectfully requests that the Proposition HHH Citizens Oversight Committee recommend approval to the Administrative Oversight Committee, for further consideration by the City Council and Mayor, of the Proposition HHH Housing Challenge Request for Proposals (Attachment A).

BACKGROUND

The Mayor and City Council (CF 17009054) have approved a set-aside of \$120 million of the Proposition HHH (Prop HHH) bond authorization for a Request for Proposals (RFP) to finance up to 1,000 new supportive housing units, as recommended by the Proposition HHH Citizens Oversight and Administrative Oversight Committees. The program seeks to fund innovative housing typologies that clearly respond to the urgency of the City's homeless crisis.

HCIDLA, with the assistance of the City Administrative Officer (CAO) and the Mayor's Office, will issue the RFP with the goal of identifying innovative housing production and/or financial models that can produce supportive and/or affordable units with funding from Prop HHH, and that can be completed no more than two years from execution of the contract to fund. Proposals should encourage long-term permanent supportive environments for persons formerly experiencing homelessness.

MAJOR FEATURES OF THE RFP

- Proposers must demonstrate that their proposed projects are ineligible or unfeasible under the current HCIDLA Prop HHH Call for Projects guidelines.
- All housing typologies, including shared housing, are eligible.
- The maximum subsidy is \$140,000 per supportive housing unit.
- Individual projects with site control will receive a 12-month conditional commitment that will expire if the project has not received the approvals necessary for construction loan closing and cannot complete construction within eighteen (18) months of contract execution.
- Alternative development strategies will receive a four-month reservation of funds in an amount not to exceed \$40 million. During the four-month period, the development teams must secure site control for each individual project. Conditional project commitments will last no longer than 12 months, and construction must be completed in no longer than 18 months.
- Certain Projects may qualify for an exception to the Prevailing Wage requirements under Section 1720 of the CA Labor Code, if the proposed project's only source of public funding is Prop HHH.

EVALUATION CRITERIA

Projects will be evaluated, scored, and ranked based on the evaluation criteria, which include the following:

- **Creative.** Is the proposed solution innovative, effective and efficient? Will the approach improve, expand, and/or amplify existing practices?
- **Achievable.** Is the plan, timeline, and budget practical (i.e. lower costs resulting from a streamlined development timeline)?
- **Meaningful.** Is the approach effective with a high potential to succeed and result in housing units?
- **Scalable.** Is the proposal replicable and/or well-positioned to become a model that can potentially impact supportive housing development on a larger scale?

Final funding recommendations will be reviewed by the Prop HHH Citizens Oversight Committee (COC) and forwarded to the Prop HHH Administrative Oversight Committee (AOC), which are responsible for recommending final approval to the Mayor and City Council.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund.

Prepared by:



TIMOTHY S. ELLIOTT
Community Housing Programs Manager
Finance & Development

Reviewed by:



EDWIN C. GIPSON, II
Director of Finance and Development

Approved by:



SEAN L. SPEAR
Assistant General Manager





CITY OF LOS ANGELES

PROPOSITION HHH (PROP HHH) HOUSING CHALLENGE

REQUEST FOR PROPOSALS (RFP)

Issued:
X, 2019

Deadline to Submit Proposals:
X, 2019

Proposers Conference Dates:
X, 2019

Business Inclusion Program (BIP) Outreach Deadline
X, 2019

City of Los Angeles
 Proposition HHH Housing Challenge
 Request for Proposals

Issue Date	X, 2019
Proposers Conference <i>(Proposers that do not attend the Proposers' Conferences will not be eligible to submit a response to this RFP)</i>	X, 2019 at X. City Address Los Angeles, CA 90017
Business Inclusion Program (BIP) Outreach Deadline (Los Angeles Business Assistance Virtual Network (LABVN))	X, 2019 <u>no later than 11:59 p.m.</u>
Technical Questions	Submit questions by <u>email ONLY</u> to: X@lacity.org <u>Last day</u> to submit questions: X, 2019, by 11:59 p.m. All questions and answers will be posted on the LABAVN site at https://labavn.org/ .
Proposal Submission Deadline	X, 2019, 5:00 p.m. Proposals <u>must be</u> hand- or courier-delivered by 5:00 p.m. Proposals submitted via U.S. Postal Service, fax or e-mail <u>will not be accepted</u> .
Submission Address	CONTACT NAME HCID Los Angeles, CA 900XX

City of Los Angeles
Proposition HHH Housing Challenge
Request for Proposals

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II. Program Overview

A. Purpose

The Los Angeles Housing and Community Investment Department (HCIDLA), with the assistance of the City Administrative Officer (CAO) and the Mayor's Office, is issuing this Request for Proposals (RFP) with the goal of identifying innovative housing production and/or financial models that can produce supportive and/or affordable units with funding from Proposition HHH (Prop HHH), completed no more than (2) years from funding contract execution. Proposals should encourage long-term permanent supportive environments for persons formerly experiencing homelessness.

The Mayor and City Council have approved a set-aside of \$120 million of Prop HHH bond authorization for this RFP to finance up to 1,000 new supportive housing units, as recommended by the Prop HHH Citizens Oversight and Administrative Oversight Committees. In particular, this program seeks to fund innovative housing typologies that clearly respond to the urgency of the City's homeless crisis.

