

The RFP Process – Part 1

Preparing for the RFP Process

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Florida Housing Finance Corporation's
Affordable Housing Catalyst Program

Florida Housing Coalition

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Catalyst Training Schedule



www.flhousing.org

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Poll: Who's attending today?

- Local government
- Nonprofit developer
- For profit developer
- Other

Today's Agenda

- Linking the RFP to housing needs, goals and strategies
- Identifying preferred respondents
- Identifying what will be offered
- Resources and Timing for Review

Linking the RFP to Housing Needs, Goals and Strategies

Planning the RFP in context

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How will the RFP lead to benefits for the community

- What is the target market you want to or should aim to reach?
 - Underserved markets?
 - Populations identified as community priority?
- How can the RFP promote stated goals in planning documents
 - Housing Element of comprehensive plan
 - Land Use
 - Consolidated Plan/Assessment of Fair Housing

How will the RFP lead to benefits for the community

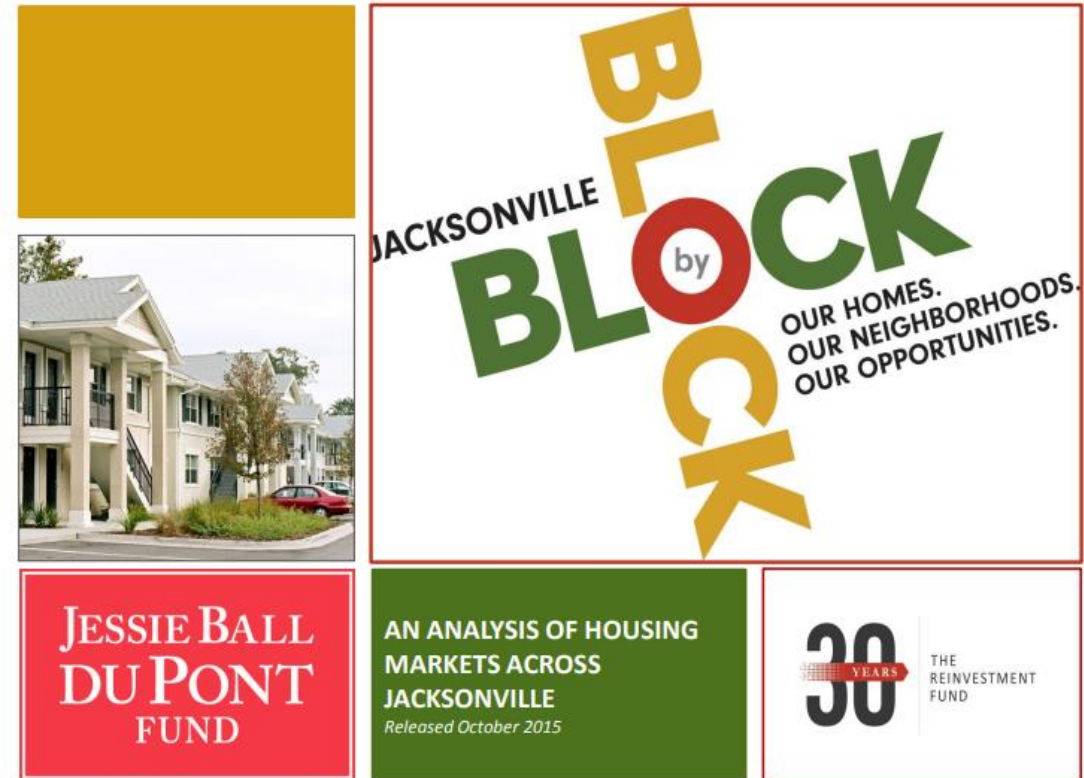
- Will proposals promote economic development goals
 - Job creation
 - Focus of other public investments
 - Geographic area of opportunity
- Are there agreements with service providers
- Is there general community support

Understand Plans of Development Community

- Informal meetings with nonprofits and others outside of the RFP/RFQ submission period
 - What plans do they have and do they line up with
 - Housing needs
 - Anticipated RFP/RFQ priorities
 - What resources do they have
- Support in preparation for RFP
 - Training and technical assistance
 - Partnership facilitation

