

ANN ARBOR AFFORDABLE HOUSING RENTAL DEVELOPMENT MILLAGE FUNDING

**REQUEST FOR PROPOSALS
(SOLICITATION NO. Millage 2024-01)**

ANN ARBOR HOUSING DEVELOPMENT CORPORATION

Issuance Date: 8/12/2024

**Submission Deadline
Thursday 8/29/2024 5PM EST**

**ALL QUESTIONS MUST BE SUBMITTED IN WRITING TO:
Jennifer Hall Jhall@a2gov.org**

Issued by:
Ann Arbor Housing Commission
Jennifer Hall, Executive Director
Ann Arbor Housing Development Corporation
Jennifer Hall, Secretary/Treasurer

TABLE OF CONTENTS

A. BACKGROUND

B. NOTICE OF REQUEST FOR AFFORDABLE HOUSING PROPOSALS

C. THRESHOLD REQUIREMENTS

D. SCORING PREFERENCES

E. RFP SUBMITTAL REQUIREMENTS

F. PROPOSAL SUBMITTAL DEADLINE

G. PROPOSAL EVALUATION

H. PROPOSAL COVER SHEET

A. BACKGROUND

On the November 2020 election ballot, Ann Arbor residents voted on Proposal C to adopt the charter amendment establishing a millage related to the community's investment in affordable housing. Proposal C was passed with 73% approval from Ann Arbor voters, with every precinct voting in favor. The Charter language “authorized to raise by general tax upon real and personal property by this Charter or any other provision of law, the City shall, in 2021 through 2041, annually levy a tax of up to one mill on all taxable real and personal property situated within the City for the purpose of building, maintaining, and acquiring new affordable housing units which are permanently affordable to low-income households making no income up to 60% of area median income and providing social services, not to exceed 20% of the millage revenues over the entire term of the millage, for the residents of such housing. No money collected pursuant to this millage shall be spent on building, maintaining, or acquiring new units located in the floodplain or floodway.”

The millage generates funds to develop housing for Ann Arbor residents earning 60% or less of the Area Median Income by assessing a 1-mill tax over 20 years, estimated to be \$6,550,505 in year 1. The new units developed through millage funds are expected to meet over 50% of the goal established in a 2015 analysis of affordable housing in Washtenaw County of 140 units/year affordable to households at 60% AMI or less. The passage of Proposal C marks the most significant expansion of affordable housing funding in the region in over 50 years.

It is projected that the funds generated by the millage will support the creation of about 1,500 units of affordable housing to house about 3,700 residents, with about a quarter of those units being set aside as permanent supportive housing. The funding is to be utilized in projects that meet the guidelines established by the Ann Arbor City Council on July 27, 2020:



AAHDC reserves the right to not award any funds to any specific project for any reason and to determine the amount, type and size of its participation in any project.

B. NOTICE OF REQUEST FOR AFFORDABLE HOUSING PROPOSALS

Through a Grant Agreement between the City of Ann Arbor, the Ann Arbor Housing Commission (AAHC), and the Ann Arbor Housing Development Corporation (AAHDC), the AAHDC was designated as the administrator of the affordable housing millage funding, staffed by the AAHC.

In such role, AAHDC is seeking proposals from non-profit and for-profit developers that need gap funding for their multi-family residential new construction, multi-family acquisition and/or preservation/rehabilitation, or permanent supportive housing projects benefitting households at or below 60% AMI, with a further preference for households at or below 30% AMI.

Proposals submitted in response to this RFP must be received by the AAHDC at Jhall@a2gov.org by 5pm on Thursday August 29, 2024. Proposals must be submitted by email.

AAHDC plans to release a Notice of Funding Availability (NOFA) at a later date, which will provide for an ongoing, open window application process for the Affordable Housing Millage funding, subject to available funding.

C. THRESHOLD REQUIREMENTS

- a. Ineligible Units - Millage funds will not be awarded for units that private developers are required to provide through Washtenaw County's Brownfield TIF or through the City of Ann Arbor's Zoning requirements as this would be a duplication of public resources, unless the developer agrees to reduce the income limits from 60% AMI to 30% AMI for those required units.
- b. Income Restrictions - Project must serve households at or below 60% AMI. At a minimum, the project must include 15% of all units restricted to 30% AMI or less or 50% of all units restricted to 60% AMI or less. Projects which do not include the minimum income targeting threshold requirements will not be considered.
- c. Affordability Covenant - Projects must agree to an affordability restrictive covenant to be recorded on the subsidized units in the project, to ensure that the income restricted units remain in place for 99 years.
- d. Site Control - Projects must evidence site control through ownership, long term lease, option to purchase or long-term ground lease.
- e. Floodplain or Floodway - Projects may not include building, maintaining, or acquiring units located in the floodplain or floodway.
- f. Environmental – A Phase I Environmental Site Assessment completed to current ASTM 1527 standards is required. Phase I ESA must be dated within 12 months of application submission. Note that the Phase I ESA may require updating or renewing later on, nearer the closing date, to meet federal and state liability requirements.
- g. Energy Efficiency Measures. New Construction must meet the National Green Building Standard, LEED, or Enterprise Green Standards or equivalent green standard. Renovations must include a reduction in electrical usage by 20% and a reduction in natural gas usage by 15% to meet the City of Ann Arbor's 2030 Goals.

