



**53<sup>rd</sup> Avenue Site  
Affordable Housing Request for Proposals (RFP)**

March 31, 2020

**PROPOSALS DUE: 3:00 PM PST ON JUNE 1, 2020**

**Submit Proposal To:**

City of Hillsboro  
Community Development Department  
Hillsboro Civic Center  
150 E. Main Street  
Hillsboro, Oregon 97123

## Overview and General Information:

Now Oregon's fifth largest city with over 100,000 residents, Hillsboro enjoys an outstanding quality of life, a strong economic base and one of the state's most diverse populations. The City of Hillsboro promotes a balanced mix of housing types for a wide range of incomes throughout the city. As part of this approach, the City has prioritized supporting the development and preservation of housing affordable to households earning less than the Area Median Income (AMI). The City's affordable housing policies and goals are outlined in a number of guiding plans: Hillsboro's 2018-2020 Affordable Housing Policy and Action Plan, the Hillsboro 2035 Community Plan, the 2015-2020 Washington County Consolidated Plan, the Hillsboro Comprehensive Plan, and Hillsboro's Local Implementation Strategy (LIS) for Regional Housing Bond implementation.

In 2018, regional voters approved the \$652.8 million Metro Affordable Housing Bond for creation of a targeted 3,900 affordable housing units within the urban growth boundary. The bond allows the opportunity to invest in the development of new housing resources for some of our most vulnerable and historically marginalized residents. Of the regional production targets, 1,600 units are targeted for households earning 30% or less of AMI and 1,950 housing units are targeted as "family-size" units with two or more bedrooms.

From the regional total, \$40,657,081 in bond revenues is dedicated to Hillsboro based on the percentage of assessed value generated by Hillsboro households and property owners. The overall goal for Hillsboro is to support the production of at least 284 units of affordable housing with use of the bond revenues, including 117 units at 30% AMI or below and 142 two-bedroom-plus sized units.

As part of Metro Housing Bond implementation, the City of Hillsboro as a Local Implementing Partner, invites proposals from private for profit and non-profit development partners for the development of affordable multifamily rental housing on a City-owned site at NE 53<sup>rd</sup> Avenue and NE Hidden Creek Drive.

The City will make the subject property available through competitive solicitation and project selection by way of this **Request for Proposals (RFP)** and will make a portion of the City's share of Regional Housing Bond funds available to help finance the selected project.

## Available Resources:

### Land

- The site is approximately six (6) net developable acres at the Northeast corner of NE 53<sup>rd</sup> Avenue and NE Hidden Creek Drive.

### Capital Funding

- Up to \$18 Million of the City’ share of Metro Regional Housing Bond funds will be made available for the selected project.

**Project-Based Rental Assistance**

- Once selected, developer/sponsor may apply to Washington County Housing Authority for an allocation of up to 15 project-based Section 8 vouchers for the project.

**Property Tax Exemption for Nonprofit-Owned Affordable Housing**

- The City of Hillsboro offers a Property Tax Exemption for qualifying affordable housing held by charitable, nonprofit organizations.

**Mandatory Developer Information Session:**

A mandatory information session for this RFP will be held on **Wednesday April 15, 2020 from 2:00 – 4:00 pm** via a web-based meeting platform and call-in number. All developers/sponsors wishing to participate must notify the contact person listed below by **April 10** to receive additional details. All sponsors that wish to be considered through this RFP must have at least one team member participate.

**Contact Person:**

Chris Hartye, Senior Project Manager  
 Community Development Department, City of Hillsboro, Oregon  
 150 E. Main Street, Hillsboro, OR 97123  
 (503) 758-4971 (cell) | [chris.hartye@hillsboro-oregon.gov](mailto:chris.hartye@hillsboro-oregon.gov)

Webpage: <https://www.hillsboro-oregon.gov/services/community-services/affordable-housing>

<b>Schedule*</b>	
RFP Issued	Tuesday, March 31, 2020
Developer/Sponsor Mandatory Information Session	Wednesday, April 15, 2020 from 2:00 pm to 4:00 pm (PST)
Proposals Due	Monday, June 1, 2020 at 3:00 pm (PST)
Anticipated Dates for Evaluation Committee meetings and proposer Interviews	July-August 2020
Anticipated Notice of Award	August-September 2020

\*All proposals must be received by the date and time proposals are due to be considered. City of Hillsboro reserves the right to change any dates to serve the goals of the RFP.

## Table of Contents

<b><i>I. List of Available Resources.....</i></b>	<b><i>5</i></b>
<b><i>II. Subject Property .....</i></b>	<b><i>5</i></b>
<b><i>III. Metro Affordable Housing Bond Framework and Work Plan.....</i></b>	<b><i>6</i></b>
<b><i>IV. Hillsboro Local Implementation Strategy (LIS) for Bond Implementation.....</i></b>	<b><i>7</i></b>
<b><i>V. Threshold Requirements .....</i></b>	<b><i>8</i></b>
<b><i>VI. Competitive Scoring Criteria.....</i></b>	<b><i>10</i></b>
<b><i>VII. Additional Considerations.....</i></b>	<b><i>12</i></b>
<b><i>VIII. Application Requirements.....</i></b>	<b><i>14</i></b>
<b><i>IX. Project Selection and Approval Processes.....</i></b>	<b><i>17</i></b>
<b><i>X. General Conditions .....</i></b>	<b><i>19</i></b>
<b><i>XI. Appendices and Forms .....</i></b>	<b><i>21</i></b>

**I. List of Available Resources**

Land	Approximately six (6) acres of City-owned Property (further described as “subject property” below). The land will be transferred to the selected developer either without charge or for a de minimis amount.
Capital Funding	The City of Hillsboro will make available up to \$18 Million of the City’s allocation of Metro Housing Bond funds for the selected project. The City anticipates awarding Bond funds by providing a cash-flow share loan (general terms are described in Appendix V).
Project-Based Vouchers	Once selected, the developer/sponsor may apply to Washington County Housing Authority for an allocation of up to 15 project-based Section 8 vouchers for the project selected through this RFP from the vouchers dedicated to Hillsboro for Metro bond funded projects.
Property Tax Exemption for Non-profit Owned Affordable Housing	The City of Hillsboro offers a Property Tax Exemption Program for qualifying Low-Income Housing held by Charitable, Nonprofit Organizations under the provisions of ORS 307.540-548 and Hillsboro Municipal Code Sections 3.40.010-060.

**II. Subject Property**

Map & Tax Lot ID #: 1N234CB00100 and 1N234BC01600

Real Property Account #: R2107962

Site Address: 450 NE 53rd Ave.  
Hillsboro OR, 97124

City Zoning: Station Community Residential Zone – Medium Density (SCR-MD)

Lot Size: Approximately 6.8 acres total gross / 5.93 acres net developable

Census Tract: 41067032408

DDA/QCT Info: This property is located within a designated Difficult Development Area (DDA).

Due diligence reports will be made available upon completion (estimated by 4/15/20):

- ALTA survey
- Phase 1 environmental site assessment (ESA I)
- Title report
- Concept Site Plan
- Clean Water Services (CWS) Service Provider letter
- Geotech Report

**Important, please note:** In order for residential development to occur at the subject property, Right of Way (ROW), Public Utility Easement (PUE) and other land use dedications are required. In addition, a Property Line Adjustment (PLA) and/or Lot Consolidation process will be required to legally separate the subject site from the City of Hillsboro Parks Maintenance Facility located on the southern tax lot. Developers should also anticipate that an expansion of the Parks Maintenance Facility parking lot will occur on/adjacent to the subject site.

The City of Hillsboro will undertake land use and predevelopment activities to the extent possible prior to developer selection. Once selected, the sponsor/developer will be fully responsible for all remaining land use processes, including a Planned Unit Development (PUD) process, and all predevelopment activities deemed necessary by the City or otherwise appropriate.

### **III. Metro Affordable Housing Bond Framework and Work Plan**

This RFP includes access to a portion of the City’s eligible share of Metro Regional Housing Bond funds. As such, this solicitation and project selection process is guided by the Metro Affordable Housing Bond Framework and Work Plan and Hillsboro’s Local Implementation Strategy for Bond Implementation.

On November 6, 2018, voters approved the \$652.8 million Regional Housing Bond measure directing Metro to fund affordable housing throughout the region. The [Affordable Housing Bond Program Work Plan, Appendix I](#), provides a comprehensive plan for implementing Metro’s Bond Measure program. It incorporates the Initial Housing Bond Framework, and is the governing document for Program implementation, addressing how Bond Measure proceeds will be administered to ensure delivery of the outcomes described in the Bond Measure.

The primary goal of the Housing Bond Program is to create at least 3,900 new affordable homes, of which at least 1,600 homes will be affordable to households making 30% AMI or below; at least 1,950 homes will be sized for families, with two or more bedrooms; and no more than ten percent of homes will be provided for households making 61-80% of AMI. In its efforts to achieve the Program unit production target, Metro and Local Implementing Partners are guided by four principles (“Guiding Principles”).