Market Analysis

- Occupancy of similar developments
- Current condition and trajectory of neighborhoods
- How desired development compares to others
- Consider doing a formal Market Study

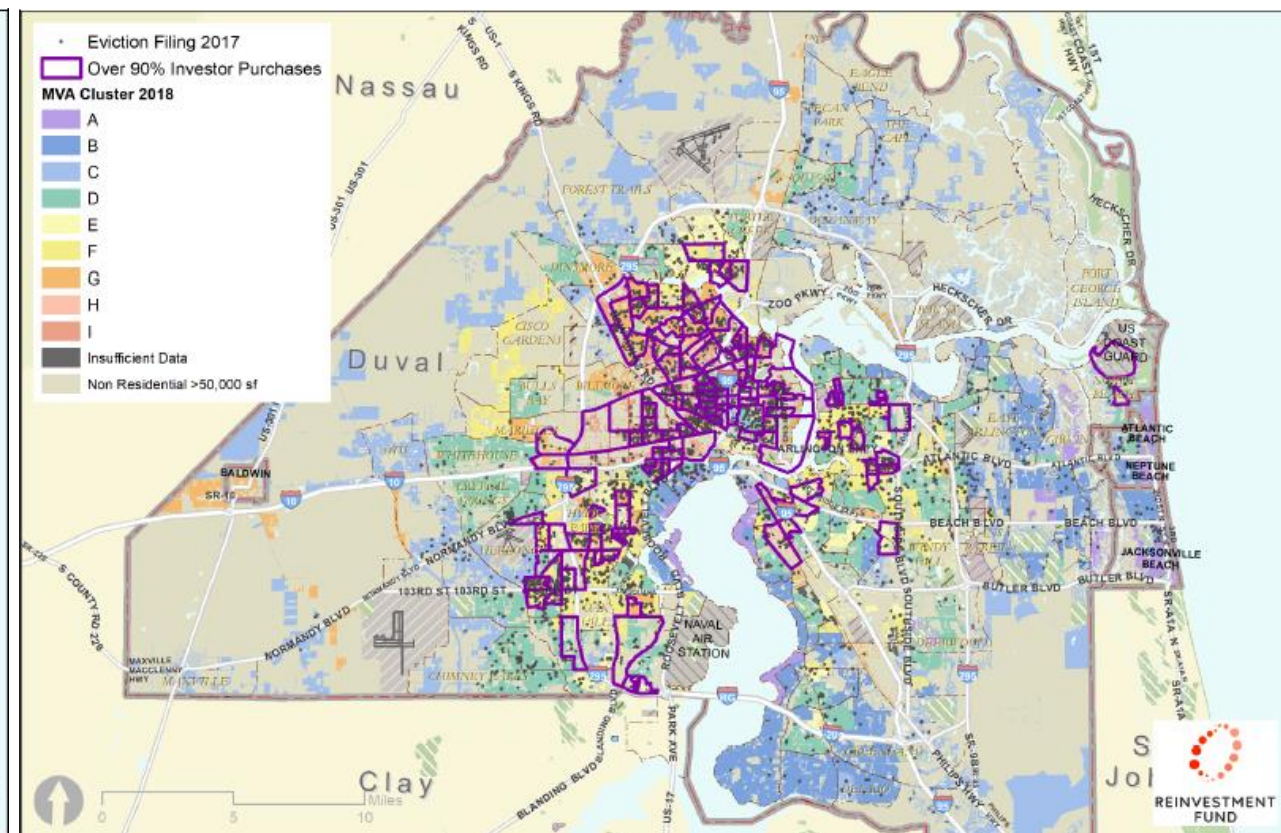
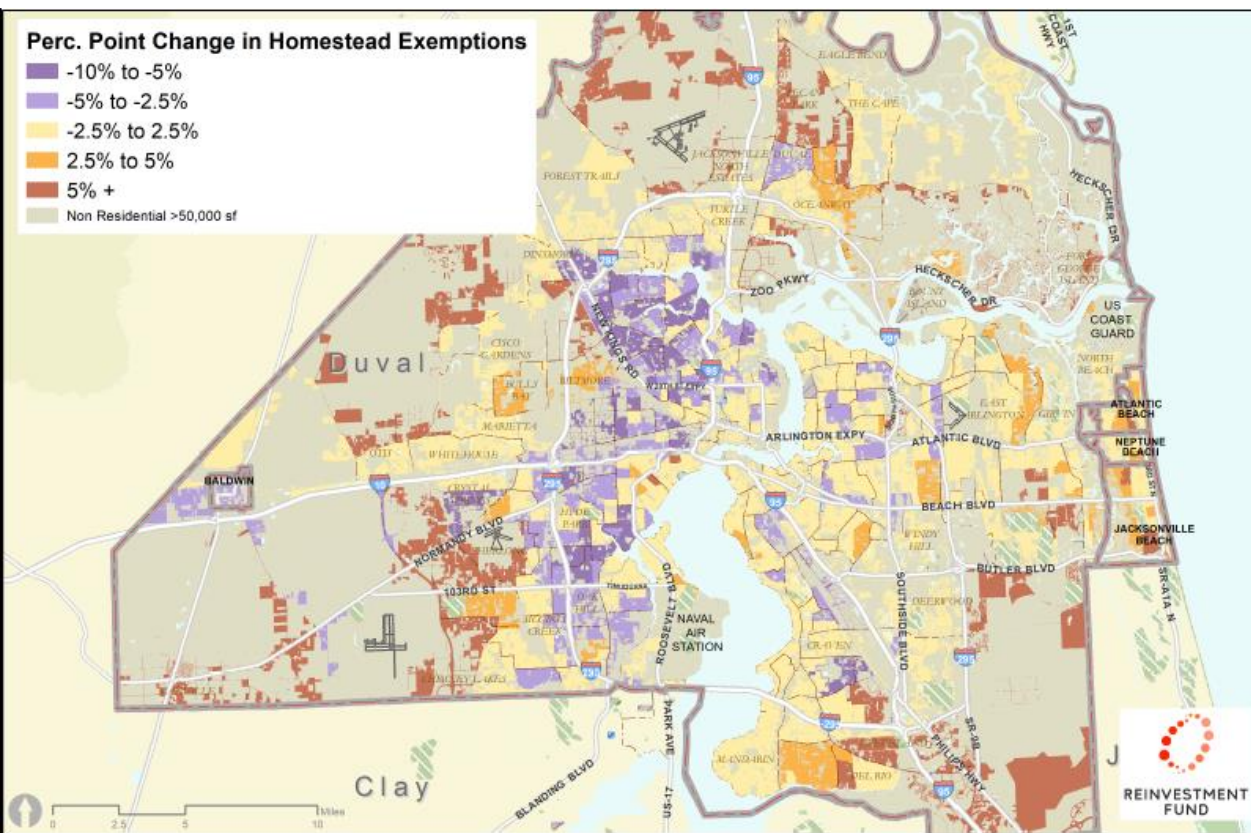


