

# City of Cupertino

## Notice of Funding Availability (NOFA) and Request for Proposals (RFP)

Issued: November 12, 2019

Deadline: February 7, 2020

The City of Cupertino has issued the fiscal year (FY) 2020-21 Notice of Funding Availability (NOFA) and Requests for Proposals (RFP). The City is requesting proposals for eligible capital housing projects and public service programs. The City may award and appropriate funds to one or more eligible projects in each funding category. Funds must be used to serve low-and/or moderate-income households located within the City of Cupertino jurisdiction limits.

**The following funding sources are on a one-year grant funding cycle (FY 20/21):**

1. Below Market Rate (BMR) Affordable Housing Fund (AHF) Capital Housing Projects (up to \$6,000,000)
2. Community Development Block Grant (CDBG) Capital Housing Projects (approx. \$245,000)

**The following funding sources are on a three-year grant funding cycle (FY 20/21, 21/22, & 22/23):**

3. BMR AHF Public Services (up to \$50,000)
4. CDBG Public Services (approx. \$55,000)
5. General Fund Human Services Grant (HSG) Program (up to \$100,000)

The estimated CDBG dollar amounts may change based upon the final federal budget approved by Congress. BMR AHF, CDBG, and HSG allocations are subject to City Council approval and may change as a result.

### **CAPITAL HOUSING PROJECT FUNDS:**

• **Funding Source #1- BMR AHF Capital Housing Projects (FY 20/21):**

The City estimates up to **\$6,000,000.00** will be available to fund eligible BMR AHF capital housing projects on a competitive basis for FY 20/21. BMR AHF funds must be used for eligible housing projects that will serve low- and/or moderate-income households located within the City of Cupertino jurisdiction limits.

**(Note: One-year funding cycle for FY 20/21 only.)**

#### **Project Requirements:**

BMR AHF capital housing project funds will not be granted or issued as forgivable loans. The City invites eligible non-profit and for-profit Development Entities (DEs) to submit proposals for eligible funding activities, which include, but are not limited to:

- Land acquisition
- New construction
- Acquisition and/or rehabilitation of buildings for permanent affordability
- Substantial rehabilitation

#### **Project Affordability Requirements:**

BMR AHF affordable rental and/or ownership housing proposals must meet the City's BMR requirements and offer 99 years of affordability. An affordable regulatory agreement will be recorded against the property to ensure affordability.

#### **Eligible Development Entities (DEs):**

Eligible DEs include non-profit and for-profit organizations licensed to conduct business in the State of California.

- DEs must demonstrate credit worthiness, financial capacity, relevant experience to undertake acquisition, rehabilitation, operation of rental housing, or redevelopment of new affordable housing.
- DEs must have no negative financial and project management history within the last five years (i.e., DEs has not been in monetary default on a loan and has been current on all financial obligations and compliance documentation).

Loan Terms and Requirements:

	<b>Rental</b>	<b>Ownership</b>
<b>Loan Type:</b>	Acquisition, predevelopment/construction converting to permanent, rehabilitation	Acquisition, rehabilitation and/or construction
<b>Interest Rate:</b>	3.0% simple interest	3.0% simple interest
<b>Loan Term:</b>	30 yrs.	30 yrs.
<b>Affordability Term:</b>	99 yrs.	99 yrs.
<b>Security:</b>	Deed of Trust, Promissory Note and other regulatory agreements recorded against the property as required by the City	Deed of Trust, Promissory Note, and other regulatory agreements recorded against the property as required by the City
<b>Security Position:</b>	Will consider subordinating to a construction or permanent lender with City approval	Will consider subordinating to a construction or permanent lender with City approval
<b>Repayment Terms:</b>	Interest only. All outstanding interest and principal will be due in full and payable on or by the maturity date	Interest only. All outstanding interest and principal will be due in full and payable on or by the maturity date
<b>Timeframe:</b>	It is expected that projects must proceed expeditiously to construction	It is expected that projects must proceed expeditiously to construction
<b>Financial Pro-Forma:</b>	Submit development financial pro-forma to be reviewed by City. Subject to review by qualified third-party consultant/organization to determine reasonableness	Submit development financial pro-forma to be reviewed by City. Subject to review by qualified third-party consultant/organization to determine reasonableness
<b>Environmental Conditions:</b>	All environmental conditions (EX: CEQA) that are applicable to an eligible project must be satisfied	All environmental conditions (EX: CEQA) that are applicable to an eligible project must be satisfied
<b>Project Conditions:</b>	Project may be subject to Planning Commission and/or City Council approval prior to Deed of Trust, Promissory Note and other recorded regulatory agreements being executed and disbursement of funding being approved	Project may be subject to Planning Commission and/or City Council approval prior to Deed of Trust, Promissory Note and other recorded regulatory agreements being executed and disbursement of funding being approved

Underwriting Criteria:

Proposals and DE's will be underwritten in accordance with City policies which includes, but not limited to, compliance with the General Plan, BMR Housing Mitigation Program Procedural Manual (Housing Mitigation Manual), and Policy and Procedures Manual for Administering Deed Restricted Affordable Housing Units (BMR Manual).

- **Funding Source #2: CDBG Capital Housing Projects (FY 20/21):**

The City estimates allocating up to **\$245,000** in funding for eligible CDBG capital housing projects on a competitive basis for FY 20/21. CDBG capital housing project funds must be used for projects that will serve

low-income households located within the City of Cupertino jurisdiction limits. The CDBG program is directed toward expanding and maintaining the affordable housing supply; promoting housing opportunities and choices; maintaining and improving community facilities; increasing economic opportunities, accessibility, energy efficiency and sustainability; and providing supportive services specifically for persons of very-low and/or low-income. Targeted groups might include persons who are homeless, seniors, persons with disabilities, and other special needs groups.