Those Guiding Principles are:

**1) Lead with racial equity.** Ensure that racial equity considerations guide and are integrated throughout all aspects of Program implementation, including community engagement, project location prioritization, tenant screening and marketing, resident and/or supportive services, and inclusive workforce strategies.

**2) Create opportunity for those in need.** Ensure that Program investments serve people currently left behind in the region’s housing market, especially: communities of color, families with children and multiple generations, people living with disabilities, seniors, veterans, households experiencing or at risk of homelessness, and households at risk of displacement. Incorporate commitments for tracking and reporting on Program outcomes for people of color and other historically marginalized groups.

**3) Create opportunity throughout the region.** Ensure that Program investments are distributed across the region to (a) expand affordable housing options in neighborhoods that have not historically included sufficient supply of affordable homes, (b) increase access to transportation, employment, education, nutrition, parks and natural areas, and (c) help prevent displacement in changing neighborhoods where communities of color live today.

**4) Ensure long-term benefits and good use of public dollars.** Provide for community oversight to ensure transparency and accountability in Program activities and outcomes. Ensure financially sound investments in affordable, high quality homes. Allow flexibility and efficiency to respond to local needs and opportunities, and to create immediate affordable housing opportunities for those in need.

#### **IV. Hillsboro Local Implementation Strategy (LIS) for Bond Implementation**

As a Local Implementing Partner of the Metro Housing Bond, the City of Hillsboro created a Local Implementation Strategy (LIS), Appendix II, to guide use of the City’s eligible share of bond revenues. The LIS includes a development plan to achieve the unit production targets, including general criteria and selection processes, a strategy for advancing racial equity throughout implementation, and community engagement for plan development as well as for ongoing implementation. The LIS was developed through extensive community engagement and is based on the input and needs of Hillsboro residents, policy goals of the Hillsboro City Council, as well as being guided by Metro’s Affordable Housing Bond Program Work Plan.

The following table outlines Hillsboro’s production targets corresponding with implementation of the Regional Housing Bond as described in the LIS:

Hillsboro Unit Production Targets	
Total Affordable Units	284
Minimum number of 30% AMI Units	117
Maximum number of 60%-80% AMI Units	29
Minimum number of 2 Bedroom & Larger Affordable Units	142

The City recognizes that in order to accomplish the overall unit production target, an average Bond expenditure of approximately **\$143,000 per unit** is indicated based simply on dividing the bond revenues available by the target goal. The City expects that some projects may receive significantly less Bond funds than this amount, while others may receive more depending on a variety of factors.

Hillsboro’s LIS further describes the City’s approach to disposition and development of sites, outlines local affordable housing goals, identifies target populations and describes key project selection considerations such as racial equity, resident services, cost efficiencies, funding leverage and developer capacity. **Respondents are strongly encouraged to review and become familiar with all relevant elements of Hillsboro’s LIS and the Metro Housing Bond Work Plan before submitting project proposals.**

**V. Threshold Requirements**

The following Threshold Requirements apply to the subject project and must be met by all respondent proposals in order to be considered:

Requirement	Metric
Maximum Housing Bond subsidy	Up to \$18 Million from City’s share of Metro Housing Bond funding.
Leverage	Maximization of all non-City of Hillsboro sources of funding including use of Low-Income Housing Tax Credit (LIHTC) equity and conventional debt to the greatest extent feasible.
Minimum number of units	120 units
Affordability requirement	All units will be regulated at or below 60% of Area Median Income (AMI) for the duration of affordability regulatory period.
Income Targeting - 30% AMI units	Minimum of 40% of total units must be regulated at or below 30% AMI, for the duration of affordability regulatory period

Requirement	Metric
Affordability regulatory period	The project will be subject to an affordability regulatory period of 60-years.
Unit bedroom count	50% of the units in the proposed project must include two or more bedrooms.
Project-based Section 8 Vouchers	Once selected, the developer/sponsor may apply to Washington County Housing Authority for up to a maximum of fifteen (15) project-based Section 8 vouchers
Target Population	Applicable priority populations are outlined in Hillsboro’s LIS and in the Metro Affordable Housing Bond Work Plan. The subject site is particularly well-suited to serve low-and very low-income families.
Racial Equity Plan	A comprehensive racial equity plan is required. At a minimum this must address: MWESB-SDV Contracting, Affirmative Marketing, low-barrier tenant screening, and Resident Services as described herein.
<ul style="list-style-type: none"> <li>• Equity in contracting and workforce</li> </ul>	A detailed plan to achieve a goal of at least 20% of total project costs awarded to COBID-certified Minority, Women-Owned, Emerging Small, and Service-Disabled Veteran Businesses (MWESB-SDV). The City of Hillsboro strongly encourages involvement of Hillsboro-based contractors, workforce and businesses.
<ul style="list-style-type: none"> <li>• Affirmative Marketing</li> </ul>	A marketing and lease-up plan that demonstrates how the marketing and lease-up process will ensure equitable access for people of color and traditionally underrepresented groups in the target population(s).
<ul style="list-style-type: none"> <li>• Low-barrier Tenant screening</li> </ul>	Description of inclusive tenant screening criteria and process that minimizes barriers to communities of color and other underserved groups. Units must be made available to households with adverse credit, rental, and legal histories and very limited income. (see Appendix III for Sample Screening Criteria)
Resident Services Plan	A plan describing resident service coordination appropriate to the need of the targeted population(s) including communities of color and other traditionally underrepresented groups.
Community Engagement Plan	Sponsor must describe their plans, approaches and methods for engaging community members, including communities of color

Requirement	Metric
	and other traditionally underrepresented communities, to inform project development and ongoing operations.
Sustainability	Design must comply with Oregon Housing and Community Services standards.
Accessibility	Design must comply with Americans with Disabilities Act (ADA), City of Hillsboro and Oregon Housing and Community Services standards.

**VI. Competitive Scoring Criteria**

The following scoring criteria apply to this RFP and will be evaluated as part of the project selection process:

Category	Subsection	Evaluation Criteria
<b>Racial Equity</b>  (20 points)	Community Engagement Plan	Identification of, and plans to successfully engage, communities of color and other historically-marginalized community members throughout project development and operations
	MWESB-SDV contracting & workforce participation in development	Commitment, track record and detailed plan to meet and/or exceed a goal of 20% COBID-certified MWESB-SDV contracting dollars and engage diverse workforce in project construction and operations. Proposed involvement of Hillsboro-based MWESB-SDV contractors and workforce.
	Affirmative marketing, low barrier tenant screening & equity in operations	Plan to attract, lease to and successfully serve communities of color; affirmative marketing and low barrier screening plans are detailed and clearly described; on-site management, resident services and project operations are responsive to target populations
<b>Project &amp; Program Characteristics</b>  (25 points)	Number of units & unit mix	Number of units provided
		Number of two and three-bedroom units provided
		Number of 30% AMI units provided
	Resident services plan	Comprehensive plan to provide services to enhance resident stability and success with attention to the specific needs of the target population; appropriate supportive services for any high-need populations; culturally specific services for

		diverse populations. Successful track record of serving target populations. Financially realistic plan for staffing and partnerships.
<b>Site, Building &amp; Design Characteristics</b>  (20 points)	Quality building design	High-quality, attractive, sound, people-focused design that emphasizes specific needs of the target population; design that balances efficiency and durability with characteristics such as visitability, universal design, and community spaces
	Quality site design	Site plan that effectively and innovatively responds to the challenges and opportunities of the site and surrounding context, maximizing connectivity, safety, and functionality for residents
	Sustainability & green building	Approach to sustainability exceeds minimum OHCS standards; design meets Earth Advantage or equivalent rating system standard and/or commitment to pursue certification
<b>Financial Feasibility &amp; Cost Effectiveness</b>  (15 points)	Financial feasibility	Financial assumptions for development and operations are realistic and costs are reasonable
	Lower costs	Project has lower costs on a per unit and per bedroom basis
	Leverage	Maximizes available resources; attracts additional or unusual resources to the project; minimizes the need for unsecured competitive resources; demonstrates funding partnerships
<b>Sponsor/ Development Team Capacity</b>  (20 points)	Track record & experience	Successful experience with developing and operating projects of comparable size (100+ units) and financing sources
		Successful experience serving target populations identified in the LIS and RFP and populations identified by the project sponsor
		Track record of projects completed in the prior 5 years
		Experience of key team members. For projects that represent partnerships, experience of team members working together on prior projects
	Management of current portfolio	Review of existing portfolio performance demonstrates sound physical and financial performance
	Financial health	Sponsor demonstrates sound financial management and health, adequate reserves, identified and appropriately managed contingent liabilities, and ability to secure investors and lenders for the project

	Ready to proceed	Realistic plan, and development capacity to begin construction within 12 months of MOU execution. Evidence of project being prioritized within sponsor’s development pipeline
Total Points		
100		

**VII. Additional Considerations**

In addition to the relevant guiding plans, threshold requirements, and competitive scoring criteria, development teams should keep in mind the following considerations as they are crafting their proposals.