Source: <https://www.coj.net/city-council/docs/reports/safety-task-force/block-by-block-report-october-2015.aspx>

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Market Analysis Example: Displacement Risk in Jacksonville



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Market Analysis Example: Displacement Risk in Jacksonville



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A Brief Overview of Housing Data

Questions, Sources, Analysis,
and Presentation for Housing

How Do We Use Data?

To make and evaluate
policy and projects

To educate others

For Legitimacy

Quantitative and Qualitative Data



Qualitative data is narrative information: surveys, interviews, public comments, personal anecdotes, etc., that



Quantitative data is numerical data: development costs, area cost burden or median income, population, etc.



Qualitative and quantitative data work together to provide a well-rounded view of a project or policy

How Do We
Think about
Questions?

	Known	Unknown
Knowns	Known Knowns	Unknown Knowns
Unknowns	Known Unknowns	Unknown Unknowns

Some Basic Questions

How many housing units are there in my community?

What income levels are most in need of housing?

How many people in my community cannot afford housing?

What are the neighborhoods or areas of highest need in my community?

Where is housing affordable? Where is it expensive?

What are my construction costs and how much subsidy will we need?

Where are housing and transportation costs highest?

How quickly are housing prices rising?

Key Data Sources

Local Planning Documents

- Consolidated Plan
- AI
- Other local documents and reports

The Shimberg Center for Housing Studies

The Federal Government

- American Community Survey
- HUD Surveys
- Bureau of Labor Statistics

Other Sources

- C+T Index
- Zillow and Realtors Data
- Florida Home Matters (Starting in 2022, more local data)

Analysis: Getting What You Need to Know

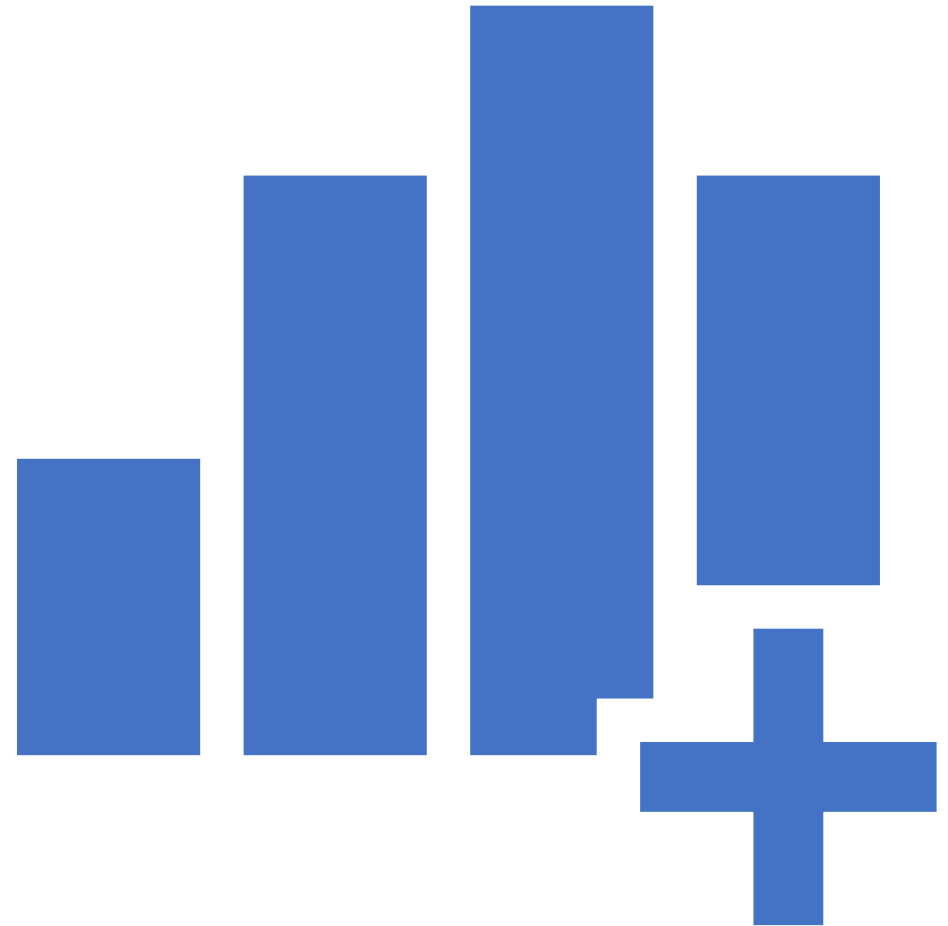
There are all kinds of analysis to use to interpret information. You may want to employ:

- Descriptive Statistics
 - Sum, average, median, range, etc.
- Exploratory Data Analysis
- Forecasting
- Pivot Tables

Visualization: Presenting Your Information

Once you understand the story you want to tell, use narrative and visualization to make your case. Try visualization strategies like:

- Already visualized data
- Big Numbers
- Simple Tables
- Simple Excel Charts
- Mapping
- Interactive, Online Visualizations