B. Background

The passage of Prop HHH in November 2016 authorized the City of Los Angeles (City) to issue up to \$1.2 billion in General Obligation Bonds (GO bonds) for permanent supportive and affordable housing and facilities for persons experiencing homelessness. To date, the City has issued \$312 million in Prop HHH bonds to finance 2,132 units and committed an additional \$245 million for 1,579 units.

Prop HHH provides funding for the construction of permanent supportive housing (PSH) units (Attachment X), which must include onsite services for extremely low income (up to 30 percent of Area Median Income (AMI)) and very low income (up to 50 percent of AMI) households. The measure allows for no more than 20 percent of the proceeds to be used for affordable units for households up to 80 percent of AMI (Ordinance 184409, Council File 16-1800-S2).

III. Proposal Guidelines

A. Eligibility Requirements for Proposers

- Non-profit and for-profit development entities are eligible, including any sole proprietorship, partnership, limited liability company, corporation, association or other legal entity.
- Proposers must be qualified to conduct business in the State of California.
- Proposers must be a partnership consisting of at least a lead developer and a service provider that demonstrate the ability to successfully finance, design, build and operate supportive housing for vulnerable populations. It is encouraged to also include an experienced property management company with the proposed team. At minimum, the members of the Development Team must possess the following:
 - A lead developer or managing general partner that has been the lead project developer of at least two affordable housing projects placed in service for a period of more than one year within the last three years.
 - A property manager that has experience managing at least 50 units for at least the past three years, housing populations with Special Needs.
 - A lead service provider with at least 24 months experience providing services in permanent housing to each of the target populations for the supportive housing units in the proposed project.
- The Development Team must also demonstrate the ability to identify and deliver innovative construction, entitlement, service provision, financial methods and/or underutilized sources of funding as leverage to Prop HHH to expedite the current average predevelopment and construction phases and/or lower the current average Prop HHH subsidy amount needed to construct supportive housing, while maintaining high-quality, durable supportive environments for persons experiencing homelessness. For more information about current projects financed by Prop HHH, visit the “Supportive Housing Developments page” of <https://hcidla.lacity.org/prop-hhh>. Various reports on the status of current projects financed with Prop HHH from the HCIDLA can also be found on the CAO’s website at <http://cao.lacity.org/Homeless/index.htm>.
- Proposers must attend the Proposers Conference as described in this RFP.

B. Program/Project Requirements

- Proposers must demonstrate that their proposed projects are ineligible or unfeasible under the current HCID Prop HHH Call for Project guidelines.
- **Location.** All proposed projects must be located within the boundaries of the City of Los Angeles.
- **Housing Typologies.** All housing typologies are eligible, including shared housing, provided the Proposers can demonstrate to the City’s satisfaction their ability to encourage long-term, sustainable, permanent supportive environments for persons experiencing homelessness.
- **Application Type.** Proposers may submit only one application for either a:

- **Subordinate Loan** (with similar terms and underwriting policies and procedures of the current Prop HHH Loan Program, which can be found at <https://hcidla.lacity.org/prop-hhh-terms-regulations>) to support an individual project for which the Proposer already has site control, or
 - **Prop HHH Reservation** (of up to \$40m) for Development Teams that wish to pursue multiple projects and/or alternative financing strategies other than the current Prop HHH Loan Program. Proposers seeking a Prop HHH reservation under this category are not required to demonstrate site control. However, if site control is not secured by the time of application, Proposers should demonstrate that their proposed acquisition strategy is feasible as described in Section V, Application Guidelines and Proposal Package Instructions.
- **Terms of Funding Commitments.**
 - Individual projects with site-control that are selected through this RFP for funding with the traditional Prop HHH subordinate loan program will receive a 12-month conditional commitment of Prop HHH funding. The commitment will expire if the project has not obtained all required financial and legal approvals necessary for construction loan closing within 12 months of the date of funding award. After loan closing, projects must complete construction and expend all Prop HHH funds within eighteen (18) months of the loan agreement execution.
 - Alternative development strategies that are selected through this RFP for a Prop HHH Reservation will receive a reservation of Prop HHH funding that will last for no more than 4 months after a Prop HHH Housing Challenge Program Agreement has been executed with the City detailing the specific financing and development terms of the strategy. The execution of that agreement must be completed within 2 months of being selected through this RFP. During the 4-month period after the agreement has been executed, Development Teams must secure site control for individual projects before a portion of that reservation can convert to project-specific conditional commitments under the terms described above for individual projects with site-control—conditional commitments will last no longer than 12 months, and construction must be completed within 18 months. Funding will only be provided to individual resulting projects at or following construction loan closing, and only for eligible project development costs.
 - **Funding Amounts.** The minimum funding amount to any individual application from this program shall be \$500,000, and the maximum funding amount is \$40 million. The maximum subsidy amount to any individual project funded with this RFP is equal to \$140,000 times the number of permanent supportive housing (PSH) units reserved for persons and/or families experiencing homelessness and earning less than 50% of the Los Angeles County Area Median Income, as determined by HUD. The City will consider higher per-unit subsidy amounts if projects can demonstrate the ability to repay the difference between the maximum subsidy amount allowed and the requested subsidy amount (with accrued interest, if any) no more than three years after project completion, with the project not being eligible for any future capital funding from the City.