**Multiple Proposals:** The City of Hillsboro will not consider multiple proposals from the same developer/sponsor.

**Project-based Section 8 Vouchers:** Project sponsors may propose (and if selected, apply for) up to 15 units with Project-based Section 8 vouchers of the City’s allocation of 41 vouchers from the Housing Authority of Washington County for Metro bond-financed projects. This rent assistance requires compliance with a number of requirements, including but not limited to:

- Projects must be an eligible housing type for PBV assistance (24 CFR 983.53 and 983.54) and meet accessibility requirements in accordance with the regulations implementing Section 504 of the Rehabilitation Act of 1973.
- Projects must also complete an Environmental Review under the National Environmental Policy Act (NEPA), a Subsidy Layering Review (SLR) (24CFR 983.55, FR Notice 6/25/14), and are subject to HUD Section 3 hiring goals.
- Project-based Section 8 assistance in excess of 8 or more units will trigger Davis-Bacon labor standards.
- Projects must be aware of the cap on the number of PBV units allowed in a project based on 24 CFR 983.56 and PIH Notice 2017-21.
- Project sponsors may apply to the Housing Authority of Washington County for rents for the units covered by Project Based vouchers that exceed the 60% rent limits. Such applications will be reviewed in accordance with adopted Housing Authority rules and procedures. Rents may be approved that consider the payment standard for the specific unit types.

## **Financial Considerations:**

- The City of Hillsboro will apply specific underwriting metrics to evaluate proposals for feasibility and sustainability. These are described in detail in Appendix IV.
- The project site is located in a designated Difficult Development Area (DDA). This should be reflected in assumptions regarding the use of Low-Income Housing Tax Credits.
- Sufficient hard and soft costs contingencies and reserves should be included in each proposal to ensure that the project could be completed without any additional City of Hillsboro funds.
- Projects should incorporate adequate operating expenses on a per annum basis to maintain sound property operations and successfully serve the targeted population.
- Projects should balance amenities (community rooms, gathering spaces etc.) and durability (such as unit finishes) with unit costs/subsidy.
- Project evaluations will emphasize expediency and cost efficiencies in all aspects of building design, construction and operations. Innovations that can reasonably be expected to result in demonstrated lower costs are encouraged.
- Projects should demonstrate that average per unit costs do not exceed limits prescribed by Oregon Housing and Community Services (OHCS).
- In an event of default, rents for Bond-funded units may not exceed 60% AMI. No exceptions.
- The City of Hillsboro strongly discourages manipulation of pro forma operating assumptions to produce a desired outcome, such as lowering operating expenses to produce more favorable net operating income.
- The City of Hillsboro encourages the honest reporting of pro forma operating assumptions and it reserves the right to reject proposals that it assesses to portray misleading financial information.

**Communications:** In coordination with The City of Hillsboro, the awarded project developer/sponsor will be required to include City of Hillsboro and Metro branding and information for the projects. These on-going communications will include but not be limited to press releases, marketing and procurement ads, website and social media posts and construction site signs/banners, and permanent markers in completed buildings. The City of Hillsboro will also require the project developer/sponsor to provide resident stories, photos and data on outreach and referrals during the lease up of the project for use in City of Hillsboro and Metro newsletters and annual reports.

## VIII. Application Requirements.

Developer/sponsors must submit the following minimum application materials. **Please reference Form B to ensure proper order of materials.** The total combined page limit for the Project Overview Narrative and Development Team Summary is 10 pages. Page limit for the Racial Equity Plan is 5 pages. Page limit for Resident Services Plan is 4 pages. Page limit for the Community Engagement Plan is 2 pages.

1. Sponsor Cover Page – Form A.
2. City of Hillsboro Funding Application and Checklist – Form B.
3. Project Overview Narrative that includes:
  - A. Description of project including number and type of units, unit bedroom counts, number of floors, construction type, floor area ratio, height, key building and site amenities, and any other key design elements, and how project meets Metro Bond Work Plan and City of Hillsboro Local Implementation Strategy goals.
  - B. Description of the target population(s), income mix and general lease-up plan, including:
    - i. A description of anticipated tenant populations at the 30% AMI level and any associated plans for rent assistance such as use of project-based vouchers.
    - ii. Abbreviated narrative summaries of the required racial equity, community engagement and resident services plans.
  - C. Plans for site configuration, pedestrian connectivity, ingress/egress, parking and open space;
  - D. Description of key financial assumptions and financing terms, particularly as those relate to a) City of Hillsboro Metro Bond funds; and b) leverage of committed as well as contingent, at risk or otherwise uncommitted outside funding sources. Please include assumptions on operating costs, including resident services, as applicable;
  - E. Indicators of cost-efficient design, construction and operations;
  - F. Confirmation of Davis Bacon and/or BOLI wage assumptions for construction, as applicable;
  - G. Description of universal design, green/sustainable building and innovative features.
4. Development Team Summary: Development team roles, qualifications and experience, including details on the proposed ownership entity and its relationship to development team members, description and financial performance of current properties owned, development history and experience, particularly with projects of more than 100 units, list of projects completed in past five years, list of projects currently under development and other relevant information. The summary must also include a description of development teams' past use of or familiarity with the rules, regulations and

requirements of the specific funding sources being proposed to finance the project. Teams unable to satisfactorily demonstrate use or familiarity may be eliminated from consideration.

5. Racial Equity Plan. The Racial Equity Plan is a narrative, not to exceed 5 pages. The Racial Equity Plan should at a minimum address the approach and commitment to MWESB-DV contracting goals and workforce during development, affirmative marketing and low barrier tenant screening in leasing and responsiveness and effectiveness of resident services to the needs of communities of color. The Plan should describe the sponsor's track record with equity goals and any partnerships that further equity efforts.
6. Resident services plan: the Resident Services Plan is a narrative, not to exceed 4 pages. Provide a comprehensive plan to provide services to enhance resident stability and success with attention to the specific needs of the target population, appropriate supportive services for any high-need populations and culturally-specific services for diverse populations. The plan should describe the sponsor's track record of serving target populations. The plan should include a financially realistic plan for staffing and partnerships.
7. Community Engagement Plan. The Community Engagement Plan is a narrative, not to exceed 2 pages. It should address plans and efforts to engage members of the community, including communities of color and other historically marginalized populations, in providing input to the sponsor regarding project planning, development and ongoing operations. The Plan should describe actions taken to-date as well plans going forward. The Plan should describe the sponsor's track record with community engagement and any partnerships that further community engagement.
8. Project Budget/Pro Forma including projected sources and uses, income and expense breakdown, and 30-year cash flow projections. Use of Form C in electronic/"live" (not PDF) format is required. Please use the most current OHCS 4% LIHTC Pro Forma spreadsheet. It can be found on OHCS' website: <https://www.oregon.gov/ohcs/Pages/multifamily-housing-four-percent-application.aspx>. Proposals submitted without a "live" version may be eliminated from consideration.
9. Proposed Project Schedule - Form D.
10. Schedule of Real Estate Owned – Form E.
11. Sponsor Statement of Financial Capability – Form F.
12. Audited financial statements of the project sponsor(s) for the last three fiscal years, plus current year to-date financial statements. Please clearly mark "confidential" if these financial statements are to be kept confidential in event of a public records request.

13. Attach letters of commitment from any applicable project funders and partnered service providers who will be involved in project outreach, lease up, resident services, or other operations.
14. Architectural Concept Drawings: Include conceptual architectural work. At a minimum this must include a proposed site plan, preliminary massing, building schematic and sample elevation. Drawings should be presented in an 11"x 17" landscape format.

All pages in the application must be numbered.

**Project proposals should address all threshold requirements, scoring criteria, and all other relevant elements of this RFP.**

Submit:

1. Ten (10) printed\*, two-sided, 8.5" x 11", three-hole punched, copies of the completed application and documentation including a printed copy of the project pro forma. Exhibits that are 11" x 17", landscape formatted, folded to 8.5" x 11".