Large Numbers

Interactive
Dashboard

Total People Experiencing Homelessness

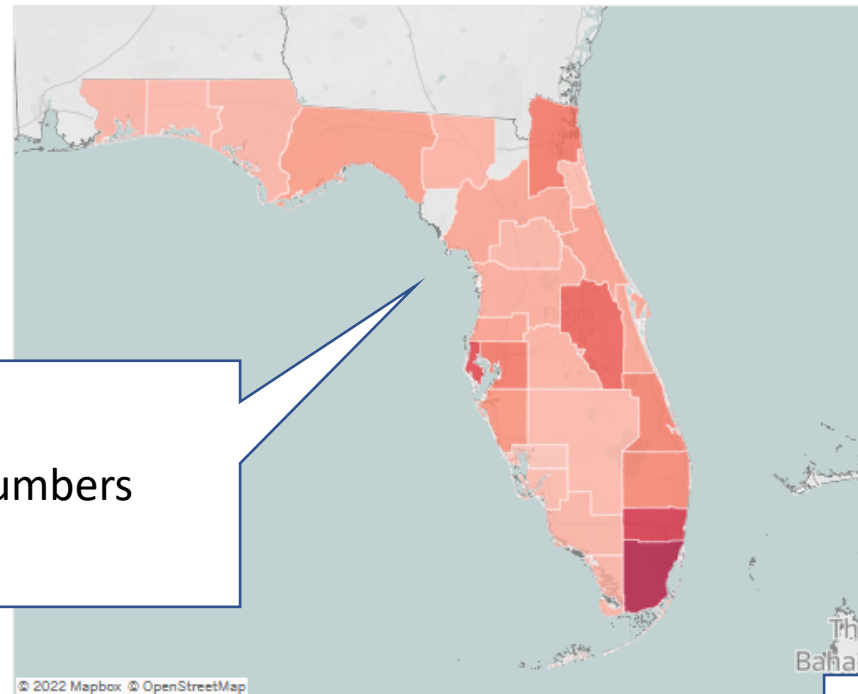
28,328

Percent Change in Homelessness since 2007

-41.07%

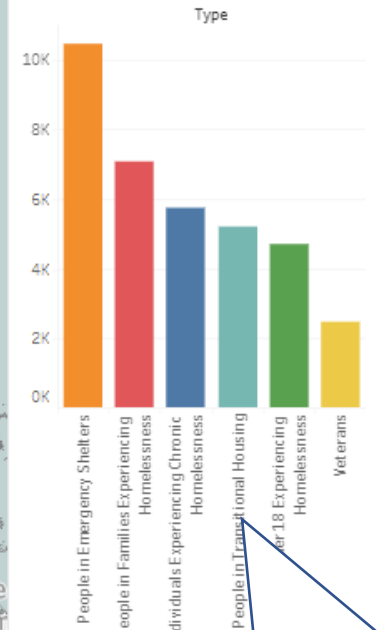
- <https://public.tableau.com/app/profile/blaise.denton1894/viz/COCMapFlorida2019/Dashboard1>

Click Your Continuum of Care to Learn More!



Large Numbers

Cohorts of People
Experiencing Homelessness



Bar Chart

Identifying Preferred Respondents

Understanding types of solicitations and key capacities needed to successfully implement vision of the RFP

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Types of Solicitations

- Request for Proposal
- Request for Qualifications
- What's the difference...
- Focus targets
 - Incentives
 - Local funding for single family or multifamily projects
 - Local Government Contribution for FHFC RFA
 - Area of Opportunity Support for FHFC RFA
- Homeownership vs. Multifamily project approaches

Evaluation of Key Organizational Capacity Areas

- Staff Capacity
 - Key staff has qualifications needed to carry out the project
 - Organizational chart indicates additional staff and report chain for key contacts
- Board Capacity
 - Expertise of Board fills or augments knowledge and skills of staff
 - Are there any conflicts of interest?
- Financial Capacity
 - Audited Financial Statements indicate stable finances with strong internal controls
 - Current finances and balance sheet in good shape
 - Ability to guarantee financing

Key Organizational Capacity Areas

- Property Management
 - In-house or business partner?
 - Are properties fully leased?
 - Does income cover all expenses?
 - Are properties in good physical condition?
- Services
 - Do programs and services meet the needs of residents?
 - Are programs and services easily accessible?
 - Do programs and services support the mission?

Other Key Aspects of Evaluating Capacity

- If partnership or joint venture
 - Split in ownership and/or division of responsibilities will facilitate effective execution of project
- Track Record
 - Has applicant completed a similar project before
 - Status of previously funded projects

Evaluating the Applicant

- Does the applicant meet minimum threshold requirements for local funding (i.e. nonprofit in existence for at least two years with affordable housing as part of its mission)
- Does the applicant meet minimum threshold requirements for other proposed funding sources?