D. SCORING PREFERENCES

- a. **Leveraging** – Projects evidencing larger percentages of funding sources (other than Ann Arbor Affordable Housing Millage funds) to finance the total project costs will be given

preference. In addition to non-millage fund sources, preference will be given to projects that have secured donation of land/buildings, long-term nominal lease terms, or project based operating subsidies.

b. Capacity – Projects that include a team which demonstrates financial capacity and experience to complete the proposed project with evidence of previous experience with a similar project will be given preference.

c. Readiness to Proceed – Projects evidence readiness to proceed will be given preference as documented by having all necessary land use approvals, environmental clearance or an approved plan for any necessary mitigation, executed contracts with the architect and general contractor, and all other funding secured.

d. Income Targeting – Proposals targeting more than 15% of units for 30% AMI households will be given preference. Proposals limiting households to 30% AMI with project-based vouchers or project-based rental assistance may set rents at the applicable HUD-allowed rent.

e. Sustainability – Proposals committing to all electric except back-up generators, innovative sustainability features and projects built to Net Zero Energy standards will be given preference.

E. RFP SUBMITTAL REQUIREMENTS

AAHDC will accept the use of application forms and documents completed for other funding sources so long as all the information requested below is submitted. A non-exhaustive list of examples of other funding application documents that may be used include those from the Michigan State Housing Development Authority (MSHDA), Federal Home Loan Bank Indianapolis AHP, and Washtenaw County. AAHDC will consider other formats or application documents so long as each item in the checklist is provided.

a. Applicant Information

- i. Organizational Chart – Provide the proposed organizational chart and formation documents of Applicant and its members or partners with ownership percentages included, as well as a disclosure of any direct or indirect relationship or interest between the parties.
- ii. Developer/Sponsor Experience – include a description of any comparable projects completed in the prior 5 years, including addresses. Please include total number of units, bedroom size mix, income target mix, total development cost, and development partners such as public facility corporations, housing finance corporations, housing authorities, etc.
- iii. Project Team - list of staff, consultants, attorneys, architects, contractors, and other advisors to be involved in the project. Please include contact information for each critical team member.
- iv. Debarments/Bankruptcies -List of any debarments, loan defaults, bankruptcies, or pending litigation involving any managing members of the Developer/Sponsor entity.

b. Project Information

- i. Project Narrative – Provide a summary of the proposed development or acquisition, including total project cost, project schedule and phasing, unit and affordability mix, design concepts and amenities, common areas, resident services, zoning requirements and changes proposed, any recognized environmental concerns/mitigation plans, and plans for any required relocation.

- ii. Rent plan - Include a rent schedule which includes each unit type (including # of bedrooms, bathrooms and SF), affordability to each AMI level to be served and assumed utility allowances that are tenant-paid.
- iii. Conceptual schematic drawings (including floorplans, elevations, and site plans) for new construction if available.
- iv. Market Study - Please include any market studies completed for the project.
- v. Community Engagement - Information about community engagement completed or planned. Describe what community engagement surrounding the project that has been completed. Describe what actions have been taken to communicate the project characteristics and progress with immediate neighbors.

c. Property Information

- i. Description of current property ownership. If someone owns property other than the Applicant, include a description of the Applicant's means of site control as well as copies of any lease, option, or purchase agreements.
- ii. If acquisition provide appraisal. If rehabilitation provide scope of work or other property studies,
- iii. Copies of any available engineering, environmental, describe any plans for remediation or other environmental cleanup.

d. Financial Information

- i. Financial Capacity - Most recent two years of audited financial statements of Sponsor or anyone having 20% or more ownership. If Applicant is a special purpose or single-asset entity, also submit the most recent two years of audited financial statements for the controlling entity of Applicant. Applicants that do not have audited financial statements shall submit sufficient financial documentation to verify capacity to complete the development.
- ii. Documentation of Other Funding – Provide list of other sources of project funding and evidence of firm commitment.
- iii. Development budget sources and uses. Must be broken out with sufficient detail that AAHDC can determine cost reasonableness.
- iv. Operating proforma with a minimum 15-year term with enough detail that AAHDC can determine cost reasonableness.
- v. Resident Services 5-year operating budget if requesting resident services funding, including other service funding secured or that will be raised/applied for.