The City estimates receiving approximately **\$369,000** in CDBG program entitlement funds from the United States Department of Housing and Urban Development (HUD) for FY 20/21. If there are any unused CDBG funds from the prior FY 19/20, the funds will be added to the eligible CDBG capital housing project category. CDBG funding is allocated on a competitive basis. A list of eligible CDBG capital housing project activities is available on the HUD website: <https://www.hudexchange.info/cdbg-entitlement/cdbg-entitlement-program-eligibility-requirements/>.

### **Santa Clara County Measure A- Affordable Housing Bond**

The City's NOFA/RFP is issued in conjunction with the County's NOFA for the Measure A- Affordable Housing Bond. Measure A funding is available on a rolling basis for development capital funding, project-based vouchers, and acquisition funding. Information and applications are available on the County's website: <https://www.sccgov.org/sites/osh/HousingandCommunityDevelopment/AffordableHousingBond/Pages/home.aspx>

### **PUBLIC SERVICE FUNDS:**

**(Note: Three-year funding cycle for 20/21, 21/22, & 22/23.)**

- **Funding Source #3- BMR AHF Public Services (FY 20/21, 21/22, & 22/23):**

The City estimates up to **\$50,000** will be available to fund eligible BMR AHF public service programs on a competitive basis for FY 20/21. BMR AHF funds must be used for eligible public service programs that will serve low- and/or moderate-income households located within the City of Cupertino jurisdiction limits. Eligible programs include tenant/landlord dispute resolution, fair housing programs, and other programs serving low- and/or moderate-income households.

- **Funding Source #4- CDBG AHF Public Services (FY 20/21, 21/22, & 22/23):**

The City estimates allocating up to **\$55,000** in funding for eligible CDBG public service programs on a competitive basis for FY 20/21. CDBG public service funds must be used to serve low-income households within the City of Cupertino jurisdiction limits.

- **Funding Source #5- HSG Public Services (FY 20/21, 21/22, & 22/23):**

The City estimates allocating up to **\$100,000** in funding for eligible HSG programs on a competitive basis for FY 20/21. HSG funds must be used to serve low- and/or moderate-income households within the City of Cupertino jurisdiction limits.

Eligible HSG programs may include, but not be limited to:

- Senior services
- Homeless services
- Other services that serve low- and/or moderate-income households

### **RFP Review Process:**

Upon receipt of proposals, staff will conduct an initial review to determine program and/or project eligibility and completeness. The City reserves the right to send a written request to an applicant requesting additional information.

After the RFP deadline has been completed, all eligible and complete program and/or project applications will be forwarded to the City's Housing Commission for initial rating and ranking. The Housing Commission is a five-member board appointed by the City Council and serves as the recommendation body to the City Council

regarding housing policies and funding recommendations. A Housing Commission public hearing will be held in which the initial rating and ranking of eligible and complete program and/or project applications will occur. After the Housing Commission has initially rated and ranked applications, the funding recommendations will be forwarded to the City Council for final approval. A City Council public hearing will be held in which the final funding recommendations for FY 20/21 will be made.

**Award Notification:**

After the City Council has made the final funding recommendations, organizations will be notified with results funding through this RFP for FY 20/21.

**Disclaimer:**

This RFP does not commit the City to award any contract or developer agreement, execute any grant or loan documents, pay and pre-award expenses, or pay any costs incurred in the preparation of a proposal. The City reserves the right to: 1) accept or reject any or all proposals received; 2) waive a non-substantive deficiency or irregularity; 3) negotiate with any qualified applicant; 4) execute grant or loan documents in what it believes to be in the best interest of the City; 5) cancel this request, in part or its entirety, if it is deemed to be in the best interest of the City; 6) reject the proposal of any applicant who has previously failed to perform properly; 7) reject the proposal of any applicant who has failed to complete a contract within the specified timeframe; 8) reject the proposal of any applicant that is not in a position to fulfill a resulting contractual obligation; or 9) recommend partial funding of a proposal.

**Evaluation Criteria:**

Proposals will be reviewed and scored relative to the below program and project scoring summary. **The maximum possible score is 100.**

<b>Scoring Summary</b>	<b>Points</b>
1. Organization Experience and Capacity	50
2. Program/Project Readiness	30
3. Program/Project Leveraged Funds	20
<b>Maximum Possible Score</b>	<b>100</b>

**RFP Application Information & Deadlines:**

The RFP application period will open at 8:00am on Tuesday, November 12, 2019 and will end at 5:00pm on Friday, February 7, 2020. Organizations who intend to apply for funds through this RFP must apply online at [www.citydataservices.net](http://www.citydataservices.net). To obtain a temporary login username and password, please visit and request at [www.citydataservices.net](http://www.citydataservices.net). For additional questions, please contact Kerri Heusler, Housing Manager, at [kerrih@cupertino.org](mailto:kerrih@cupertino.org) or 408.777.3251. Any RFP application that does not meet the deadline will not be accepted.

**Note: All proposals are subject to the conditions, instructions and specifications included in this RFP. Applicants will be notified of upcoming meetings and public hearings to discuss the expenditure of BMR AHF, CDBG, AND HSG funds.**