



DEVELOP LOUISVILLE

LOUISVILLE FORWARD

2017 NOTICE OF FUNDING AVAILABILITY

Funding for Louisville Metro Government's Affordable Housing
Development Projects

February 22, 2017

Develop Louisville

Office of Housing & Community Development

Greg Fischer – Mayor

Gabe Fritz - Director

Notice of Funding Availability (NOFA)

Develop Louisville, working through its Office of Housing and Community Development (“OHCD”), is soliciting proposals from nonprofit Community Housing Development Organizations (“CHDO”), for “gap financing” needs associated with Metro-wide affordable housing development projects. Louisville Metro Government (“LMG”) has set aside funding from the U.S. Department of Housing and Urban Development (“HUD”) HOME Investment Partnerships Program (“HOME”), to fund up to two projects.

The 2017 NOFA focuses on HOME and the program goals are to offer housing choices to a range of homebuyers and renters, by creating “quality of place” neighborhoods, with a diverse blend of affordable housing types, supported by public facilities and other amenities. LMG has CHDO set-aside and general HOME dollars available to commit for projects. LMG has budgeted \$1,200,000.00 for this CHDO NOFA.

All proposals (in excess of \$100,000.00) selected by OHCD for the use of funding shall be submitted to the Metro Council Budget Committee for approval by the Council and release of funding. OHCD has the right to reject any proposals not approved by Metro Council.

LMG created, in consultation with Capital Access, Inc. the “Affordable Housing Development Program & Application Guidelines.” in an effort to familiarize developer(s), Metro Council, and other internal and external stakeholders, with our housing programs and application processes. These guidelines provide underwriting guidance; introduces the Rental, Lease-Purchase and Homeownership Production Programs; explains program funding rules and requirements; and provides specific instructions on how to apply for funding.

The Application Guidelines are complemented by LMG’s Application/Proforma: (1) to evaluate the relevant experience of the development team; (2) to evaluate the development’s fiscal viability and staffing; (3) to evaluate the market capacity for homebuyer projects that involve development activities; (4) to calculate the sustainability of a project; and (5) to provide an outline of LMG’s documentation requirements. The Application/Proforma(s) will be evaluated by a Review Committee, who will objectively weigh the proposals, with the use of an Evaluation Scoring Criteria.

All applications will be reviewed and summarized in a Deal Memo or Deal Summary, to be submitted to a Selection Committee (representative of respective LMG departments and/or other industry professionals), who will make the final selection, as informed by the Deal Memo or Deal Summary and the Evaluation Scoring Criteria. 2017 proposed grant recipients may be invited to make a short presentation to the NOFA Selection Committee.

The Guidelines, the Application/Proforma and the Evaluation Scoring Criteria will be emailed to the interested CHDOs and posted to the OHCD website. The most responsive proposals that best meet the current needs and long term goals of LMG will be selected. OHCD reserves the right to reject any proposal and/or waive any requirements of the solicitation process. For more information about this notice, please contact Kevin Sullivan, CHDO Program Manager at (502) 574-2815.

*Office of Housing & Community Development
January 27, 2017*

Mission

*Develop Louisville leads an integrated approach to
development that optimizes the vitality and the
sustainability of the entire community*

TABLE OF CONTENTS

Purpose.....	Page 5
Preferences for Project Funding.....	Pages 5-7
Submission Requirements.....	Page 8
Evaluation & Scoring Criteria.....	Page 8
Other Federal Requirements.....	Page 10
Terms & Conditions.....	Page 11-12
Licensing & Business Requirements.....	Page 13
Equal Employment Opportunity.....	Page 13
Minority, Women & Small Business Enterprise.....	Page 13
HUD Section 3, 24 CFR Part 135.....	Page 13
Title VI.....	Page 14
2017 NOFA Timeline.....	Page 14

1.0 PURPOSE OF THE NOFA

OHCD is committed to the development of affordable housing in Louisville, Jefferson County, Kentucky. The objective of this Notice of Funding Availability (NOFA) is to outline detailed processes and policies related to Louisville Metro Government's real estate development investments; and to create a single point of entry, or process, to vet the receipt of affordable housing project proposals. In the furtherance of our departmental mission, OHCD is formally soliciting proposals from **qualified** developers for **gap financing** to advance Metro-wide real estate investment activities.