F. PROPOSAL SUBMITTAL DEADLINE

Due Date & Time: Proposals submitted in response to this RFP must be received by AAHDC at Jhall@a2gov.org by 5pm on Thursday August 29, 2024 by email only.

- Respondents may contact Jennifer Hall, Executive Director, Jhall@a2gov.org with written questions concerning this RFP. All questions shall be sent by e-mail.

G. PROPOSAL EVALUATION SCORING

Submissions must complete the application cover sheet below and submit additional sufficient documentation to meet all requirements in the Sections C, D, and E above. The application will be evaluated and rated according to the scoring criteria below.

CRITERIA		SCORING (100)	
A. Leveraging	Millage request as a % of total development costs	0 - 20	
	Donated land/buildings, long-term nominal lease terms, and/or project based operating subsidies	0 - 10	
B. Capacity	Development Team Experience	0 - 20	
	Non-profit developer (majority owner and majority developer fee)	10	
C. Readiness to Proceed	Realistic development plan and construction within 9 months of application	0 - 20	
D. Income Targeting	30% AMI income target for more than 15% of the total units	0 - 10	
E. Sustainability	Extent of sustainability above threshold standard	0 – 10	

1. Each application will be evaluated by the above-described criteria and point system (A through E). The AAHDC reserves the right to reject any application that it determines to be unresponsive and deficient in any of the information requested for evaluation. An application with all the requested information does not guarantee the applicant will be awarded funding. References may be requested to verify material submitted.
2. The AAHDC may, at its option, will provide an opportunity to discuss in more detail an applicant’s proposal and adjustments to scoring will be made if appropriate.

Any proposal that does not conform fully to these instructions may be rejected.

ADDENDA

If it becomes necessary to revise any part of the RFP, the addendum will be posted to:

<https://www.a2gov.org/departments/Housing/Pages/default.aspx#notice>

H. Ann Arbor Affordable Housing Millage Funding Application COVER SHEET



ANNARBOR HOUSING COMMISSION

Applicant/Sponsor:

Sponsor/Applicant: _____

Contact Name: _____

Address: _____ Telephone: _____

Email: _____

Owner (if different than Applicant): _____ Contact: _____

Address: _____ Telephone: _____ Email: _____

List All Entities/Owners Who Are Earning Any Portion of Developer Fee:

Name: _____ Address: _____ %: _____

Name: _____ Address: _____ %: _____

Name: _____ Address: _____ %: _____

Name: _____ Address: _____ %: _____

Ownership Entity Structure:

Individual/entities	501(c)3 or wholly owned subsidiaries	TIN#	% Owner
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Has Any Member of Applicant/Sponsor/Owner ever filed for bankruptcy, defaulted on any loan, or been debarred: NO YES; If yes, please submit a written explanation with the proposal.

Project Detail

Project Name: _____ Project Address: _____

Parcel Identification Number: _____

Check all that apply: New Construction Acquisition Rehabilitation
 Adaptive Re-Use Historic Preservation Mixed Use

Check all that apply: Mixed Income Permanent Supportive Housing

Low/Moderate Income (all units restricted below 60% AMI) SRO

Site Acreage: _____ Existing Building SF: _____

Proposed Residential SF: _____ Existing Zoning: _____

Proposed commercial SF: _____ Residential Common Areas SF: _____

Check all that apply: Residential Unit Type: Apartment Duplex
 Townhome/Row House Semi-Attached Detached Other: _____

Total Residential Units: _____ Number of Restricted Units 31% - 60% AMI: _____

Number of Unrestricted Market Units: _____ Number of 30% AMI or less: _____

Project Funding (full description of funding plan must comply with Section E(d) of RFP):

Total Development Costs: _____ Amount of Funds Requested: _____

Proposed Terms of Repayment: _____

Proposed Project Schedule:

Milestones

Date

Predevelopment

Ownership Entity Created

Zoning

Site Plan Approval

PILOT Approval (if applicable)

Financing Approvals

Firm Construction Financing Commitment(s)

Firm Permanent Financing Commitments (s)

Equity Financing Commitment(s)

Other Subordinate Financing Commitment(s)

Closing and Construction/Rehab

Final Plans and Specifications

Building and Other Required Permits

Construction financing closing

Construction Start

50% Construction Completion

100% Construction Completion

Permanent financing closing

Lease Up/Stabilization

Start of Lease Up

Lease Up Complete

Stabilized Operations

Certification of Application: As an authorized party of the sponsor/applicant/owner, I attest that all the information included in the AAAHM Application is true and correct.

Signature: _____

Name: _____

Title: _____

Date: _____

For ease of review, please label attachments