- **Other Requirements.**

- All projects must be able to obtain Building Permits and Certificates of Occupancy from the City of Los Angeles.
- Projects must include ancillary space for the provision of the on-site supportive services, such as mental health treatment, health care, drug and alcohol treatment, education and job training. Said services may be provided by the City, other public entities, nonprofit entities and/or private entities in alignment with a proposed service plan for the populations intended to be served.
- All projects must utilize the Coordinated Entry System (CES) for tenant selection.
- Projects will be subject to a 55-year affordability recorded land covenant covering the number of units at the project to be funded by Prop HHH.
- Projects with 65 housing units or more will be subject to a Project Labor Agreement (PLA) (Ordinance No. 185523, Council File 17-0090-S1).
- Certain Projects may qualify for an exception to Prevailing Wage requirements under Section 1720 of the CA Labor Code (and case law interpreting this section) if the proposed project's only source of public funding is Prop HHH. Proposers should seek independent legal advice on whether their particular project(s) may qualify for an exception to Prevailing Wage. If a proposer determines that an exception applies, the proposal should clearly indicate in the summary that the project scope and budget assume Prevailing Wage will not apply and the basis for this determination. The City disclaims any liability for future penalties, fines, or associated costs that a proposer or members of the Development Team may incur as a result of future prevailing wage enforcement actions by private parties, the State, or any other regulatory body.
- All housing developments must comply with the City's Accessible Housing Program (AHP), and all other applicable accessibility laws and agreements, including the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act.
- Projects must meet all the requirements of the California Environmental Quality Act (CEQA) and if necessary, the National Environmental Policy Act (NEPA).
- Funds may not be used for service program or operational expenses.
- Funds may only be used for acquisition and/or construction-related activities.
- Funds may not be used to reimburse costs incurred prior to the date of execution of the Prop HHH Housing Challenge Program Funding Agreement.

C. RFP Schedule and Requirements

- **Proposal Period.**

This RFP will be open for submissions from Friday, X, 2019 through Friday, X, 2019, at 5:00 p.m. No late submissions will be accepted. All proposals must be submitted to:

HCID
Attn: XX
ADDRESS
Los Angeles, CA 90017

- **Proposers Conferences.**

In order to be eligible to submit a proposal, a representative of the proposing agency must attend the Proposers Conference.

The Proposers Conference will be held at XX p.m./a.m. on X, X, 2019 at XX. Failure to attend the Proposers Conference will disqualify a proposer from submitting any proposals.

- **Questions.**

All questions regarding the Prop HHH Housing Challenge Program RFP should be emailed to XX@lacity.org. To the extent possible, responses to all questions will be posted to the Los Angeles Business Assistance Virtual Network (LABAVN; labavn.org) within three (3) business days of receipt. Responses to all questions received at each Proposers Conference will also be posted to LABAVN. The last day to submit a question and receive a response is X, 2019, at 11:59 p.m.

D. Evaluation Process

Proposers must follow all the instructions in Section V of this RFP, Application Guidelines and Proposal Package Instructions, and submit all requested narratives and supporting documentation. An initial panel of judges will review this information to determine if the applications meet the minimum threshold criteria described in subsections A through C above, and Section V.B.6 below.

Another panel of expert judges will evaluate, score, and rank all qualified applications based on the evaluation criteria below:

No.	Evaluation Criteria	Maximum Score
1	Development Strategy	20
2	Organizational Structure, Experience, and Capacity	15
3	Design Features	10
4	Financing Structure and Cost Efficiency	20
5	Streamlined Permitting	15
6	Construction Timeline and Quality	20
	Maximum Total Points with Bonus Points	100

1) Development Strategy = 0 to 20 points

Applicants must submit a narrative summary and supporting documentation of their proposed project or program's development strategy, following the format described in Section V, Application Guidelines and Proposal Package Instructions. The evaluation panel will use this information to score each applicant based on the following considerations:

- **Creative.** Is the proposed solution innovative, effective and efficient as it responds to needs of those experiencing homelessness in Los Angeles? Will the approach improve, expand, and/or amplify existing practices and efforts that will foster long-lasting, compelling benefits for its target beneficiaries? = **0 to 5 points**
- **Achievable.** Is the plan, timeline, and budget practical, resulting in lower costs required to more quickly develop housing for homeless communities in Los Angeles? Does the Proposer demonstrate an understanding of resources, conditions, and/or stakeholders required to be successful? Is the applicant well-positioned to lead with clear understanding of the problem and local conditions, and the capacity to succeed? = **0 to 5 points**
- **Meaningful.** Is the approach effective with a high potential to succeed and result in housing units? Does the proposal align with the City's efforts to address homelessness, transforming lives in a dignified, responsive way? Does the applicant have a solid approach to track and measure results? = **0 to 5 points**
- **Scalable.** Is the proposal replicable and/or well-positioned to become a model to have impact on a larger scale? Will benefits increase over time, improving our understanding of what is possible? = **0 to 5 points**

2) Organizational Structure, Experience and Capacity = 0 to 15 points

Applicants must submit a narrative description of the experience and capacity of the participating organizations and individual team members including but not limited to the lead Developer and the Service Provider, as described in Section V, Application Guidelines and Proposal Package Instructions. The following minimum experience of a Development Team is preferred:

- A lead developer or managing general partner that has been the lead project developer of at least two affordable housing projects placed in service in California for a period of more than one year within the last three years. = **0 or 3 points**
- A lead service provider with at least 24 months experience providing services in permanent housing to each of the target populations for the supportive housing units in the proposed project. = **0 or 3 points**
- A property manager that has experience managing at least 50 units for at least the past three years, housing populations with Special Needs. = **0 or 3 points**