*\*Print requirements may be adjusted due to COVID-19 issues. More details will be provided on the RFP webpage.*

2. A flash drive with copies of all documents along with the live pro forma.
3. If the applicant requests any portion of the proposal to be held confidential, such portions should be clearly marked on each page and separated from the remainder of the application in both the printed and electronic submission. The City may only hold information confidential as allowed by Oregon law.
4. Mail or deliver to:

Chris Hartye  
Community Development Department  
City of Hillsboro, Oregon  
150 E. Main Street  
Hillsboro OR 97123

**NOTE: Proposals must be received by the date and time listed above. Proposals that have postmarks by this date and time, but that are not actually received are not considered responsive. Late proposals will be rejected.**

## **IX. Project Selection and Approval Processes**

### **1. Overview of General Selection and Approval Process for Metro Bond-Funded Projects**

City of Hillsboro Metro Bond funded projects are subject to a multi-step review and approval process as detailed in the City of Hillsboro Local Implementation Strategy (LIS) and Metro Affordable Housing Bond Work Plan, which is summarized below:

- A. Hillsboro concept endorsement. The City of Hillsboro will process and determine recommendations for concept endorsements using the Hillsboro Affordable Housing Project Advisory Committee (HPAC) and will present a staff recommended project to the Hillsboro City Council for concept endorsement. If the Hillsboro City Council approves the concept endorsement, City staff will submit the project to Metro for concept endorsement.
- B. Metro concept endorsement. City of Hillsboro staff, in conjunction with Metro staff, will present the project to Metro for endorsement by the Metro COO. Metro will review the project for conformance to the adopted City of Hillsboro LIS and Bond Framework.
- C. Memorandum of Understanding and Reservation of Funding. If the project receives concept endorsement from both the City of Hillsboro and Metro, then the City will enter into a Memorandum of Understanding with, and issue a reservation of funding letter to, the project developer/sponsor, which will, respectively, a) certify that the City of Hillsboro and Metro have approved concept endorsement for the project and b) identify the conditions precedent for the project to receive final approval and funding authorization.
- D. Hillsboro final project approval & funding authorization. As the project developer/sponsor completes predevelopment activities and required due diligence, and moves to financial closing, the City of Hillsboro will process final project approval by presenting final project details to the HPAC for final review and a staff recommendation to the Hillsboro City Council. City of Hillsboro staff will present the recommendation to City Council for authorizing a Disposition and Development Agreement (DDA), funding and regulatory agreements, and related documents. If the Hillsboro City Council approves the Disposition and Development Agreement (DDA), funding agreements, related documents and grants final project approval, City staff will submit the project to Metro for final approval and funding authorization.
- E. Metro final project approval & funding authorization. City of Hillsboro staff, in conjunction with Metro staff, will present the project to Metro for final approval and funding authorization.
- F. Release of Funds. Once a project has received approval by the City of Hillsboro City Council and Metro, Metro will release bond funds to the City of Hillsboro and, in turn, the City of Hillsboro will disburse funds for the project in accordance with the provisions of the DDA, funding agreements, and related documents.

### **2. 53rd Ave Affordable Housing RFP: Proposal Review and Project Selection Process**

The process for reviewing proposals in response to this RFP and recommending a selected project for City Concept Endorsement is expected to occur over a 10-14 week period after submittal. The City of Hillsboro, at its sole discretion, may employ the following selection process in recommending a project for award of Metro Affordable Housing Bond funding:

**A. Completeness and Adherence to Application Requirements**

Upon receipt, all applications will be reviewed for adherence to the submittal requirements for the RFP. This review will consider the contents, documents, formats and timeliness of the submitted application.

**B. Threshold Review**

City of Hillsboro staff will review applications for meeting minimum threshold requirements of this RFP described in Section V.

**C. Review by Affordable Housing Project Advisory Committee**

Proposals meeting the application and threshold requirements will be reviewed and evaluated by the City of Hillsboro Affordable Housing Project Advisory Committee (HPAC) based on all solicitation requirements, materials submitted, and the competitive scoring criteria for this RFP described in Section VI above. Development teams may be asked to participate in an interview with the HPAC to aid in proposal evaluations. The dates for these interviews are not yet determined but may occur roughly 7-9 weeks after the submission deadline. The HPAC will use a numerical scoring system with a potential for a maximum of 100 points. Proposals will be evaluated, scored and ranked by their average numerical score. The scores generated by the HPAC are considered recommendations to City staff. City of Hillsboro staff will incorporate the results of the HPAC process in its staff report and will recommend a project to Hillsboro City Council for concept endorsement. Staff may recommend the highest-ranking project from the HPAC evaluation or other project that they believe best serves the City or best fulfills its obligations under the Metro Housing Bond Program.

**D. Concept endorsement decision by the City of Hillsboro City Council**

City of Hillsboro staff will present the staff recommended project to the City of Hillsboro Finance Committee for its review and consideration. If approved by the Finance Committee, City staff will present the recommended project to the Hillsboro City Council for concept endorsement. If approved by the City Council, it will be submitted to Metro for concept endorsement.

**E. Concept endorsement decision by Metro**

City of Hillsboro staff, in conjunction with Metro staff, will present the project for endorsement by the Metro COO. Metro will review the project for conformance to the adopted City of Hillsboro LIS and Bond Framework. If Metro approves the concept endorsement, the City of Hillsboro will prepare the Memorandum of Understanding and reservation of funding letter.

## **F. Memorandum of Understanding and Reservation of Funding**

Once Metro approves the concept endorsement for the project, the City of Hillsboro will enter into a Memorandum of Understanding with, and issue a reservation of funding letter to, the selected project developer/sponsor, which will, respectively, a) certify that the City of Hillsboro and Metro have approved concept endorsement for the project and b) identify the conditions precedent for the project to receive final approval and funding authorization.

## **X. General Conditions**

The City of Hillsboro, by this RFP, specifically reserves the right in its sole discretion to determine which proposal, if any, best serves the public good, and to:

- A. Revise the solicitation, evaluation, or selection process including extending the deadline or cancel the RFP without selecting any project.
  - B. Waive informalities and irregularities in the proposals received in response to this RFP.
  - C. Disqualify without recourse or appeal any or all proposals.
  - D. Reject any or all proposals with or without cause.
  - E. Determine the timing, arrangement and method of any presentation throughout the process.
  - F. Verify and investigate the qualifications and financial capacity of the developer/sponsor, and any of the information provided in the proposal.
1. Every effort has been made to provide current and correct information; however, unless citing a specific City of Hillsboro approved resolution or plan, the City of Hillsboro makes no representation or warranty with respect thereto.
  2. All proposals received shall become the property of the City of Hillsboro and considered an official public record subject to inspection by the public in accordance with ORS 192.502 and the City of Hillsboro's Public Records Access Policy after the completion of the RFP process; and may be used for any purposes relevant to the decisions and actions undertaken by the City of Hillsboro towards development of the property being offered. Entities are advised that confidential financial information, including the Developer's Statement of Financial Capacity, should be clearly labeled and submitted separately from the remainder of their proposal (both paper and digitally). Similarly, if any entity responding to this RFP believes that a specific portion of its response constitutes a "trade secret" under Oregon Public Records Law (ORS 192.501.2) and is, therefore, exempt from disclosure, the entity must clearly identify that specific information as a "trade secret" and submit it together with the confidential financial information. Identification of information as a "trade secret" does not necessarily mean that the information will be exempt from disclosure. The City of Hillsboro will make the determination of exemption from disclosure based on the nature of the information and the requirements of the Oregon Public Records Law.

3. Restrictions on communication. Every effort has been made to include herein all the information necessary to prepare and submit a responsive proposal to this RFP. However, in the event additional information is desired, or if you have a question about any of the information or requirements contained in this RFP, direct your questions to:

Chris Hartye, Senior Project Manager  
Community Development Department  
[chris.hartye@hillsboro-oregon.gov](mailto:chris.hartye@hillsboro-oregon.gov)

4. During the course of this RFP, developer/sponsors are cautioned not to undertake any activities or actions to promote or advertise their proposals except in the course of City of Hillsboro-authorized presentations; or to make any direct or indirect (through others) contact with HPAC members, staff members of the City of Hillsboro, or Metro or other funding partners. Development teams may only initiate contact with the person named in #3 above who will assess inquiries and determine further actions, if any.
5. The City of Hillsboro will not hold “one-on-one” meetings with any development teams during the evaluation process except as part of a scheduled interview or presentation process involving all or a “short list” of developer/sponsors. The City of Hillsboro may, however, ask individual developer/sponsors clarifying questions or obtain additional information about some specific point of a proposal.
6. The City of Hillsboro accepts no responsibility or obligation to pay any costs incurred by any potential or eventual developer/sponsors in the preparation or submission of a proposal; or in complying with any subsequent request by the City of Hillsboro for information or participation throughout the evaluation process.
7. Respondents to this RFP are prohibited from employing or retaining a former employee of the City of Hillsboro to assist in the preparation of a proposal in response to this RFP if during the course of her/his employment with the City of Hillsboro the former employee worked in a position that provided access to information concerning the subject property.
8. The developer/sponsor is further prohibited from employing or retaining a former City of Hillsboro employee to assist in the preparation or negotiation of the terms of a proposal to this RFP who has been separated from the City of Hillsboro for less than two years or who during the course of their employment with the City of Hillsboro, worked substantially with the subject property:
  - A. To work on or receive any financial gain related to the project; or
  - B. To work in a capacity responsible for influencing, or trying to influence, the actions of the City of Hillsboro other than through public testimony.
9. Mandatory Information: Developer/sponsors may be eliminated from consideration if a representative of the development team does not attend the Mandatory Developer Information Session.