Evaluating the Applicant

- Financial Capacity
 - Audited Financial Statements indicate stable finances with strong internal controls
 - Current finances and balance sheet in good shape
 - Ability to guarantee financing
- Track Record
 - Has applicant completed a similar project before
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The Nonprofit Set-aside

- IRC Section 42(h)(5)
- At least 10% of a state's allocation must be set aside for nonprofits (qualified low income projects)
- A **qualified nonprofit organization** must own an interest and materially participate in the development and operation throughout the compliance period

The Nonprofit Set-aside

- Definition of a qualified nonprofit organization (3 requirements):
 - Must be an organization as described in Section 501c3 or 501c4 and tax exempt under Section 501a, AND
 - Must not be affiliated with or controlled by a for-profit company, AND
 - One of the exempt purposes of the organization includes fostering low-income housing

Nonprofit Developers are Partners!

- Know your developer community, nonprofit and for profit
- Understand evaluation for capacity through underwriting
 - Organization capacity
 - Project feasibility
 - Ability to proceed
- Support and Patience goes both ways!

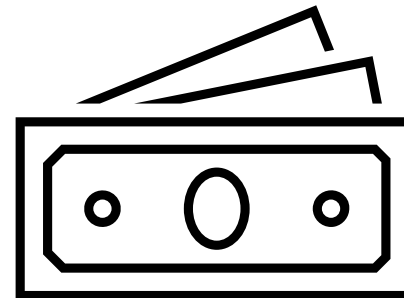
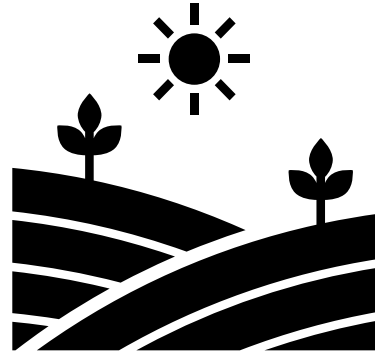
Identifying What You are Offering

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What are you planning to offer?

- Land
- Money
- Incentives
- All of the above



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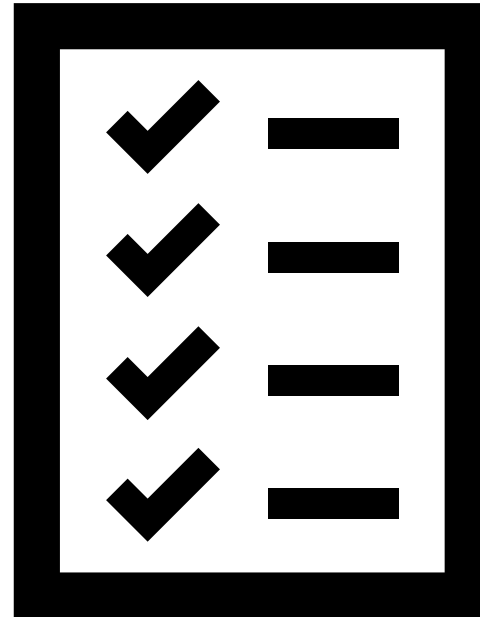


If offering Land, Evaluate the Site

- Readiness to Proceed
- Site Control- evidenced by deed, contract, long term lease
- Ground leases need to be for period of affordability
- Infrastructure- Utilities
- Environmental
- Zoning and Land Use
- Neighborhood Considerations

If offering Land, Evaluate the Site

- Title issues
- Utilities
- Environmental
- Zoning and Land Use
- Neighborhood Considerations



Site Evaluation: Legal

- Confirm no issues with land ownership
 - Trace title history
 - Known easements
 - Any known encumbrances

Site Evaluation: Planning and Building

- Is the site currently zoned for desired use?
 - If not, steps and timing to obtain
- Are there adequate utilities to support the development
- Other anticipated infrastructure needs
- Permits required and timing to obtain
 - Site Plan
 - Environmental
 - Final Building
- Anticipated Impact fees and all other planning/zoning costs

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Site Evaluation: Environmental

- Previous and current use
- Existing buildings/structures on site
 - Age/type
 - Will they be demolished or incorporated?
- Are there any environmental constraints (known at the time)
 - Wetlands
 - Endangered species
 - Brownfields
 - Hazardous materials