Panel's Feasibility Review. Does the proposal's team demonstrate the likelihood of success? Does the proposal include sufficient evidence of each organization's long-term financial stability? Does the organization demonstrate a strong plan for community engagement? = **0 to 6 points**

3) Design Features = 0 to 10 points

Proposers must describe the proposed projects' architectural design and submit a description of amenities as described in Section V, Application Guidelines and Proposal Package Instructions. The following elements will be considered:

- **Unit Amenities.** If all PSH units financed with Prop HHH have kitchen facilities, which shall minimally include a refrigerator, kitchen sink, stovetop, and storage cabinet and a full bathroom, including (at a minimum) lavatory, toilet, and shower = **0 or 3 points**
- **Community Amenities.** If the project has square footage reserved on-site for community-serving activities, excluding shared-bathrooms, shared-dining areas and space reserved for services that is required as a threshold review described above (ex. computer labs, open space, craft rooms, etc.) = **0 or 3 points**
- **Panel's Design Review.** Will the proposal's architectural design likely facilitate long-term stability, encourage social / community connections, and achieve overall tenant satisfaction for persons experiencing homelessness? Does the proposed architectural design improve / expand upon best practices in supportive housing or create a compelling alternative that can be brought to scale if proven successful? = **0 - 4 points**

4) Financing Structure and Cost Efficiency = 0 to 20 points

Proposers must submit a detailed summary of the proposed financing strategy, including the financing terms, expected total development cost of the project, requested Prop HHH subsidy amount, and additional funding leveraged by the Prop HHH investment following the format described in Section V, Application Guidelines and Proposal Package Instructions. Applications that request lower per-unit Prop HHH subsidy needs will receive the following points:

- <= \$50,000 per PSH unit = **10 points**
- \$50,001 - \$75,000 per PSH unit = **8 points**
- \$75,001 - \$100,000 per PSH unit = **6 points**
- \$100,001 - \$125,000 per PSH unit = **4 points**
- \$125,001 - \$139,999 per PSH unit = **2 points**
- >=\$140,000 per PSH unit = **0 points**

Note, that projects requesting higher per-unit subsidy amounts, for which a portion will be paid back within three years of project completion will be scored by the long-term subsidy amount after payback.

Panel's Feasibility Review. Does the proposal's use of Prop HHH funding maximize the public benefit of limited public resources? (Note that funding agreements structured as interest-bearing loans are preferred.) Is the proposal's financing plan feasible and likely to generate long-term financial stability? = **0 to 10 points**

5) Streamlined Permitting = 0 to 15 points

Proposers must submit a summary of their planned entitlement and permitting paths, following the format described in Section V, Application Guidelines and Proposal Package Instructions. Applicants that can demonstrate the ability to take advantage of streamlined permitting processes will receive the following points:

- Fully entitled at the time of application, or permitted through a ministerial (“by-right”) process = **10 points**
- Permitted through a discretionary entitlement process with a Mitigated Negative Declaration, a Negative Declaration, Categorical Exemption, or General Exemption through the California Environment Quality Act (CEQA) review process = **7 points**
- All other discretionary approval processes that do not require a General Plan Amendment = **3 points**
- General Plan Amendment = **0 points**

Panel’s Feasibility Review. Is the proposal’s entitlement and permitting plan feasible and likely to result in an accelerated permitting path? = **0 to 5 points**

6) Construction Timeline and Quality = 0 to 20 points

Proposers must submit a summary of their planned construction techniques, following the format described in Section V, Application Guidelines and Proposal Package Instructions. Proposals that can demonstrate the ability to employ innovative technologies, techniques or materials that result in the following construction timelines after loan closing will receive the following points:

- <9 months = **10 points**
- 9 – 12 months = **7 points**
- 12.1 – 18 months = **4 points**
- >=18 months = **0 points**

Panel’s Feasibility Review. Is the proposal’s construction plan feasible and likely to result in an accelerated construction timeline? Will the proposed construction materials and techniques likely result in a long-term, durable product? = **0 to 10 points**

(Note: failure to perform within self-professed timeframe in Proposers’ application will be considered a default under the final funding agreement.)

E. Notification

The City expects to notify all proposers in writing of the results of their proposal evaluations in **X 2019**.

F. Appeals

The City will notify all proposers in writing of their right to file an appeal and the appeals process. Appeals must be hand-delivered to the City no later than five (5) business days after the proposers are notified of evaluation results.

Proposers may appeal procedural issues only. Written appeals may not include any new or additional information that was not submitted with the original proposal. Up to three (3) appeals per proposal will be permitted.

A panel will be formed to consider all appeals. All members of the panel will be provided with a copy of the RFP and each proposer's appeal letter. Proposers may be invited to an appeals hearing. The decision of the panel shall be final.

G. Final Funding Recommendations

Final funding recommendations will be reviewed by the Prop HHH Citizens Oversight Committee (COC) and forwarded to the Prop HHH Administrative Oversight Committee (AOC), who is responsible for recommending final approval to the Mayor and City Council.

Development strategies selected through this program are also subject to approval by the City Attorney and the City's external bond counsel, to ensure compliance with all applicable federal, state and local laws before Council and Mayor approval.