All substantive questions must be received by 5pm, Tuesday, May 26. Answers as well as formal Addenda will be posted to the City website: <https://www.hillsboro-oregon.gov/services/community-services/affordable-housing>

**XI. Appendices and Forms**

<b>Appendix</b>		<b>Location</b>
I	Metro Regional Housing Bond Work Plan	<a href="https://www.oregonmetro.gov/sites/default/files/2019/02/08/Affordable_Housing_Work%20Plan_Final_020819.pdf">https://www.oregonmetro.gov/sites/default/files/2019/02/08/Affordable_Housing_Work%20Plan_Final_020819.pdf</a>
II	Hillsboro LIS	<a href="https://www.hillsboro-oregon.gov/home/showdocument?id=25592">https://www.hillsboro-oregon.gov/home/showdocument?id=25592</a>
III	Sample Low Barrier Tenant Screening Criteria	Attachment
IV	Underwriting Metrics	Attachment
V	Cash Flow Share Loan Term Sheet	Attachment

<b>Form*</b>		<b>Location</b>
A	Sponsor Cover Page	Attachment
B	Hillsboro Funding Application and Checklist	Attachment
C	Project Budget/Pro-Forma Spreadsheet	<a href="https://www.oregon.gov/ohcs/Pages/multifamily-housing-four-percent-application.aspx">https://www.oregon.gov/ohcs/Pages/multifamily-housing-four-percent-application.aspx</a>
D	Proposed Project Schedule	Attachment
E	Schedule of Real Estate Owned	Attachment
F	Sponsor Statement of Financial Capability	Attachment

\*Forms are available in fillable MS WORD or Excel formats by request.

## **Appendix I**

### **Metro Affordable Housing Bond Work Plan**

Voters approved a \$652.8 million bond measure on November 6, 2018, which directs Metro to fund affordable housing throughout the Metro region. In June 2018, the Metro Council adopted the recommended program framework, as set forth in the Regional Investment Strategy: Affordable Homes for Greater Portland (“Initial Housing Bond Framework”) which included recommendations for unit production goals, commitments to advancing racial equity, and implementation guidelines.

The Affordable Housing Bond Program Work Plan provides a comprehensive plan for implementing the Bond Measure program. The Work Plan incorporates and supplements the Initial Housing Bond Framework and is the governing document for program implementation to deliver the outcomes described in the Bond Measure. Metro Council adopted the Work Plan via Resolution No. 19-4956 on January 31, 2019.

The Affordable Housing Bond Work Plan can be found on Metro’s website at: [https://www.oregonmetro.gov/sites/default/files/2019/02/08/Affordable\\_Housing\\_Work%20Plan\\_Final\\_020819.pdf](https://www.oregonmetro.gov/sites/default/files/2019/02/08/Affordable_Housing_Work%20Plan_Final_020819.pdf)

## **Appendix II**

### **Hillsboro Local Implementation Strategy (LIS)**

As a Local Implementing Partner of the Metro Housing Bond, the City of Hillsboro created a Local Implementation Strategy (LIS) to guide use of the City’s eligible share of bond revenues.

The LIS includes a development plan to achieve the unit production targets, including general criteria and selection processes, a strategy for advancing racial equity throughout implementation, and community engagement for plan development as well as for ongoing implementation. The LIS was developed through extensive community engagement and is based on the input and needs of Hillsboro residents, policy goals of the Hillsboro City Council, as well as being guided by Metro’s Affordable Housing Bond Program Work Plan. Hillsboro City Council Adopted the LIS in January, 2020.

Hillsboro’s LIS can be accessed on the City Website at: <https://www.hillsboro-oregon.gov/home/showdocument?id=25592>

## **Appendix III**

### **Sample Low Barrier Tenant Screening Criteria**

#### **Occupancy Policy**

1. Occupancy is based on the number of bedrooms in a unit. (A bedroom is defined as a habitable room that is intended to be used primarily for sleeping purposes, contains at least 70 square feet and is configured so as to take the need for a fire exit into account.)
2. Minimum of one person per bedroom, maximum of two persons per bedroom, plus one additional per unit. Maximum of two persons per studio, maximum of one person per SRO.

#### **General Statements**

1. Current, positive, government-issued photo identification that allows Owner/Agent to adequately screen for criminal and or credit history will be required.
2. Each applicant will be required to qualify individually or as per specific criteria areas. Denial of one household member will result in denial of all household members.
3. Inaccurate, incomplete or falsified information will be grounds for denial of the application.
4. Any individual whose tenancy may constitute a direct threat to the health and safety of any individual, the premises, or the property of others will be denied tenancy.
5. Applicant will have five business days from the date of the original application to provide management with all verifications, signatures, and documentation necessary to determine qualification.
6. Security deposit is equal to one month's rent. Agent will allow for arrangement of payment plan if needed.

#### **Income Criteria**

1. Monthly household Income should be at least one and one half (1.5) times the monthly stated rent (plus utility allowance, if utilities are tenant paid) and cannot exceed the applicable maximum income limit assigned to the unit. The income limits are a percentage of the area median income, published annually by HUD, and adjusted for household size. Exceptions will be made to income/rent ratios for those with a minimum of six months of documented, guaranteed rental assistance and/or for those with verified assets on hand sufficient to pay rent and utilities for a minimum of six months.
  - \* If applicant will be using local, state or federal housing assistance as a source of Income, "monthly stated rent" as used in this section means that portion of the rent that will be payable by applicant and excludes any portion of the rent that will be paid through the assistance program.
2. Monthly income must be from a verifiable, legal source. Unverifiable income will result in denial.
3. Minimum monthly income must be consistent with project guidelines.
4. Income and assets of all household members will be verified per methods approved by HUD and/or IRS Section 42 regulations. Verification requests will be mailed, e-mailed, or faxed by management, directly to the verifying institution/agency or employer and not hand-carried by applicant.

### **Rental History Criteria**

1. Lack of rental history will not in itself be cause for denial.
2. Rental history reflecting past due and unpaid balances to a landlord in excess of \$1,500 in the last five years will result in denial of the application.
3. Rental history including three or more noise disturbances or any other material non-compliance with the rental agreement or rules within the past year will result in denial.

### **Eviction History Criteria**

Three years of eviction-free history is required. Eviction actions that were dismissed or resulted in a judgment for the applicant will not be considered.

### **Criminal Conviction Criteria**

Upon receipt of the Rental Application and screening fee, Owner/ Agent will conduct a search of public records to determine whether applicant or any proposed resident or occupant has charges pending as of the date of the application; a "Conviction" (which means: an official and final decision of a court of guilt against a criminal defendant); a guilty plea; or no contest plea, for any of the following crimes as provided in ORS 90.303(3): drug-related crime; person crime; sex offense crime, crime involving financial fraud, including identity theft and forgery; or any other crime if the conduct for which applicant was convicted or has charges pending as of the date of the application is of a nature that would adversely affect property of the landlord or a tenant or the health, safety or right to peaceful enjoyment of the premises of residents, the landlord or the landlord's agent. Owner/Agent will not consider a previous arrest that did not result in a Conviction or expunged records of a prior Conviction.

If applicant, or any proposed occupant, has a Conviction In their past which would disqualify them under these criminal conviction criteria, and desires to submit additional information to Owner/Agent along with the application so Owner/Agent can engage in an individualized assessment (described below) upon receipt of the results of the public records search and prior to a denial, applicant should do so. Otherwise, applicant may request the review process after denial as set forth below, however, see item (c) under "Criminal Conviction Review Process" below regarding holding the unit. A single Conviction for any of the following, subject to the results of any review process, shall be grounds for denial of the Rental Application.

1. Felonies involving: murder, manslaughter, arson, rape, kidnapping, child sex crimes, or manufacturing or distribution of a controlled substance (excluding marijuana).
2. Felonies not listed above involving: drug-related crimes (excluding marijuana); person crime; sex offense; crime involving financial fraud, including Identity theft and forgery; or any other crime. If the conduct for which applicant was convicted or is charged is of a nature that would adversely affect property of the landlord or a tenant or the health, safety or right of peaceful enjoyment of the premises of the residents, the landlord or the landlord's agent, where the date of disposition has occurred in the last five (5) years.
3. Misdemeanors involving: drug related crimes (excluding marijuana), person crimes, sex offenses, domestic violence, violation of a restraining order, stalking, weapons, criminal impersonation, possession of burglary tools, financial fraud crimes, where the date of disposition has occurred in the last three (3) years.

4. Misdemeanors not listed above involving: theft, criminal trespass, criminal mischief, property crimes or any other crime if the conduct for which applicant was convicted or is charged is of a nature that would adversely affect property of the landlord or a tenant or the health, safety or right of peaceful enjoyment of the premises of the residents, the landlord or the landlord's agent, where the date of disposition has occurred in the last one (1) year.
5. Conviction of any crime that requires lifetime registration on a state sex offender registry will result in denial.

### **Criminal Conviction Review Process**

Owner/Agent will engage in an individualized assessment of the applicant's, or other proposed occupant's, convictions if applicant has satisfied all other criteria (the denial was based solely on one or more Convictions) and:

1. Applicant has submitted supporting documentation prior to the public records search; or
2. Applicant is denied based on failure to satisfy these criminal criteria and has submitted a written request along with supporting documentation. Supporting documentation may include:
  - a. Letter from parole or probation office;
  - b. Letter from caseworker, therapist, counselor, employer, teacher, etc.;
  - c. Certifications of treatments/rehab programs;
  - d. Certification of trainings completed;
  - e. Proof of employment; and
  - f. Statement of the applicant.