LMG will prioritize projects that speak to Community Impact, e.g., projects that leverage existing neighborhood development activity in a way that provides for a visible impact. LMG is particularly interested in projects that will contribute to permanent revitalization of an area, repurpose vacant and abandoned real estate and/or redevelop property currently owned by LMG. Developer capacity will be evaluated, with a review prioritized on past performance, particularly on projects successfully developed of a similar size and complexity. Project Characteristics, Market Assessment, Financial Structure, and Readiness to Proceed will also be evaluated.

The NOFA is open to Certified Community Housing Development Organizations (CHDOs). **The project must comply with the HUD 2013 HOME Final Rule, 24 CFR, Part 92 - Published July 24, 2013.** Although this NOFA summarizes portions of the HOME requirements, Developers should refer to the effective HOME Final Rule in its entirety for a comprehensive description of all requirements.

2.0 PREFERENCES FOR PROJECT FUNDING

2.1 Threshold Criteria for Project Proposals

For a project to be eligible for funding, it must meet the criteria listed below. If the proposed project fails to meet any of the criteria listed below, the proposal will be considered non-responsive.

- The Project must be located within Louisville (Jefferson County), Kentucky.
- The Project must conform to meet the HUD 2013 HOME Final Rule.
- Developers, including principals, members, and contractors, must be current on all financial obligations to LMG. LMG reserves the right to withhold funding awards from an organization, agency or development team with outstanding disallowed costs,

defaulted loans, debarment actions, delinquency, default, or non-compliance on any current Metro-funded project, or any other legal encumbrances.

2.2 Funding Priorities for Proposed Projects (Not necessarily in rank order.)

- Projects that rehabilitate existing structures, including historic structures.
- Projects that rehabilitate or redevelop vacant and/or abandoned property and/or property currently owned by Louisville Metro or Metro affiliated entities.
- Projects that build on existing and emerging neighborhood anchors (such as a school, church, full-grocery store, hospital, park, or public transportation route within a .25 mile; other LMG assisted efforts, such as a geographic focus on Priority Project Areas (“PPA”) as specified in the Vacant and Abandoned Property Neighborhood Revitalization Study, prepared by RKG.
- Projects that increase affordable housing for low-and moderate-income households in census tracts that are not predominantly low-income; promoting mixed-income neighborhoods.
- Projects that leverage private funding and qualifies as HOME Match to count toward Metro HOME Match Requirements.
- Projects that do not permanently displace existing residents.

2.3 Development Team Qualifications & Commitments

Developer capacity and fiscal soundness will be examined. The proven ability of the Developer or development entity to perform administrative, managerial, and operational functions, and oversee the work necessary for successful completion of the proposed project, and place it in service in accordance with the construction or other schedules submitted within the Application will also be considered. To be eligible, an applicant must exhibit prior work experience of the same general type and complexity as the project being proposed, resulting in successful development of affordable housing projects. Staff, partners, or consultants need to demonstrate experience of the same general type and complexity as the housing development proposed.

The Developer may either provide services in the appropriate disciplines by his/her firm or through joint ventures or agreements with outside firms that meet the criteria of experience.

The Developers selected will be required to enter into a Conditional Commitment Agreement with OHCD, formalizing intent to commit funds for eligible Project expenses pending completion of the environmental review. (*The Conditional Commitment does not constitute a "commitment" pursuant to definition found within 24 CFR 92.2.*) The Conditional Commitment Agreement will require that certain evidentiary items be submitted. Such deliverables include, but are not limited to: Post Construction Appraisals; Affirmative Marketing Plan; unit sizes and mix; initial rent schedule and updated financial information; and/or Phase I environmental site assessment. (Please see attached Application Guidelines Section D. Environmental & Historic Review section).