Site Evaluation: Housing, Economic Development and Social Services

- Location of proposed development
 - Desirability of neighborhood
 - Jobs
 - Transportation
 - Schools
 - Shopping
 - Healthcare
 - Access to other service providers
 - Location within geography for local initiatives
- Location in relation to similar developments

Surplus Lands

- FL Statute 125.379 for counties & FL Statute 166.0451 for municipalities
- Every 3 years create an inventory list of real property with fee simple title appropriate for affordable housing
 - Address
 - legal description
 - vacant or improved
- Review the list at a public hearing and may revise it at the conclusion of the public hearing
- Adopt a resolution with the inventory list
- **DO NOT TRANSFER PROPERTIES WITH TITLE ISSUES...unless offering clearance upon development**

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Prioritize Nonprofits in the Disposition of Surplus Land

- Develop disposition program accessible to nonprofits
- Allow for land donation when development will be done by a nonprofit housing corporation
- Require permanent or long-term affordability
- Address or provide assistance in addressing
 - Marketable title
 - Environmental issues

Key Issues for Financial Subsidies

- Understanding the Sources (Local, State, Federal, Private)
- Optimal Uses – land, predevelopment, **infrastructure**, construction, permanent, purchase assistance
- Incumbrance and expenditure deadlines
- Compliance and enforcement

Consider Financial Feasibility

- Acquisition/Land Costs
- Hard (construction) costs and contingencies
- Architectural design and supervision
- Financing costs
- Permitting and zoning
- Insurance
- Relocation (if acquisition/rehab)
- Reserves
- Developer Fees

Consider Financial Feasibility

- Are anticipated sources adequate to cover costs
- What percentage of costs will funding cover
- Are anticipated sources reasonable or probable
- What level of financial commitment is needed

Feasibility: Financial Analysis (Operating Budget)

- Are rents in line with SHIP or other funding source requirements
- Are there other sources of income
- Are operating expenses reasonable (refer to market analysis, appraisal, knowledge of other developments)
- Is net operating income sufficient to meet debt service coverage requirements

Application Procedures

- Three Types:
 - Incentive applications or appeals- based on project
 - Local Government Contribution (FHFC and HFA) – competitive
 - Local Government Area of Opportunity RFP (FHFC and HFA)- competitive

Applications for Incentives

- These are rolling and open
- What incentives are currently available
- What needs have come up during informal reviews
- Offering assistance with applications
 - Project ID
 - Project Location and description
 - Problems needing solutions
- Understand the need for timeliness
- Understand the approval process (should be administratively approved)
- Check if incentives qualify for Local Government Contribution

RFA: Local Government Contribution

- Check each RFA- understand developer's requirement
- Amount varies by size of community
- Decide on NOFA or open applications per project
- Need not disburse until closing on award
- How much is too much?

Local Government Contribution- FHFC

- Rehab projects automatically get 5 points
- Others must demonstrate local govt support in the form of \$ grants, loans, fee deferral, or waiver of fees
- Minimum contribution is defined in RFA
- Net Present Value calc is used for loans and deferral of fees
- There are many that are NOT approved so review carefully
- **Not to be confused with Local Government Areas of Opportunity Contributions**
- There are forms for grant, fee waiver, loan or fee deferral

Local Government Areas of Opportunity: FHFC

- Funding goals in certain RFA's
- Higher minimum contribution required
- Same jurisdiction cannot be awarded funding under the funding goal in consecutive cycles
- Local Government may only contribute to one development per RFA
- Contributions **MUST** be in the form of a loan or grant as a permanent source of financing
- Be aware of what is **NOT** considered a LGAO Contribution (fee waivers, contributions from developer, from PHA, or donation of land)

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Thinking Ahead on Timing, Review and Staff Resources

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Potential Members of the Team

- Housing Staff
- Social Services Staff
- Planning Staff
- Building Department
- Economic Development
- Legal
- Procurement Department



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RFA Funding Process and Local Government Role

- Track RFA funding timeline and prepare competitive cycle to coincide with due dates
- Understand each RFA and requirement for Local Government Contribution or Area of Opportunity
- Understand other forms that will be needed:
 - Verification of Zoning and Land Use regulations
 - Verification of Infrastructure- sewer and water
 - Within 21 days of invitation to credit underwriting:
 - Verification of environmental safety Phase 1 ESA
 - Phase II ESA if required
 - Verification of infrastructure- electricity, roads

Final Thoughts on Preparing for the Process

- Start with an informal meeting
- Solicit input on needs and capacities
- Understand current market
- Understand funding and procurement rules
- Prepare final RFP based on any useful input

ANY
QUESTIONS
?