Owner/Agent will:

1. Consider relevant individualized evidence of mitigating factors, which may include: the facts or circumstances surrounding the criminal conduct; the age of the convicted person at the time of the conduct; time since the criminal conduct; time since release from incarceration or completion of parole; evidence that the individual has maintained a good tenant history before and/or after the conviction or conduct; and evidence of rehabilitation efforts. Owner/Agent may request additional information and may consider whether there have been multiple Convictions as part of this process.
2. Notify applicant of the results of Owner/Agent's review within a reasonable time after receipt of all required information.
3. Hold the unit for which the application was received for a reasonable time under all the circumstances to complete the review unless prior to receipt of applicant's written request (if made after denial) the unit was committed to another applicant.

### **Violence Against Women Act Policy**

Violence Against Women Act (VAWA) housing protections that were passed in 2005 help prevent discrimination against, and unjust evictions of, survivors of domestic violence in public and assisted housing. Incidents related to domestic violence may sometimes result in

background screening denials. If an applicant believes this is the case, they may request an appeal to overturn the denial. To process the appeal management may require:

1. Third party verification that the abuse occurred. Such documentation may include but not be limited to: Court records (e.g. restraining orders or orders protecting from harassment or stalking), police reports, documentation signed by an employee, agent, or volunteer of a victim service provider, an attorney, or a medical professional from whom the victim has sought assistance in addressing the abuse or the effects of the abuse.
2. Documentation linking the reason for the denial to the abuse. This may include a written statement from the Applicant or from his or her advocate, explaining how the domestic violence contributed directly to the issues that triggered the screening denial, and showing that the timelines for both issues coincide.
3. If occurrence of domestic violence is confirmed and all reasons for the screening denial are shown to be a result of circumstances related to the abuse, the denial may be overturned.

### **Reasonable Accommodation**

1. In certain circumstances, Owner/Agent will make reasonable adjustments to rules policies, practices, services, or physical structures in order to serve the needs of a person with a disability. To show that an accommodation is necessary, there must be a proven relationship between the requested accommodation and the person's disability.
2. A resident or applicant, or someone acting on behalf of the resident or applicant, may make a request for reasonable accommodation at any time. While it is preferable to submit the request in writing on the form available in the property manager's office, the request may also be made verbally to any member of the property management staff.

### **Process for Reconsideration**

Written notices will be provided to applications which are denied and will state the reason(s) for the denial. An applicant who received a denial may submit a request for reconsideration to supervisory staff of property management company who will conduct a review of the request and issue a written response regarding the outcome of the review.

## **Appendix IV**

### **City of Hillsboro Underwriting Metrics**

City of Hillsboro will use the following quantitative standards (“Underwriting Metrics” or “Metrics”) to evaluate projects for financial feasibility and sustainability. These Metrics are based on current industry standards. City of Hillsboro will refer to these Metrics for all projects applying for Regional Housing Bond funds.

City of Hillsboro anticipates that most, but not all, projects will conform to these guidelines. If non-conforming, it is expected that the sponsor will provide a detailed explanation of the rationale. These Metrics are subject to periodic review and revision as needed. Interpretation of all terms is at City of Hillsboro’s sole discretion.

#### **Assumptions for Pro Forma (Excel)**

- Income (rent) escalation at 2% per annum.
- Expense escalation at 3% per annum.
- Construction (hard) costs contingency in line with State requirements of 5% for new construction and 10% for acquisition/rehabilitation.
- Construction price escalation at minimum 5% per annum of hard construction costs based off when construction is estimated to begin (for example if a proposer’s cost estimates are in 2020 dollars and construction is slated to start two years later, in 2022, then a 10.25% contingency would be expected  $[(1 + 5\%)^2 - 1 = 10.25\%]$ ).
- Affordable housing residential vacancy rate minimum of 5% per annum.
- Interest rate and terms for senior loan financing assumptions consistent with letters of interest, if any, or based on sponsor’s recent transactions and/or current market conditions.
- Low Income Housing Tax Credit (LIHTC) assumptions consistent with letters of interest, if any, or based on sponsor’s recent transaction and/or current market conditions.

#### **Debt Service Coverage Ratio**

- The minimum debt service will reflect the amount of debt coverage typically found in successful, sustainable projects:
  - Year 1 minimum: 1.25x
  - Year 15 minimum: 1.15x

#### **Developer Fee**

The maximum total developer fee, capitalized and deferred, is 15.0% on Total Development Costs, as defined below. The allowed range of capitalized (cash) developer fee is between 2.0% and 5.0%. More complex projects based on population served, financing and structure are expected to have a capitalized fee at the top of the range and less complex projects nearer the minimum.

## Definitions

- The total percentage (both capitalized and deferred) referred to above is calculated as follows:

$$\frac{\text{Developer Fee}}{\text{Total Development Cost} - \text{Developer Fee}}$$

- “Total Development Cost” (TDC) = Total Project Costs MINUS acquisition costs, and capitalized reserves.
- The developer fee includes any capitalized and/or deferred fees paid to the sponsor, and certain third-party fees that pay for tasks historically undertaken by developers including payments to a development consultant, LIHTC or financial consultant, and construction manager or consultant. Payments to a relocation consultant, historic tax credit consultant or LEED certification consultant are not included in developer fee.
- The portion of the total developer fee in excess of the agreed capitalized fee is the deferred fee. For example, if the cash fee is 3.0% and the total fee is 15.0%, then the maximum deferred fee is 12.0%. Typically, the deferred portion of the fee is paid over time from cash flow after priority debt service payments, as defined below.

## **Replacement Reserve**

- City of Hillsboro will underwrite projects so that the capitalized replacement reserves and the ongoing contributions to replacement reserves can be expected to sustain the project without recapitalization for approximately twenty years. This reflects City of Hillsboro’s long-term interest in project sustainability and tenant stability.
- City of Hillsboro recognizes that projects may require greater or lesser ongoing deposits based on a building’s physical characteristics, the tenant profile, and the amount of capitalized reserves.
- The balance of the replacement reserve account is not capped at a specific dollar amount, and reserves are available for any long-term capital investment in the asset.
- Replacement reserve accounts are subject to City of Hillsboro annual reporting requirements.
- City of Hillsboro will enter into a replacement reserve account agreement with the sponsor. The balance in account will remain intact and with the property when the limited partner exits the partnership in syndicated projects.

## **Property Management, Asset Management and Administrative Expense**

- The maximum standard for a project’s combined budgets for property management, asset management and administrative expenses is 40% of operating expenses.
- Expenses that are included in the combined cap are all the on-site and off-site management expenses; the value of any manager’s apartment; organizational overhead and administrative costs; management and administrative payroll, payroll taxes and benefits; tenant screening, marketing and promotion; postage; office supplies; staff training; dues and subscriptions; software; bank charges, telephone; asset management; and all similar management, overhead and administrative expenses. The cap does not

include the cost of resident services, maintenance payroll, legal or third-party accounting.

- The definition of total operating expenses for purposes of this calculation includes ongoing contributions to operating and replacement reserves but does not include expenses paid “below the line” as allowed priority payments or paid from the sponsor’s share of cash flow.

### **Resident Services**

- A “Resident Services Plan” (RSP) must be submitted when the cost of resident services is an operating expense.
- The RSP will outline the proposed services, specify the personnel FTEs required to provide the services, and provide data supporting the plan.
- The appropriate plan for the delivery of services and the appropriate expense is expected to be determined on a case by case basis. The allowed expense will be subject to City of Hillsboro underwriting based on the submitted RSP. Generally, per unit expense levels should be in-line with current industry standards. While City of Hillsboro supports borrowers/sponsors in delivering services over and above those sustainable by City of Hillsboro’s allowed expenses, borrowers/sponsors should expect to fund such services through other sources/techniques. Funding these services “below the line,” as a priority payment after the debt service ratio calculation and ahead of any cash flow split payment to City of Hillsboro, will, generally, not be considered a viable funding solution. Exceptions to this guidance may be considered by City of Hillsboro on a case-by-case basis, based on the needs of the project-specific resident population.

### **Operating Reserve**

- Borrowers may elect to fund an optional project operating reserve.
- The operating reserve account is intended to provide sponsors additional means to address any urgent, unforeseen expenses at the project.
- The maximum contribution to this operating reserve account is \$250 per unit per annum, capped at the equivalent of four (4) years of reserve payments. For example, a 30-unit building’s operating reserve account will have a maximum balance of \$30,000.
- If the balance in this reserve is below the cap for project size, the sponsor may elect annually to fund within the described annual and overall limits.
- Funding the operating reserve will be considered a priority payment within the cash flow waterfall ahead of loan payments due to City of Hillsboro.
- Once the reserve account is fully funded or the maximum \$250 per unit per year investment is made, excess cash flow is split in accordance with loan documents; 50% to the sponsor and 50% to City of Hillsboro.
- Operating reserves are for the designated project only and may not be applied to other projects in the sponsor’s portfolio.
- Operating reserve accounts are subject to City of Hillsboro annual reporting requirements.

