

HOME GOOD

ACCELERATING PERMANENT SUPPORTIVE HOUSING

Home For Good Funders Collaborative Request for Proposals



BACKGROUND

Homes end homelessness. Since its launch in 2011 the Home For Good Funders Collaborative (Funders Collaborative) has aligned and invested public and private resources to unlock more doors to our most vulnerable homeless neighbors in LA County. In the last three years, we have invested significantly in building the capacity of housing developers to accelerate our supportive housing pipeline. As a result of these efforts, the housing pipeline has more than doubled in size. With the passage of Proposition HHH in 2016 and policy changes reducing regulation and cost, like the PSH Ordinance, we have been able to add thousands of new units to the pipeline.

Despite this growth, we know there are still significant barriers to development threatening our ability to maximize resources and reach our housing goals. Rising cost of construction, competition for land, and complicated financing structures are forcing us to look differently at how we build in LA. Building on the County's Housing Innovation Challenge, and in anticipation of LA City's Proposition HHH Housing Challenge and LA County's Mental Health Housing Program: Alternative Housing Models Notice of Funding Availability (NOFA) and No Place Like Home (NPLH) NOFA funding opportunities, the Funders Collaborative is issuing this Request for Proposals (RFP) to support developers in exploring strategies to develop high-quality, scalable supportive housing in LA County.

ACCELERATING PSH COMMITTEE

The Accelerating Permanent Supportive Housing funding opportunity was developed over a series of planning sessions by the following core group of Funders Collaborative members, private lenders, public agency partners, and experts in supportive housing development and land use.

Alex Dawson (LISC)

Ann Sewill (California Community Foundation)

Chris Hubbard (California Community Foundation)

Chris Ko (United Way of Greater Los Angeles)

Emily Bradley (United Way of Greater Los Angeles)

Gary Painter (Homeless Policy Research Institute)

Iilir Lita (Mayor's Fund for Los Angeles)

Jennifer Kim (LA County Homeless Initiative)

Jim Ries (Craig Lawson & Co, LLC)

Kristin Aldana-Taday (Conrad N. Hilton Foundation)

Lynn Katano (LA CDC)

Marc Tousignant (Enterprise Community Partners)

Maria Funk (LA County Department of Mental Health)

Myk'l Williams (LA County CDC/HACoLA)

Nedda Ismaili (City National Bank)

Neil Haltrecht (Business Leaders Task Force)

Rosa Benitez (Weingart Foundation)

Tommy Newman (United Way of Greater Los Angeles)

Tristina Sinopoli (CSH)

Tunua Thrash-Ntuk (LISC)

The Accelerating Permanent Supportive Housing RFP was further informed by conversations with nonprofit and for-profit developers in LA County and other communities.

ACCELERATING PERMANENT SUPPORTIVE HOUSING RFP

The Accelerating PSH (APSH) funding opportunity seeks partners to explore new housing concepts that further advance the housing development pipeline and leverage upcoming public funding opportunities.

FUNDING OPPORTUNITY GOALS

Building on the Funders Collaborative's long-standing commitment to accelerating the pipeline of supportive housing in LA County, this funding opportunity looks to further amplify our collective efforts.

The goals of this funding opportunity are to be:

- **CREATIVE + MEANINGFUL:** Invest in projects that are less expensive and built faster than conventional housing development, without sacrificing high-quality, sustainable property management and service delivery to meet the needs of high acuity tenants.
- **ACHIEVABLE:** Support the success of promising supportive housing concept(s) that efficiently and effectively leverage public or private financing.
- **SCALABLE:** Add a collective 500 units of supportive housing in LA County by supporting concepts which can be replicated and scaled to grow the housing pipeline.

Through this effort the Funders Collaborative intends to partner with selected projects support and more closely evaluate the efficiency and effectiveness of innovative housing concepts. Through this effort, we hope to inform our community's efforts to accelerate the supportive housing pipeline in LA County and shape future public and private funding opportunities.

PROJECT CONCEPTS

All applications for funding should employ at least one of the following project concept areas. Developers are encouraged to layer as many concepts and strategies as appropriate for their proposed project.

Operations/Design

- Shared living spaces with a minimum of one bedroom/one bath per person

Land Use/Entitlement

- "By right," small lot sizes/infill sites
- Adaptive reuse of unoccupied structures (not subject to Wiggins Settlement or Ellis Act)
- Reduced parking

Construction

- Manufactured, pre-fabricated, factory-built
- Alternative construction materials

Financing

- Purchased turnkey development in which housing development project developed by a private entity and acquired by a developer for supportive housing

Surprise Us! Applicants may also propose alternative strategies provided they are consistent with the goals of this RFP.