H. Proposal Conditions

1. All costs of the proposal preparation, including site visits if applicable, shall be borne by the Proposer's agency. The City shall not, in any event, be liable for any pre-contractual expenses incurred by the proposer in the preparation or submission of the proposal. The Proposer shall not include any such expense as part of the proposal budget.
2. The proposal must set forth full, accurate, and complete information as required by this RFP. Incomplete proposals will have five (5) negative points in their final score.
3. Proposals may be withdrawn by the Proposer by written request at any time up to the time of the funding award, if applicable.

IV. Contract Requirements

In addition to the following, Prop HHH Housing Challenge Program recipients will be required to comply with all of the City's general contracting requirements.

A. Authority to Proceed

Implementation of the proposed activities may proceed only after the City has signed and executed a Prop HHH Housing Challenge Program Agreement for a development strategy or a project-based Conditional Approval for single-development applications. Any project activity or cost associated therewith which takes place prior to contract execution will be at the financial risk of the proposer.

B. General City Reservations

1. The City reserves the right to retain all submitted proposals. Proposals and the information contained therein shall become the property of the City of Los Angeles. Selection or rejection of a proposal does not affect these rights.
2. The City reserves the right to reject any and all proposals and to waive any informality in the proposal when to do so would be in the best interest of the City.
3. The City reserves the right to reject the proposal of any proposer who has previously failed to timely or satisfactorily perform any contract with the City.
4. The City reserves the right to extend the RFP submission deadline for all proposers should such action be in the best interest of the City.
5. The City reserves the right to reject any or all proposals received in response to this request if deemed not feasible or incomplete or not in the best interest of the City.
6. The City reserves the right to reject any or all proposals wherein the City has determined that the proposer is capable of financing its proposed project without assistance from the City.
7. The City reserves the right to withdraw this RFP at any time without prior notice. Further, the City makes no representations that any contract will be awarded to any proposer responding to this RFP.
8. The City reserves the right to refuse to fund any proposal if the Proposer or Development Team has any outstanding disallowed costs with the City, regardless of the merits of the proposal submitted.
9. The City reserves the right to waive any provision(s) of this RFP to the extent that waiver of such provision(s) allows for the intent of Prop HHH to be implemented.
10. The City reserves the right to recommend proposals based on the geographic distribution of the projects, the appropriate mix of project types, and such other factors that are in the best interest of the City.

C. Contract Compliance Documents

The following compliance documents will be required after final Council approval of any Prop HHH Housing Challenge Program award and before the execution of the funding agreement with the City of Los Angeles.

1. Loan Agreement and recorded security instruments, as follows:
 - i. Promissory note
 - ii. Deed of Trust; and
 - iii. Regulatory Agreement/affordability covenant
2. Assignment of Architect's Contract and Plans and copy of Architect's contract.
3. Standard provisions of City contracts, including insurance requirements. See Required Insurance and Minimum Limits [Form Gen.146 (Rev 3/09)] for a list of likely types of insurance that will be required for the funding agreement.
4. Required permits (land use, building and safety permits and approvals).

DRAFT

V. Application Guidelines and Proposal Package Instructions

All Proposers must submit a written application for this RFP that responds to each of the following elements in these Application Guidelines. These Application Guidelines outline proposal formatting requirements, the documents and information required for a proposal to have met minimum threshold criteria, and the information needed for a panel of experts to score the proposals based on the evaluation criteria in this RFP. All items listed in these guidelines need to be addressed in order for the application to be deemed complete. The only optional responses are labeled as “optional.” **Proposals that do not include required narratives and documentation or fail to meet other stated guidelines will receive negative 5 points in their final evaluation score.**

A. Formatting Requirements

1. All submissions must include one (1) original, signed proposal, bound in a three-ring binder; and a PDF version on a USB drive or equivalent device.
2. Narrative responses must not exceed the stated page limits specified below (allowed mandatory and optional attachments do not count against page limits).
3. Supporting documentation may only be added as attachments when prompted with the phrases “**mandatory attachment(s)**” or “**optional attachment(s)**” in the Application Guidelines below. Note, all optional attachments will assist the evaluation panel in scoring the RFP’s evaluation criteria and are encouraged to be submitted. All supporting documentation must clearly specify in the title to which application guideline it corresponds. Each attachment should be easily identified and ordered as indicated on the Checklist of Required Documents (see Attachment A).
4. Narrative responses must be formatted as follows:
 - a. Type must be in a standard font no smaller than 12 point; and
 - b. Margins must be a minimum of 1” wide on each side of the page.
5. Number each page of the proposal (including the attachments) in continuous sequence at the bottom of the page to indicate each page’s number and the total number of pages (“page ____ of ____”). Use a heading for each narrative that clearly indicates the subject of the response.

B. Application Guidelines and Sequence of Exhibits

1. **Application Overview** (max. 1 page)
 - a. **Proposal Title:** Provide a single statement that describes your overall proposal.
 - b. **Development Team Partners:** Provide the names and logos of all organizations in your team that are applying for this RFP.
 - c. **Executive Summary:** Provide a summary of the most powerful aspects of your proposal and describe how your proposal responds to the urgency of the City’s homelessness crisis. The City may use this summary to describe your proposal publicly, even if your proposal was not selected.

d. **Relationship to Regular Prop HHH Program:** Describe why your project/proposal is ineligible or unfeasible for funding under the regular Prop HHH Call for Projects and its current governing Prop HHH guidelines (located at <https://hcidla.lacity.org/prop-hhh>). Specific sections and language in the guidelines must be cited.