- City of Hillsboro will enter into an operating reserve account agreement with the sponsor. The balance in the account will remain intact and with the property when the limited partner exits the partnership in syndicated projects.

**Appendix V**  
**Cash Flow Share Loan**  
**Term Sheet**

The Cash Flow Share Loan will include terms that are generally in alignment with but not limited to the following.

1. **Maximum Loan Amount:** Not to exceed \$18 Million.
2. **Interest Rate:** 0.0% per annum.
3. **Loan Term:**
  - a. Construction Loan: Construction Loan Period: up to 24 months. The unpaid balance of the Construction Loan, will be due and payable on the last day of the Construction Loan Period (including any extension approved by Lender); provided, however, if the conditions set forth for conversion to the Permanent Loan are satisfied, then the Loan will be converted to a Permanent Loan and be payable as set forth, below in Section 5.
  - b. Permanent Loan: Permanent Loan Period: 60 years.
4. **Maturity Date:**
  - a. Maturity Date means the earlier of the date when this entire loan, principal and interest, is paid in full, or 60 years from the date of conversion to the permanent loan period.
  - b. The loan is due and payable in full on the Maturity Date or, at Lender's option, upon any event of default, which remains uncured after expiration of any applicable cure period.
5. **Cash Flow Payment:**
  - a. Borrower pays to Lender until the maturity date, annual payments equal to one-half of Excess Cash Flow (as defined, below), until the loan has been repaid in full.
  - b. Definitions:
    - (1) Gross Revenues means all cash and cash equivalents received by the Borrower, that are specified on the Project Pro Forma, but not including proceeds from refinancing, loans, capital contributions, insurance proceeds, applied reserves and tenant security deposits which the Project is obligated to return.
    - (2) Allowed Expenses means the sum of the following:
      - (i) Operating expenses, which are those cash expenses paid to operate the Project which are specified as operating expenses on the Project Pro Forma (other than depreciation, amortization, and other non-cash costs). The Pro Forma may be revised from time to time with the written consent of Lender, whose consent will not be unreasonably withheld;

- (ii) Contributions to a reserve fund required by Lender or other lender or Borrower's Equity Investor to be set aside to pay for future anticipated expenses, either capital or operating expenses, as determined in the loan documents or Borrower's partnership agreement.
- (3) Net Operating Income means the amount, if any, by which Gross Revenues exceeds Allowed Expenses.
- (4) Permitted Loan Payments will be the sum of the maximum debt service (including without limitation principal, interest, mortgage insurance premiums and credit enhancement fees such as letter of credit fees and/or other payment requirements) under any loans of the Borrower relating to the Project during the Fiscal Year. Permitted Loan Payments will not include prepayments of principal not shown on the Pro Forma and not consented to by Lender in writing. Permitted Loan Payments will not include any loan payments that are paid to an affiliate of the Borrower.
- (5) Net Cash Flow means the amount, if any, by which Net Operating Income exceeds Permitted Loan Payments.
- (6) Priority Payments mean payments as follows:
  - (i) to pay Equity Investor services fee;
  - (ii) to pay Equity Investor loans, if any;
  - (iii) to pay outstanding and unpaid credit deficiencies and tax equivalency payments;
  - (iv) to replenish Borrower's operating or replacement reserves as needed if the balance therein is less than the reserve minimum requirements, pursuant to any requirements of Borrower's lenders or Equity Investor;
  - (v) to pay the Deferred Developer Fee (if any) until paid off;
  - (vi) to the general partner's asset management fee.
- c. Excess Cash Flow means the amount, if any, by which Net Cash Flow exceeds the sum of Priority Payments.
- d. Non-priority Payments, which are paid from the Sponsor's share of Excess Cash Flow, include payments as follows:
  - (1) to pay partnership management fee;
  - (2) to pay Sponsor loans, if any (typically, grants assembled by sponsor and used as a loan to the project);
  - (3) to pay incentive management fees, if any.

## 6. Project Cost Savings:

- a. Project Cost Savings will be determined at the end of the Construction Loan Period and disbursed at the time of conversion of the Construction Loan to the Permanent Loan or earlier if agreed to by Borrower and Lender.

- b. Project Cost Savings means the sum of sources in the Sources and Uses Funding Budget, less the actual development costs, including approved and permitted change orders,
- c. Specific forms of cost savings will be determined as follows:
  - (1) Funds remaining in hard construction cost line items will be considered remaining hard cost contingency funds, excluding retainage.
  - (2) Funds remaining in soft cost line items will be considered remaining soft cost contingency, including Construction Loan Period interest and unused reserves.
- d. Project Cost Savings will be split between Lender and Borrower as follows:
  - (1) Hard Cost Contingency – 75% to Borrower and 25% to Lender.
  - (2) Soft Cost Contingency – 100% to Lender.
- e. Borrower may fund an operating reserve, approved by Lender, or pay any sums necessary to pay down the Permanent Loan in order to achieve the required debt service coverage ratio required by the Senior Permanent Lender before determining Project Cost Savings.
- f. Lender will apply its share of Project Cost Savings first to accrued interest on the loan, if any; and finally, to the principal balance of the loan.

**7. Subsidized Loan; Due on Transfer; No Change in Use:**

- a. The terms of the Loan, including the interest rate, are subsidized by public funds and are more favorable than the prevailing market rate for similar loans obtainable in the private marketplace. The more favorable terms on the Loan are not intended to benefit Borrower or any subsequent owner of the Project in the event of any sale or transfer of the Project or of a beneficial interest in Borrower.

Accordingly, any sale or transfer (or any attempted sale or transfer) of all or any part of, or any interest in, the Land or the Project, or any beneficial interest in Borrower, without the prior written consent of Lender (which Lender may grant, condition, or withhold in its sole and absolute discretion) is prohibited, and upon any such prohibited sale or transfer, this Note and all other indebtedness secured by the Trust Deed shall become immediately due and payable in full. However, “sale or transfer” will not include:

- (1) if the Borrower is a partnership or limited liability company, a transfer to a general partner or managing member who is as of the date of this Note a general partner of the partnership or managing member of the limited liability company,
- (2) a transfer to a qualified nonprofit organization or government agency pursuant to a right-of-first refusal under IRC section 42(i) (7) or option to purchase upon the terms set forth in Borrower’s partnership agreement, or
- (3) a transfer pursuant to a qualified contract under IRC section 42(h)(6)(F).

- (4) a transfer of the interest of the general partner of Borrower resulting from the Equity Investor's exercise of its removal rights pursuant to Borrower's Limited Partnership Agreement.
- (5) a transfer of the interest of the Equity Investor of Borrower pursuant to Borrower's Limited Partnership Agreement.

Notwithstanding who is the holder of this Note, Lender reserves the right to approve a sale or transfer as described in this Section. Any transferee will be bound by the terms of this Note.

- b. Borrower will not change the use of the Property without Lender's prior written consent, which may be withheld or conditioned in Lender's sole and absolute discretion.

#### **8. Recourse:**

- a. Construction loan period: recourse to the Borrower and any of its general partners or managing members.
- b. Permanent Loan Period:
  - (1) nonrecourse as to Borrower and any of its general partners or managing members except as to their rights, if any, in the collateral described in the Trust Deed.
  - (2) no personal judgment may be obtained against Borrower or any of its partners or members; provided, however, that Borrower and its general partners and managing members will be personally liable for:
    - (i) failure to pay taxes, assessments, or other charges which could result in liens (including construction liens) against the collateral described in the Trust Deed,
    - (ii) retention by Borrower or its general partners or managing members of any rental or other income or insurance or condemnation proceeds arising with respect to such collateral which, under the terms of the Trust Deed, should have been paid to Lender, and
    - (iii) any liability or losses incurred by Lender as a result of any fraud or deceit by Borrower in connection with this Loan.

#### **9. Collateral:**

- a. The Loan is secured by a Trust Deed, granting Lender a lien on the Property and the Project and a continuing security interest in personal property located on, relating to, or used in connection with the Property or the Project.
- b. Lender will file UCC financing statements, instruments, and documents to perfect the Lender's lien on personal property.
- c. Borrower agrees to take such other action as may be required to perfect or to continue the perfection of Lender's security interest in the collateral described in the Trust Deed.



**Form A  
Sponsor Cover Page**

**53rd Avenue Site  
Affordable Housing Request for Proposals**

Sponsor Name:	
Sponsor Contact Person	
Contact Information	

**Unit and Income Mix Table**

Unit Type*	# of Units	Proposed MFI	Proposed Rent per Month	Project Based Section 8 Request Yes/No
Studio				
Studio				
Studio				
1 Bed				
1 Bed				
1 Bed				
2 Bed				
2 Bed				
2 Bed				
3 Bed				
3 Bed				
3 Bed				
<b>Total</b>				

\*Insert/delete rows as needed

This proposal is submitted pursuant to the **General Conditions** listed in 53rd Avenue Site Affordable Housing Request for Proposals. The Sponsor, the Development Team, and their representatives, hereby, agree to comply with all terms under the General Conditions.