After satisfactory completion of the environmental review, all necessary financing is secured, budget and production schedule is established, underwriting and subsidy layering is completed, and construction commencement is expected within a few months; the selected Developers will be required to enter into a Development Agreement with OHCD. Entering into a Development Agreement with OHCD equals the commitment of HOME funds to a project. The Development Agreement will specify the terms and conditions for the use of funds, work schedules for the Project, affordability and reporting requirements, requirements for the inclusion of diverse business enterprises, Section 3 good faith efforts to employ low-income vendors or laborers, and such other provisions, depending on the role the entity assumes, or the type of project undertaken.

2.4 Structure of Funding Allocation

Proposals shall be identified for the expenditure of HOME program funds to provide gap financing for acquisition, new construction, or rehabilitation of affordable housing. Applicants must describe in their initial application how they will finance the construction/rehabilitation of the project. The applicant must include in their initial package a Letter of Intent from all proposed interim and permanent lenders. Projects will typically receive construction financing that converts to a combination of permanent subsidy, repayment to LMG, or retention as CHDO Proceeds to develop additional units. A lender's Commitment Letter must be provided prior to the commitment of HOME funds. Developers may use up to twelve percent (12%) of the HOME funds awarded for developer fees. Upon completion of the project, HOME funding may remain as a permanent loan on the project, which may be amortized for the term of the prescribed Affordability Period.

LMG reserves the right to fund any projects which meets or exceeds the minimum threshold of 60 points on the 2017 NOFA Evaluation Scoring Criteria. LMG expects the Applicant to accept development project responsibility from project inception to project completion to compliance to the period of affordability. More specifically, the preparer of the application should have an ownership interest in the project and should have the authority to execute the binding project

agreements. Proposals that do not meet the threshold criteria listed in Section 2.1 will be rejected and will not be scored.

3.0 SUBMISSION REQUIREMENTS

3.1 Submittal Specifications

Developers will have a short turnaround time to prepare a submission for this NOFA (Formal Submission Due by April 10, 2017). Formal submissions must include: (1) Developer Letter of Interest; (2) one digital copy of the Application/Proforma and attachments/enclosures; and (3) one original signed copy of the Application/Proforma and attachment/enclosures in a sealed envelope. Formal submissions must include **all** the required attachments or enclosures noted in the Instructions Tab in the Application/Proforma.

Please submit responses to:

Mr. Kevin Sullivan
CHDO Program Manager
Develop Louisville Office of Housing & Community Development
444 S. Fifth St, 5th Floor
Louisville, Kentucky 40202

3.2 Evaluation & Scoring Criteria

Completion of the entire Application/Proforma and the required attachments will serve as the Developers baseline Application Proposal.

The selection of the Projects will be determined by the order of their total overall score and ranking, with the highest scoring ranked first. Proposals will be scored on a 100 point scale, with 100 being the highest and 0 being the lowest. Proposals receiving a score of less than 50 will not be considered eligible projects. However, projects that score 20 of 30 Community Impact points on the Evaluation Scoring Criteria sheet will be prioritized for funding considerations.

The scoring template is posted on the website.

3.3 Cost Incurred in Application Response

1. All costs directly or indirectly related to preparation of a response to this NOFA or any oral presentation required to supplement and/or clarify the submittal which may be

required by OHCD shall be the sole responsibility of and shall be borne by the Developers.

2. Each Developer, by submitting their proposal, waives any claim for liability against OHCD as to loss, injury, and costs or expenses, which may be incurred as a consequence of its response to this document.
3. All documents prepared by the Developer or others in response to this NOFA, shall, upon submittal, become property of OHCD, and as such are subject to the Public Information Act and will become public property.

3.4 Technical Assistance and General Inquiries

Questions regarding this NOFA should be submitted in writing on the applicant's letterhead and properly signed. Letters will be accepted until 5:00 pm, EST, on March 24, 2017. Responses to written inquiries will be emailed to Developers. (Please ensure your email address is included in the correspondence.)