ELIGIBILITY + COMPETITIVE CRITERIA

Each project is invited to apply under one of the following financing tracks, and must meet the corresponding minimum requirements.

MINIMUM ELIGIBILITY

All proposals must meet the following minimum qualifications.

COMPETITIVE CRITERIA

The most competitive proposals will go beyond eligibility in the following ways.

PUBLIC/PRIVATE FINANCING	PRIVATE FINANCING	
SCALE & SPEED		
Develop a minimum of 50 supportive housing units (may be across multiple project sites) within 36 months from contract approval.	Develop a minimum of 50 supportive housing units (may be across multiple project sites) within 36 months from contract approval.	Propose a project or concept that goes beyond minimum unit production required. Outline a construction timeline that will be complete within 24 months, as required for LA City's \$120M Prop HHH Housing Challenge and LA County's Alternative Housing Models NOFA.
TENANT SELECTION		
All projects must utilize the Coordinated Entry System (CES) for tenant selection.	All projects must utilize the Coordinated Entry System (CES) for tenant selection	Demonstrate a project design and operations that primarily supports homeless clients with serious mental illness, as required for LA County's Alternative Housing Models & NPLH NOFAs.
COST & LEVERAGE		
Requires no more than the maximum subsidy amount allowed per projected public financing sources (e.g., LA City Prop HHH Housing Challenge and LA County Alternative Housing Models & NPLH NOFAs).	Projected total development cost lower than \$400,000/unit.	Showcase a creative concept that reduces per unit public subsidies well beyond maximum allowable levels and/or introduces sustainable/scalable uses of private financing and alternative equity.
AFFORDABILITY		
Commit to affordability covenants required by project's public funding sources.	An affordability covenant is not required.	Commit to a 55-year affordable land covenant.
EXPERIENCE		
Must have sufficient experience to meet minimum requirements OR request assistance from the Funders Collaborative to be matched with a sufficiently experienced partner.	Proposers of all experience levels are eligible to apply.*	Incorporate experienced supportive housing developer in design team.

**Developers with limited affordable housing experience are encouraged to partner with an experienced developer or service provider, or express a willingness to work with the Funders Collaborative to identify an appropriate partner.*

AWARDS PACKAGE

Through this RFP, the Funders Collaborative will support two types of projects – public/private financing and private financing. All projects selected will receive the following in-kind support from the Funders Collaborative regardless of development stage and funding commitments to date. Additional conditional grant funding support will be provided from concept to construction to support pre-development and recoverable costs.

IN-KIND SUPPORT – *The Funders Collaborative, through its network of system, lending, funding and public agency partners, will provide the following in-kind support to promote project success:*

1. Letter of Support from the Home For Good Funders Collaborative
2. Convened lender review table to strengthen project pro forma and centralize consideration for future loan support.
3. Technical assistance to finalize and enhance project design and/or plans for services and property management.
4. Creation of partnerships to support effective project/services design, construction, and ongoing operations.
5. Community engagement through United Way's Everyone In campaign to support siting, development and grand opening.

GRANT FUNDING SUPPORT – *Up to \$500,000 in grant support will be provided through the Funders Collaborative and its members to selected public/private financing** and private financing projects.*

Phased Pre-Development Funds - *Up to \$250,000 in pre-development grants to support the following types of expenses. Early concept projects may only use up to \$75,000 until a viable pro forma is submitted to and accepted by the Funders Collaborative.*

1. Project staffing/consulting (Up to \$150,000)
2. Financing Feasibility Modeling/Capital Formulation
3. Land Use/Acquisition Modeling

Recoverable Grants - *Up to \$250,000, and no more than 50% of unsecured deposit total, in grant support for recoverable expenses***:*

4. Site acquisition deposits
5. Deposits needed for pre-fabricated, modular, or factory-built housing orders, not covered through other sources such as the Mayor's revolving loan fund
6. Small loans that are unsecured by real estate or over loan to value lending

***Grant support to public/private financing projects will be contingent on approval of public funding.*

****The Funders Collaborative may elect to allow awarded partners the opportunity to reinvest recoverable grants in future development projects as milestones are met.*

PRIVATE LOANS CONSIDERATION - *In partnership with private and nonprofit loan partners, the following loan opportunities will be coordinated with selected projects after initial financial feasibility has been established and/or public funding has been approved.*

1. Debt financing (Pre-development Loans, Acquisition, Construction, Permanent)
2. Low-Interest Program Related Investments
3. Loan Guarantees

APPLICATION

Applicants are encouraged to apply, no matter what stage they are in the development process, with an achievable housing concept that meets the goals of this RFP. At this point in time, we are asking for an initial understanding of your project design and financing. For those selected for funding, you may be asked for additional details at later stages, such as property management plan, service plans, and an updated project pro forma.