\_\_\_\_\_  
Signature / Title  
To be signed by Executive Director or equivalent

\_\_\_\_\_  
Date



**Form B  
Funding Application and Checklist**

City of Hillsboro Funding Program		Project Name	
<input type="checkbox"/> Regional Housing Bond Funds \$ _____			
Organizational Information			
Applicant/Sponsor			
Entity Name:		SSN/Tax ID:	
Address:	City/State:		Zip:
Contact Person:	Phone:	Fax:	
Email:	Additional Contact Information (if applicable):		
Sponsor Type		Entity Type	
(please check one) <input type="checkbox"/> For Profit <input type="checkbox"/> Not-for-Profit <input type="checkbox"/> Not-for-Profit Community Based Development Organization (CBDO) <input type="checkbox"/> Not-for-Profit Community Housing Development Organization (CHDO) <input type="checkbox"/> Other specify) _____		(please check one) <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Corp. (LLC) <input type="checkbox"/> Community Development Corp. (CDC) <input type="checkbox"/> S-Corporation <input type="checkbox"/> Individual <input type="checkbox"/> Other (specify) _____	
Developer (If Different from Applicant/Sponsor)			
Name:		Contact Person:	
Address:	City/State:		Zip:
Email:	Phone:	Fax:	
On-Site Property Manager			
Name:		Contact Person:	
Address:	City/State:		Zip:
Email:	Phone:	Fax:	

**Oath and Certification**

I certify that all of the statements made in this application (and all other supporting documentation furnished in connection with this application) are true, complete and correct to the best of my knowledge and belief and are made in good faith. I understand that knowingly providing false information in connection with this application is a violation of state law and may result in criminal prosecution.

I understand City of Hillsboro will retain this application whether or not it is approved, and completing the application is not a guarantee of approval or funding. I understand that any or all information contained in this application (and all other supporting documentation furnished in connection with this application) may be subject to verification or investigation by City of Hillsboro. In submitting this application, I authorize the verification and investigation of all matters which City of Hillsboro deems relevant to my application for financial assistance, including without limitation, all statements contained in this application, property inspections, credit and employment history, and construction experience. For these purposes, (a) I consent to the release of such information by credit agencies, banks, employers and other relevant individuals and agencies to any duly authorized agent of City of Hillsboro; (b) I release from all liability such individuals and agencies supplying such information; and (c) I release City of Hillsboro from all liability for making such investigations and inquiries.

This application information is confidential and submitted voluntarily to the City of Hillsboro. I understand that non-exempt information contained in this application is subject to disclosure under the Oregon Public Records Law, ORS 192.420, in the sole discretion of City of Hillsboro.

I hereby certify that I understand the loan source may be federal funds and thereby, if required, I will maintain compliance with the pertinent federal regulations stipulated for the use of these funds.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, gender, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Region X Office of the Federal Trade Commission, or Federal Trade Commission, Equal Credit Opportunity, Washington D.C. 20580.

Signed:

Title:

Date:

Signed:

Title:

Date:

Return original to:

**Chris Hartye, Senior Project Manager  
Community Development Department  
City of Hillsboro, Oregon  
150 E. Main Street  
Hillsboro OR 97123**

### Application Checklist

Please attach items in the following order. Label items and paginate application and attachments as one document. Refer to pages 14-16 of the RFP for detailed requirements for each item. All items should be printed on 8 ½ x 11-inch size paper unless specified otherwise (as in item #15).

<input type="checkbox"/> 1. Sponsor Cover Page – Form A
<input type="checkbox"/> 2. City of Hillsboro Funding Application and Checklist – Form B
<input type="checkbox"/> 3. Project Overview Narrative
<input type="checkbox"/> 4. Development Team Summary
<input type="checkbox"/> 5. Racial Equity Plan
<input type="checkbox"/> 6. Resident Services Plan
<input type="checkbox"/> 7. Community Engagement Plan
<input type="checkbox"/> 8. Project Budget/Pro Forma – Form C
<input type="checkbox"/> 9. Proposed Project Schedule - Form D
<input type="checkbox"/> 10. Schedule of Real Estate Owned – Form E
<input type="checkbox"/> 11. Sponsor Statement of Financial Capability – Form F
<input type="checkbox"/> 12. Audited Financial Statements and Current Year To-date Financials
<input type="checkbox"/> 13. Letters of Commitment
<input type="checkbox"/> 14. Architectural Concept Drawings: presented in 11”x 17” landscape format



**Form D  
Proposed Project Schedule**

Project Name: \_\_\_\_\_  
 \_\_\_\_\_

Schedule  
 Prepared Date: \_\_\_\_\_  
 \_\_\_\_\_

Activity	Proposed Date (month/year)
<b>Site</b>	
Site Analysis	
Zoning Approval (Planned Unit Development)	
Building Permits & Fees	
Off-Site/Half-street Improvements (if needed)	
<b>Pre-Development</b>	
Plans Completed	
Final Bids	
Contractor Selected	
<b>Financing</b>	
<b>Construction Loan:</b>	
Proposal	
Firm Commitment	
Closing/Funding of Loan	
<b>Permanent Loan:</b>	
Proposal	
Firm Commitment	
Closing/Funding of Loan	
<b>Development</b>	
Syndication/Partnership Agreement (LIHTC)	
Construction Begins	
Construction Completed	
Certificate of Occupancy	
<b>Marketing</b>	
Lease Up Begins	
Lease Up Completed	
Absorption (units per month)	

**Form E - Schedule of Real Estate Owned & Planned**

Organization:

Date of financial data for properties:

Please provide information on every rental property in your portfolio, including those that are stabilized, under construction, or in the pre-development stage. This information will be used strictly by the City of Hillsboro as part of our evaluation of your Proposal for the 53rd Avenue Affordable Housing Project.

No.	Name of Project	City	State	% Ownership	Total Number of Units	Construction Type	REAC Score (Sec. 8)	Tenancy	Development Status	Date Placed in Service	Current Occup. %	Check if all loans are current with no defaults	Check if lawsuits, judgments, or bankruptcy are pending	Report from Last Audit				DCR	Cash Flow
														Total Effective Gross Income	Annual Operating Expenses	Annual Replacement Reserve Deposit	Total Required Debt Service		
1																			
2																			
3																			
4																			
5																			
6																			
7																			
8																			
9																			
10																			
11																			
12																			
13																			
14																			
15																			
														<b>Average DCR of all properties</b>					

Please provide an explanation for any properties that had negative cash flow and what is being done to improve the operating performance at that property:



**Form F**  
**Sponsor Statement of Financial Capability**

The following information is supplied for the official and confidential use of the City of Hillsboro and its Agents for the sole purpose of evaluating financial assistance applications.

1. Sponsor Information:

- a. Name of Sponsor: \_\_\_\_\_
- b. Address of Sponsor:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- c. Sponsor's Federal Taxpayer Identification Number: \_\_\_\_\_

2. Contact Information:

Please provide the name of Sponsor's representative to contact regarding information contained in this statement:

- a. Name of Sponsor's Representative: \_\_\_\_\_
- b. Phone Number of Sponsor's Representative: \_\_\_\_\_

3.

- a. The financial condition of the Sponsors, as of \_\_\_\_\_, 20\_\_\_\_, is reflected in the attached Audited Financial Statements for (years) \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, as well as the current year to date financial statement for the period ending \_\_\_\_\_. These statements show assets and liabilities, including contingent liabilities, fully itemized in accordance with generally accepted accounting principles.
- b. Name of auditor or public accountant who performed the audit on which said financial statements are based:  
Auditor Name: \_\_\_\_\_

4. Name and address of bank and financial institution references:

Bank Name:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

References:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. Has the Sponsor or parent corporation, or any subsidiary or affiliated corporation, if any, or the Sponsor or said parent corporation, or any of the Sponsor’s officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

Yes

No

6. Has the Sponsor or anyone referred to in item 5 above been indicted for or convicted of any felony within the past 10 years?

Yes

No

If yes, give for each case (a) date; (b) charge; (c) place; (d) court; and (e) action taken. Attach any explanation deemed necessary.

**Certification**

I (We)\* \_\_\_\_\_, certify that this *Statement of Financial Capability* and the attached evidence of the Sponsor’s financial responsibility including financial statements are true and correct to the best of my (our) knowledge and belief; and authorize the City of Hillsboro to verify this and related credit information.

\_\_\_\_\_ Date

\_\_\_\_\_ Date

\_\_\_\_\_ Signature

\_\_\_\_\_ Signature

\_\_\_\_\_ Title

\_\_\_\_\_ Title

\_\_\_\_\_ Address

\_\_\_\_\_ Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\* If the Sponsor is a corporation, this statement should be signed by the President and the Secretary of the corporation; if an individual, by such an individual; if a partnership, by one of the partners; if an entity not having a president or secretary, by one of its chief officers having knowledge of the financial status and qualifications of the Sponsor.