3.5 Submission Deadline

**All Proposals will be received and time stamped until 5:00 pm EST, on April 10, 2017.
Delivered proposals will be received at the fifth floor Revitalization Reception desk:**

Metro Development Center
Develop Louisville Office of Housing & Community Development
444 S. Fifth St, 5th Floor
Louisville, Kentucky 40202

Late or incomplete proposals will not be accepted. Regardless of the delivery method, the Developer is responsible for actual delivery of the proposals to OHCD as specified herein. Digital documents must be downloaded to a disc or flash drive. Emailed responses will not be accepted. Any application not logged in by the deadline will not be considered. Applicants submitting incomplete or ineligible proposals will be notified.

3.6 Addendums

In the event it becomes necessary to revise any part of this NOFA, an addendum will be provided. Addendums will be emailed to the AHP distribution list and posted on the OHCD program website.

Any addendums issued by OHCD shall become a part of the NOFA and should be considered by Applicants in preparing their response. Deadlines for submission of the NOFA may also be adjusted to allow for revisions.

3.7 Withdrawals

Any proposal may be withdrawn prior to the award.

3.8 Reservations

1. OHCD reserves the right:

- A. To request additional information as deemed necessary to complete a thorough comprehensive project review.
- B. To supplement, amend, or otherwise modify the terms or schedules set forth herein.
- C. To conduct all investigation and background checks necessary for adequate evaluation.
- D. To waive any administrative requirements noted herein in whole or in part. Any applicant requesting waivers must do so in writing and address to: Mr. Gabe Fritz, Director, Develop Louisville Office of Housing & Community Development, 444 South 5th Street, 5th Floor, Louisville, KY 40202.

2. OHCD reserves the right to reject any and all submittals and to re-solicit.

3. OHCD does not guarantee that funds will be awarded as a result of this RFP.

3.9 Developers Letter of Interest

The letter should identify the Developer's interest in responding to the NOFA, the authorized negotiator, all members of the proposed development team, and the relationships or identities of interests among members of the development team. See the Application/Proforma for more explicit details.

4.0 OTHER FEDERAL REQUIREMENTS

Please review the attached Guidelines for Davis-Bacon Requirements, Environmental Review Requirements and Timelines, Fair Housing and Equal Opportunity Requirements, Lead-Based Paint, Uniform Relocation Act and Section 3 Requirements.

4.1. Terms and Conditions

The following shall be essential terms and conditions of any Agreements, resulting from this process.

4.2 Termination

OHCD and the Developer will mutually agree upon the work schedule for the project and other specific details that will be outlined in the Conditional Commitment Agreement and the Development Agreement. The failure of the Developer to satisfactorily adhere to the terms of either the Conditional Commitment Agreement or the Development Agreement within the time specified may cause termination of the contract.

4.3 Breach of Agreement

If Developer fails to fulfill its obligations under either Agreement in a timely and proper manner or if there is a violation of any of the terms of either Agreement(s), OHCD shall have the right to immediately terminate such contract and withhold payments in excess of fair compensation for work completed. The term "breach of agreement" specifically includes, but is not limited to, failure to comply with any applicable Federal, State or Local laws or regulations. Notwithstanding the above, the Developer shall not be relieved of liability to OHCD for damages sustained by virtue of any breach by the Developer.

4.4 Modification of Agreement

Such Agreement may be modified only by written amendment executed by all parties.

4.5 Partnerships/Joint Ventures

Such Agreement shall not in any way be construed or intended to create a partnership or joint venture between the parties or among any of the parties. None of the parties of such Agreement shall hold itself out in a manner contrary to the terms of this. No party shall become liable for any representation, act or omission of any other party contrary to the terms of this.

4.6 Prohibition on Gratuities and Kickbacks

1. Gratuities

It shall be a breach of ethical standards for any applicant to propose, to give or to agree to give any Metro Employee or former Metro employee, or for any Metro Employee or former Metro Employee to solicit, demand, accept or agree to accept from any member of the Development Team, a gratuity or a prospect of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation of proposal therefore.

2. Kickback

It shall be a breach of ethical standards for any payment, gratuity, or Proposer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor – or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.