2. **Checklist of Required Documents:** Attachment A of this RFP must be completed with page numbers for each included item. All items on the Checklist of Required Documents that are applicable to the proposer's project must be included in the proposal in the order indicated on the checklist. The beginning page number for each item must be indicated on the checklist. Items that are not applicable to the proposer's project should be marked as such (e.g. "N/A") in the space for the page number.

3. **Organizational Structure and Capacity** (max. 3 pages): This section will be used to determine if your application meets the threshold eligibility criteria described in this RFP, as well as the scores for the "Organizational Structure and Capacity" evaluation criterion.

a. **Threshold Review:** Provide a written summary of why your organization passes the eligibility thresholds described in Section II. A., "Proposal Guidelines, Eligibility Requirements for Proposers." Be sure to include the official names and descriptions of each organization included in the proposal, especially the lead developer, service provider, property manager (if applicable), architectural firm (if applicable), pre-fab manufacturer (if applicable), or others. In the description of the organizations, include their mission, legal status, and commitment and experience in solving the homeless crisis in Los Angeles.

As **mandatory attachments** include:

- An executed Memorandum of Understanding between all organizations in your team that are participating in this RFP, detailing the roles and responsibilities of each party.
- The name, title, short biography, address, telephone, email address and resumes for key members of the proposed team.
- One copy of the Articles of Incorporation, partnership, or other business organizational documents (as appropriate) filed with the California Secretary of the State for each entity within the ownership structure, other than the limited partner, if any.
- Provide Secretary of State Corporate Number, a copy of your organization's by-laws and a current list of the Board of Directors.

b. **Additional Material for Evaluation Criterion:** The proposed development team will be evaluated on the organization's financial capacity and experience of the individual team members including the Developer, the Property Manager, and the Service Provider. The following must be provided in the narrative:

- A description on the past experience working together for all team members.

- Describe your organization's prior success, achievements, and/or specific experience indicating you are well-positioned to implement your proposed solution. Emphasize credibility of your team members and any specific front-line experience, specifically as it relates to addressing homelessness in Los Angeles.
- Describe one example of a project in which the time from conception to completion was shortened by strategic decisions on the part of the developer, such as financing or entitlement, and describe that strategy and the result.
- If your development strategy involves pre-fab/modular construction, describe the proposed manufacturer's capacity to carry out the proposed projects.
- Describe each of your organizations' financial capacity to carry out this proposal.
- Describe your organization's overall approach to community outreach and inclusion. Select one example of a community outreach strategy in a previous project and how it affected the project.
- A description of your organization's history in building, operating, and providing services to affordable housing developments in the City of Los Angeles. Note, the following experience is required:
 - A lead developer or managing general partner that has been the lead project developer of at least two affordable housing projects placed in service for a period of more than one year within the last three years.
 - A property manager that has experience managing at least 50 units for at least the past three years, housing populations with Special Needs.
 - A lead service provider with at least 24 months experience providing services in permanent housing to each of the target populations for the supportive housing units in the proposed project.
- Other information you deem necessary.

The following additional documentation may be included as ***optional attachments***:

- At least one reference (provided as a letter from the organization that includes the name, title, email and phone number of the reference) in the following categories:
 - Financial: Conventional Lending
 - Financial: Grants
 - Financial and Regulatory: City, County, and/or State
 - Service Provision: County or U.S. Veterans Administration
 - Community Partners (including elected officials)
- Document stable income and net income over the most recent three-year period of each entity included in your application; provide detailed explanations of any interruptions in that stability; provide any explanations of any extraordinary expenses; and include a summary

schedule that presents side-by-side columns of the three years of audited income statements for comparative purposes.

- Document stable and adequate cash and cash equivalent assets as equity resources and consistent avoidance of an over-leveraged financial position; include a summary schedule that presents three years of balance sheets in side-by-side columns for comparative purposes, for each entity included in your application.
- Include the documentation, explanations, summary schedules and audited financial statements for the last three (3) audits of the participating organizations in your proposal.

4. **Development & Financing Strategy** (max. 10 pages): This section allows you to showcase your development and financing plan, tactics and other technical aspects to create supportive housing. The information in this section will be used to determine if your application meets all the threshold eligibility criteria described in this RFP. The information will also be used by the evaluation panel to determine your proposal's scores for most of the RFP's evaluation criteria.

a. **Type of Application & Location of Project:** Clearly specify which type of application you are submitting (you may only choose one):

- **Subordinate Loan:** If you are applying for an individual loan, structured similarly as the current Prop HHH Loan Program. Also state the desired Prop HHH funding amount requested and number of PSH units this Prop HHH subsidy would support, or
- **Prop HHH Reservation:** If you are applying for a reservation of Prop HHH funds to pursue multiple projects and/or alternative financing strategies other than the current Prop HHH Loan Program, state the desired Prop HHH reservation requested (not more than \$40 million) and the minimum Prop HHH reservation needed to make your development strategy viable (not less than \$500,000), for which your team would be willing to accept if sufficient funds are not available for the highest-scoring applicants. Also state the number of PSH units this Prop HHH subsidy would support.

b. **Purpose Statement of Your Strategy:** Set the stage and describe the specific need you aim to address. Include data to demonstrate this need, as well as information to describe your understanding of local conditions. While you may offer general context for the problem of homelessness, focus on any discrete issues your solution is specifically designed to overcome.

c. **Structure Type and Design Considerations:** Describe the type of housing you are planning to build with Prop HHH funding. Be sure to include the following:

- Description of building typology:
 - Single-family structure(s) (including ADUs)
 - 2-4 unit structure(s)
 - Smaller multifamily structure(s) (4-20 units)
 - Medium multifamily structure(s) (20 – 49 units)
 - Large multifamily structure(s) (>50 units)

- Other, please describe
- Is this project new construction, acquisition and/or rehabilitation, adaptive reuse, other?
- Number of individually financed projects, and the number of parcels and buildings associated with those projects.
- Description of units per project, including:
 - Total units
 - Number of manager units
 - Number of PSH units, by affordability levels
 - Number of affordable units, by affordability levels
 - Number of market-rate units
 - Other, please describe
- Describe how your design intends to abide by all applicable ADA requirements stated in this RFP.
- Description of square footage reserved on-site for the provision of services for PSH units and how this space is in alignment with the proposed service plan for the populations intended to be served.
- Description of unit amenities: For instance, do all PSH units financed with Prop HHH have kitchen facilities, which shall minimally include a refrigerator, kitchen sink, stovetop, and storage cabinet and a full bathroom, including (at a minimum) lavatory, toilet, and shower?
- Description of square footage reserved on-site for community amenities (ex. computer labs, open space, etc.).
- Describe how your team plans to use architectural design to facilitate long-term, sustainable, permanent supportive environments for persons experiencing homelessness.
- Describe how your team plans to use architectural design to improve / expand upon best practices in supportive housing or create a compelling alternative that can be brought to scale if proven successful.
- Other information you deem necessary.

As **optional attachments**, provide the following:

- Architectural renderings of the proposed project(s), including floor-plans, street views, etc.

d. **Target Population and Service Plan for PSH Units:** Use this section to demonstrate an understanding of who you are serving and what are their unique needs. Describe the target homeless populations to be served in your PSH units and the aspects of your services plan that are responsive to these needs. Be sure to include the following information:

- Details of the services to be provided to the target population.
- Frequency of services.
- How you intend to monitor clients' participation in services and measurement of clients' successful completion of services.
- Evidence of planned utilization of the coordinated entry system (CES) for tenant selection.
- Number of units targeted to the following populations:
 - Anyone experiencing homelessness

- Chronically homeless
- Disabled (physical, developmental)
- Families with children and youth (under age 18)
- LGBTQ
- Mental Health Challenges
- Transition-aged Youth (age 18-25)
- Single Adults (age 26-54)
- Older adults (age 55 and older)
- Substance Use Disorder
- Veterans
- Women
- Other, please explain
- Other information you deem necessary.

As **optional attachments**, provide the following:

- Letters of commitment and/or contractual agreements with service provider agencies, showing sufficient funding for ongoing operation.
- “Sources and uses” services budget that clearly states all anticipated income and expenses associated with the services that are being proposed for the project.

e. **Location and Approach to Site Control/Acquisition:** Describe the location and your strategies to achieve site control for your proposal.

- If you have site control for the parcel(s) on which your proposed development(s) is/are located, provide the address(es) of the proposed development site(s) in the City of Los Angeles and their associated Council District(s).
 - Include evidence as an **optional attachment** that you have site control of the proposed development site, such as:
 - Copy of a deed or lease,
 - Copy of a valid Exclusive Negotiating Agreement, or
 - Copy of a purchase or sale agreement.

Note, that the owner, lessee, or purchaser shown on these documents must correspond with the lead developer in your application.

- If you do not have site control for the parcel(s) on which your proposed development(s) is/are located, provide a list of Council Districts that your development strategy is targeting.
 - Include as an **optional attachment** a licensed real estate broker’s market analysis that demonstrates the feasibility of acquiring the targeted parcel types for future development.

f. **Entitlement Plan:** Describe your approach and timeline for entitling and permitting the proposed project(s), which will inform the “Streamlined Permitting” evaluation criterion in the RFP.

As **optional attachments**, provide the following:

- Documentation from the Department of City Planning verifying the entitlement path you are claiming for specific target development sites in your application.

- g. **Construction Plan:** Describe your approach and timeline for constructing the proposed project(s), which will inform the “Construction Timeline” evaluation criterion in the RFP. Also identify your planned construction partners and/or pre-fab manufacturers and describe your subcontractor bid process, if applicable. Finally, describe the durability of materials and construction techniques that you intend to employ.

As **optional attachments**, provide the following:

- Certification from CA Department of Housing and Community Development’s Factory-Built Housing Program.
- Green building certifications.
- Any other certifications from the US Government, State of California or City of Los Angeles that demonstrate the durability and/or conformance of innovative construction techniques.
- Documentation/certification from the proposed factory that demonstrates the capacity to produce modular units in the time proposed in application submittals.

- h. **Budget & Financing Plan:** Use this section to provide an in-depth description of your financing plan and budget for the requested Prop HHH subsidy. Use language that is consistent across your application, so that any cost categories or line-item descriptions are referenced elsewhere. Be sure to include the following:

- Budget for the proposed uses of the requested Prop HHH subsidy, including a description of activities funded with Prop HHH.
- Describe the anticipated Total Development Cost, unit mix, proposed “Sources and Uses” for construction and permanent financing.
- Sample pro-forma(s) for the proposed project(s) with anticipated revenue from the proposed unit mix, debt service, operating expenses, etc.
- Description of how you plan to fund ongoing operations for the duration of the 55-year affordability restriction. For instance, will the project take advantage of long-term, project-based rental assistance contracts (ex. project-based Section 8 or the County’s Flexible Housing Subsidy Pool, etc.)?
- Indicate whether or not your project’s development costs include prevailing wage and/or the assumption of entering into a Project Labor Agreement.
- If you are applying for a Prop HHH Reservation, provide details of the proposed financing terms for the Prop HHH subsidy and specify how those terms differ from the existing Prop HHH Subordinate Loan program.
- Show your team’s overall ability to access capital appropriate to the size and type of developments that are proposed.
- Other information you deem necessary.