All application information and templates are available on the Home For Good Grantseekers page at www.homeforgoodla.org/grantseekers.

PROJECT CONCEPT NARRATIVE – Provide narrative responses to the following questions in a Word document. Maximum of 500 words per question.

1. **Project Team** – Describe your current project design team, including their experience with supportive housing, affordable housing or real estate development. If your team does not meet the minimum experience requirements, please share your interest and willingness to be matched to partners that may help strengthen your project team.
2. **Project Design** - Describe your project, the relevant RFP concepts it incorporates (See pg. 2), and what makes it a compelling concept for this opportunity. Include relevant project details such as number of units, construction materials, on-site parking, entitlements, etc. If available, include drawings or other visual presentations of your design.
3. **Client-Centered Design** – What type of clients will be served through your housing project? Outline how specific design elements of your proposed project meets the unique needs of the population the project will serve and how this group will be engaged in the design process. If no service plan has yet been developed, how will clients and other key public and private stakeholders be engaged in the design process?
4. **Site Status** - Do you currently have site control for this project? What is the value of the land you have acquired? Please describe the source of the appraisal. If you do not have site control, what is your plan for identifying and securing a site?
5. **Feasibility** - This funding opportunity allows projects at various stages of design, approval and development to apply. Given where you are at and the project concepts you are utilizing, describe at least one aspect of your project that is currently a challenge or lacks clear feasibility.
6. **Financing** - Briefly describe your financing plan, including which sources you intend to use. Use the attachment to illustrate your intended financing model. If a public/private project, does your model request less than the maximum subsidy level? Does your model employ, or would it be able to employ, the use of federal section 8 vouchers for rent payments? If no, why not?
7. **Scalability** – What makes this design particularly replicable by you and others? How would successful project completion advance broad implementation of the concept(s) employed?
8. **Funding Request** - What types of funding and supports would be most helpful in ensuring your project's success (See pg. 4)? How will this private funding and upcoming public funding sources help overcome a barrier in building your project faster, cheaper or at scale?

REQUIRED ATTACHMENTS – Complete the provided templates for the following project attachments:

- **Application Cover Sheet** – Provide a snapshot of your organization, project and request.
- **Financing Plan** - Complete provided financial template, or provide a copy of your project pro forma, with as much information as you currently have on your funding sources, uses and proposed multi-year operating projections.
- **Project Timeline** - Briefly describe where the project is in the development process and the anticipated timing of major project milestones from site control to lease up and operating.

QUESTIONS

Questions related to this funding opportunity will be accepted until Wednesday, March 27, 2019 at 12pm PDT by email to rfp@unitedwayla.org. All questions submitted will be compiled into a Frequently Asked Questions list that will be regularly updated and uploaded to the Home For Good Grantseekers webpage at www.homeforgoodla.org/grantseekers.

An optional, informational webinar will be held on Tuesday, March 12, 2019 at 10:30am-12pm PDT to provide an overview of this funding opportunity and answer applicant questions. RSVP by email to rfp@unitedwayla.org to be provided with webinar access information.

Additionally, an Applicant Open House will be held on Tuesday, March 26 from 2-4pm PDT at United Way. During this optional, in-person event, applicants will have the opportunity to connect with United Way staff and members of the RFP Committee to scope final project details and strengthen request prior to submission. This space is also intended to provide applicants the opportunity to connect with each other to build partnerships for this and future projects. RSVP by email to rfp@unitedwayla.org in advance for planning and security purposes.

SUBMISSION & REVIEW

Applicants may submit applications for review between Tuesday, March 26 – Thursday, March 28 by email to rfp@unitedwayla.org. No applications will be accepted prior to this submission period. No hard copy proposals or proposals submitted after the close date will be accepted. All document should be submitted in their original format (i.e., Word, Excel) to support the review process.

Submissions meeting the minimum qualifications will be advanced for review by the APSH Committee of the Funders Collaborative. This panel of system leaders, public agency representatives, and philanthropic partners with housing expertise will review applications and recommend projects for award. After approval by the Funders Collaborative, United Way will work to coordinate and contract all awards made.