4.7 Indemnification

The Developer shall agree to indemnify and hold OHCD, its officers, agents and/or employees harmless from and against any and all lawsuits, damages and expenses, including court costs and attorney's fees, by reason of any claim and/or liability imposed, claimed and/or threatened against OHCD, its officials, agents and/or employees for damages because of bodily injury, death and/or employees for damages because of bodily injury, death and/or property damages arising out of or in consequence of the performance of services under these Agreement(s) to the extent that such bodily injuries, death and/or property damages are attributable to the negligence of the Developer and/or the Development team members, its agents and/or employees.

4.8 Assignment-Consent Required

The provisions of such Agreement(s) shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Such Agreement(s) or any of the rights and obligations of the Developer hereunder shall not be assigned, subcontracted or transferred in whole or in part without the prior written consent of OHCD. Any such assignment transfer or subcontract shall not release the Developer from its obligations hereunder and OHCD may contract with or reimburse any such assignee without waiving any of its rights against the Developer.

4.9 Entire Agreement

Such Agreement(s) resulting from the NOFA shall set forth the entire Agreement between the parties with respect to the subject matter hereof, and shall govern the respective duties and obligations of the parties until and unless an amended Agreement is entered into between the parties.

5.0 FORCE MAJEURE

No party to such Agreement(s) shall have any liability to the other hereunder by reason of any delay or failure to perform any obligation or covenant if the delay or failure to perform is occasioned by any act of God, force majeure, storm, fire, casualty, civil disturbance, riot, war, national emergency, act of Government, act of public enemy or other cause of similar nature beyond its control.

5.1 Licensing & Business Requirements

The Developer/Applicant is responsible to comply with all licensing requirements and associated business regulations whether Local, State or Federal. It is the responsibility of the potential project manager to determine the applicability of any rule, regulation, or other requirement.

5.2 Equal Employment Opportunity

The Developer/Applicant/Responder shall affirm that it does not subscribe to any personnel policy which permits or allows for discrimination in the employment promotion, demotion, dismissal or laying off of any individual due to his/her race, creed, color, national origin, age, gender, sexual orientation, gender identity, or physical handicap, and that it has not be convicted of violating Code of Laws.

5.3 Minority, Women, & Small Business Enterprise Requirements

Consistent with Presidential Executive Orders 11625, 12138, 12432, the Respondent shall make efforts to ensure that minority, women and small business enterprises, labor surplus area businesses and individuals or firms located in or owned in substantial part by persons residing in the areas of a Public Housing Agency project are used when possible.

5.4 HUD Section 3, 24 CFR PART 135

Efforts shall be made to provide opportunities for employment and training for lower income residents within the project area, and to award subcontracts for work in connection with the project to business concerns which are located, or owned in substantial part, by persons residing in the area of the project, as described in HUD Regulations 24 CFR 135.

5.6 Sexual Orientation, Gender Identity, and Marital Status

LMG prohibits discrimination based on sexual orientation, gender identity, or marital status. and it will comply with Equal Access to Housing Final Rule 2012 and 24 CFR 5.100, 5.105, and 5.106. LMG will comply with Louisville Metro Code 92.01 which seeks to ensure that its programs are open to all eligible individuals and families regardless of race, color, religion, national origin, familial status, age, disability, sex, gender identity, or sexual orientation.

5.5 Title VI

LMG prohibits discrimination in all of its programs and activities on the basis of race, color or national origin. LMG will comply with all statues and regulations of Title VI of the Civil Rights Act of 1964. No person should be excluded from participation in or be denied the benefit of or be subjected to discrimination under any program or service provided by or affiliated with LMG on the basis of non-merit reasons. To file a complaint of discrimination write to LMG Human Relations Commission, 410 W Chestnut Street, Louisville, KY 40202, or call the intake number at (502) 574-3631.

All applicants must read the OHCD Application Guidelines and complete the respective Application/Proforma. Please note there are separate applications for LMG's home-ownership, rental production and lease-purchase products. LMG reserves the right to make revisions to the timetable. Upon selection of the projects and conditional approval of proposals by OHCD, final award allocations may be subject to the review and/or approval of the Louisville Metro Council.

2017 NOFA TIMETABLE

March 10, 2017	Circulation of NOFA
March 24, 2017	Questions Submitted to OHCD
April 10, 2017	Formal Responses Due to OHCD
April 25, 2017	Awards Announced