As **optional attachments**, provide the following:

- Agreements from other public entities to project-base rental assistance on proposed projects.

- Letters of commitment from other public and/or private funding sources.
- i. **Completion Schedule & Metrics:** Identify the goals and objectives of your development and how you intend to track results and measure overall impact. Also include a timeline of all critical milestones needed to meet the overall expenditure deadlines described in the “Terms of Funding Commitment” in this RFP and the construction milestones identified in your application. Be sure to include the following in your timeline:
 - Financing, including timeline of proposed Prop HHH expenditures
 - Entitlements and Permits
 - Design/architectural renderings
 - Bid Process and Contractor Selection
 - Construction (offsite and onsite, if applicable)
 - Leasing
 - Stabilized Occupancy
 - Other information you deem necessary.
- j. **Risk Assessment:** Identify any specific operational or tactical hurdles, principal risks or challenges to the short- and long-term success of your proposal and your plans to address them.

5. Concluding Statements (max. 1 page):

- a. **Innovation:** Give a concluding summary of how your proposal will more quickly and cost effectively produce high-quality supportive housing for homeless individuals and/or families. Describe how your proposal differs from, improves upon, and/or bolsters existing methods/practices to build housing for those experiencing homelessness in Los Angeles. Highlight any unique features of the housing you will develop, and any other information demonstrating creativity and innovation in your approach and projected solution.
- b. **Scalability:** If selected for funding with this RFP, give a concluding summary of how your solution is prepared to expand after completion. Describe plans to scale your solution as a model that can be applied or adapted to meet diverse needs of the region’s diverse communities.
- c. **Other Considerations:** Describe any additional considerations or details that you would like the review panel to consider, or expand upon a previous point, as necessary.

6. Additional Threshold Review (max. 1 page): Proposers must create a separate page in their applications and sign the document attesting that the following adverse findings do not apply to any of the members of the team:

- a. Out-of-compliance with HCID business practices;
- b. Removal or involuntary exit of the developer, or any of its principals, from an ownership position in any publicly-funded residential, commercial or industrial project;
- c. Arson conviction or pending case;
- d. Harassment conviction or pending case;
- e. City, state, federal or private mortgage foreclosure proceedings or arrears;

- f. In remedial foreclosure; sale of tax lien or substantial tax arrears;
- g. Defaults under any federal, state or City-sponsored program(s);
- h. Federal Debarment - debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded by any Federal department or agency from doing business with the Federal Government;
- i. A record of substantial building code violations or litigation against properties owned and/or managed by the developer or by any entity or individual that comprises the developer;
- j. Past or pending voluntary or involuntary bankruptcy proceedings;
- k. In litigation with the City of Los Angeles; or
- l. Conviction for fraud, bribery or grand larceny.

I, [print name] _____, certify that none of the above apply to myself or any member of my team.

[signature] _____

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VI. Attachment A: Document Checklist

All applications should include the documents in the following checklist. *Italicized items are optional.*

- **Application Overview (Maximum 1 Page)**
 - Narrative, per instructions in Application Guidelines
- **Checklist of Required Documents (This Attachment)**
- **Organizational Structure and Capacity (Maximum 3 Pages)**
 - Narrative
 - MOU Between All Participants in the Proposed Team
 - Name, Title, Short Biography, Address, Telephone, Email Address and Resumes for Key Members of the Proposed Team
 - Copy of the Articles of Incorporation or Similar Business Organizational Documents for Each Member of the Proposed Team
 - Secretary of State Corporate Number
 - Copy of Your Organization's By-laws
 - Current List of the Board of Directors
 - *Reference Letter(s)*
 - *Documentation of Stable Income and Net Income*
 - *Documentation of Stable Liquid Assets and Manageable Debt Levels*
 - *Three Most Recent Audits of All Participants in the Proposed Team*
- **Development & Financing Strategy (Maximum 10 Pages)**
 - Narrative, per instructions in Application Guidelines
 - *Architectural Renderings, Floor Plans, Street Views, etc.*
 - *Letters of Commitment from Service Providers*
 - *Sources and Uses for Service Budget*
 - *Evidence of Site Control*
 - *Licensed Real Estate Broker's Market Analysis*
 - *Documentation from the Department of City Planning Verifying Entitlement Plan*
 - *Certification from CA HCD's Factory-Built Housing Program*
 - *Green Building Certifications*
 - *Any Certificates from the US Government, CA Government, or City of Los Angeles Demonstrating the Durability or Conformance of Innovative Construction Methods*
 - *Other Documentation / Certification from Proposed Factory*
 - *Agreements from Other Public Entities to Project-Base Rental Assistance on Proposed Projects*

- *Letters of Commitment from Other Funding Sources (Public and Private)*
- **Concluding Statements (maximum 1 page)**
 - Narrative, per instructions in Application Guidelines
- **Signed Adverse Findings Self-Certification (maximum 1 page)**

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