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Join Us Next Week for Part 2



Tamara West, Technical Advisor

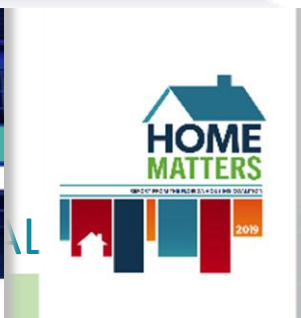
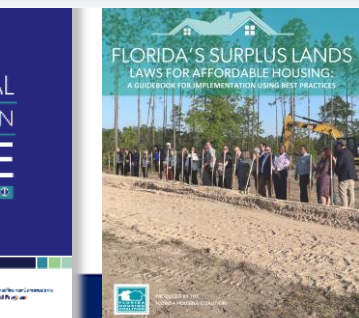
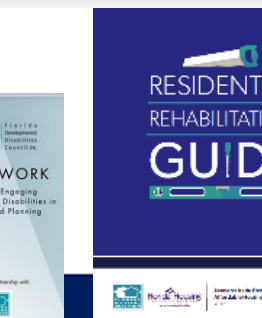
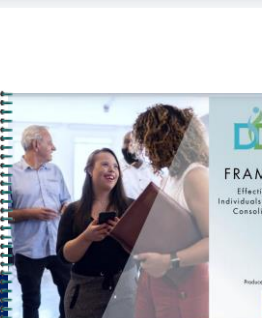
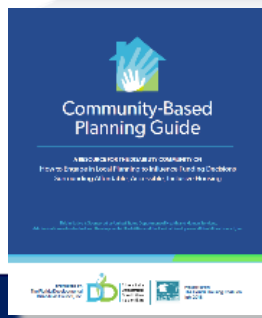
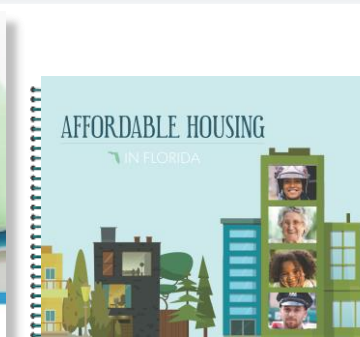
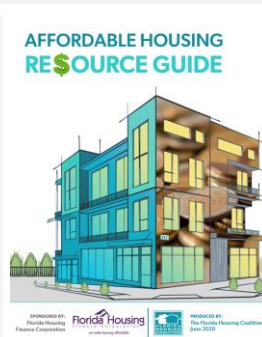
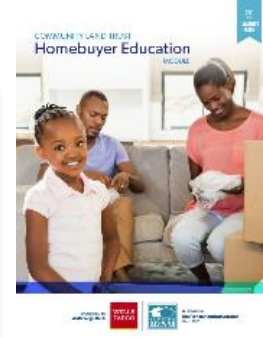
- Detailed components of RFPs, RFQs and Invitations to Negotiate
- More on incentives
- More on designing process and documents to accomplish desired expectations
- Register [HERE](#)

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FLORIDA HOUSING COALITION PUBLICATIONS

Access these valuable resources and more
under the Publications tab at Flhousing.org



Other Upcoming Trainings

- June 21: Data Driven Planning
- June 23: RFP Process Part 3
- June 28: Long-term Affordability and Understanding Deed Restrictions
- To Register, visit <https://flhousing.org/events/>



Conference Registration Now Open

<https://conference.flhousing.org/>

ANNUAL STATEWIDE HOME MATTERS CONFERENCE

AUGUST 29-31

IN-PERSON AT THE ROSEN CENTRE, ORLANDO FL

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<https://fhc.wildapricot.org/event-4693298>

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