

HOUSING FOR THE HOMELESS DEMONSTRATION SET-ASIDE RFP



Section 1 – General Information

1.1 Purpose

The Iowa Finance Authority (“IFA”) is seeking Applications for Projects to participate in the Housing for the Homeless Demonstration Set-Aside for Low-Income Housing Tax Credits as initially established in the IFA’s 2016 9% Qualified Allocation Plan (QAP) and as specified in this Request for Proposals (“RFP”).

1.2 Project Requirements

Only one Application may be approved for the set-aside. The Project must meet all 2016 QAP threshold items specific to funding requested, as well as the additional requirements of the Demonstration Program, which will be determined by IFA in its sole discretion based on an individualized in-depth analysis of each Project.

This set-aside is for a Project that shall provide permanent supportive housing for persons experiencing homelessness. This set-aside shall receive \$800,000 of all available Tax Credits. This \$800,000 shall be outside of the limitations stated in the 2016 QAP Section 2.3 - Tax Credit Cap for Single Developer/Project.

The Project shall provide permanent supportive housing to persons experiencing homelessness. “Persons experiencing homelessness” is defined for this set-aside to mean an individual or family who lacks fixed, regular, and adequate nighttime residence, meaning:

- Has a primary nighttime residence that is a public or private place not meant for human habitation;
- Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state and local government programs); or
- Is exiting an institution where (s)he has resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.”

A Project shall:

- Be located within a MSA;
- Be new construction or adaptive reuse;
- Reserve ten percent (10%) of the total Project Units (rounded up to the next full Unit) or four Units, whichever is greater, to persons experiencing homelessness. These Units shall be leased only to qualified persons experiencing homelessness and therefore IFA’s Held for Occupancy policy, as defined in the 2016 QAP Appendix 2 - Glossary, shall not apply;
- Units set aside for persons experiencing homelessness shall be dispersed throughout the Property and in different bedroom sizes rather than segregated;
- The Units reserved for persons experiencing homelessness shall remain reserved for this purpose through the entirety of the LURA. The exception to this rule would be if Iowa no longer has a homeless population as defined by a 90% reduction in total persons experiencing homelessness according to the annual Point-in-Time Count, with the 2015 Point-in-Time Count serving as the baseline number against which to compare future results. Point-in-Time Count information is available here: <https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007/>. The total number of persons in Iowa reported by the 2015 Point-in-Time Count to be experiencing homelessness on a single date in January was 3,081.
- Be a Family Project without age restrictions;
- Partner with a qualified service provider that provides supportive services to persons experiencing homelessness in the proposed Project’s market area; and
- Be exempt from 2016 QAP Section 5.16 - Targeting Plan requirements.

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A Project is required to demonstrate a strong relationship with a qualified service provider that will provide supportive services to persons experiencing homelessness that will reside in the Project. IFA shall review the written agreement between the entities to ensure that there is a commitment to an extensive and long-term working relationship. IFA will review the capacity of the Developer and qualified service provider to provide permanent supportive housing including their past experience with such a Project.

1.3 Housing for the Homeless Demonstration Set-Aside Reservation Schedule

Step 1	Draft Request for Proposal (RFP) becomes available	On or about November 20, 2015
Step 2	Final RFP becomes available	On or about December 14, 2015
Step 3	Qualified Service Provider Qualifications due to IFA	On or about February 22, 2016
Step 4	Housing for the Homeless Demonstration Set-Aside Application becomes available	On or about March 11, 2016
Step 5	Housing for the Homeless Demonstration Set-Aside Application due to IFA	March 28, 2016 by 4:30 pm.
Step 6	IFA Tax Credit Reservation for the Housing for the Homeless Demonstration Set- Aside recommendation presented to Board	June 2016 IFA Board of Directors meeting

Section 2 - Qualified Service Provider Information and Reporting Requirements

2.1 Qualified Service Provider List

A partial list of potential qualified service provider candidates are listed on the Appendix 1HSA - Qualified Service Provider List, which includes all homeless services agencies in Iowa funded under one or more federal programs (Continuum of Care, Emergency Solutions Grant, or Housing Opportunities for Persons with AIDS) during the past three years. The Applicant shall partner with a qualified service provider candidate, which may or may not be listed in Appendix 1. The Applicant shall enter into a written agreement with the qualified service provider to provide supportive services to persons experiencing homelessness who will reside in the Project. The Developer, property manager and qualified service provider shall enter into a written agreement to forge an extensive and long-term partnership to provide permanent supportive housing to eligible tenants.

2.2 Qualified Service Provider Capacity Determination

The Applicant shall submit a completed Exhibit 1HSA - Qualified Service Provider Capacity Determination form via email to housingtaxcredits@iowa.gov no later than 4:30 pm on February 22, 2016. IFA staff shall make a determination of the qualified service provider's capacity to carry out responsibilities related to the permanent supportive housing Project. The qualified service provider must have the necessary experience, staffing and operational capability to deliver case management and services to persons experiencing homelessness residing in the supportive housing Project. The qualified service provider must also have the capacity to provide a sufficient pipeline of eligible tenants to occupy the permanent supportive housing units set aside for persons experiencing homelessness in the Project throughout the Compliance Period. Collaborations or partnerships among agencies may be proposed to address the needs of supportive housing tenants as part of the capacity determination, although the primary responsibility for carrying out duties related to the proposed Project shall be assigned to the qualified service provider. IFA shall notify the Applicant of its capacity determination for the proposed qualified service provider on or about March 2, 2016. The qualified service provider Capacity Determination must be approved by IFA prior to application submission in order for the

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Project to be eligible for an award of Tax Credits. IFA reserves the right to deny capacity determination approval to any proposed qualified service provider that has failed to comply with program requirements in the administration of any previous project funded by IFA through any of its programs.

2.3 Reporting Requirements

The Project shall submit participant information for those tenants living in the Units designated for persons experiencing homelessness, utilizing the Iowa Homeless Management Information System (“HMIS”), according to HUD’s HMIS Data and Technical Standards. This includes minimum participant demographic information according to HUD’s standards for “Other Permanent Housing (OPH),” which means permanent housing projects that are designated for homeless people that provide housing and services, but for which disability is not required for entry. If the qualified service provider qualifies primarily as a domestic violence service provider, the information shall be submitted in a database that meets HUD’s standards as a comparable database.

Section 3 – Application Process

3.1 Application.

Applicants shall submit the Application and exhibits through IFA’s on-line Application system. Notification will be placed on the website, www.IowaFinanceAuthority.gov, specifying the submission requirements. The Application will include a prescribed Application form and exhibits. The completed Application shall contain electronic signature(s) and the initial Application shall be accompanied by an electronic payment for the appropriate nonrefundable Application fee(s) specified in 2016 QAP Section 3.4.7 - Fees.

3.2 Market Study and Analysis

IFA shall commission a market study for all proposed Projects.

3.3 Application Review

IFA staff shall review the submitted Application. Staff may request additional clarifying information to confirm the information submitted in the Application. IFA reserves the right to verify information contained in the proposal and to discuss the Applicant’s and Project qualifications. IFA also reserves the right to obtain and consider information from other sources concerning an Applicant and Project.

3.4 Project Selection

IFA reserves the right to make its selection of the Project that will best meet the qualifications required by IFA. IFA also reserves the right to reject any and all applications. In the event that all Applications are rejected, the IFA Board may determine that the Housing for the Homeless Demonstration Set-Aside is not performing up to expectations. The IFA Board, in its discretion, may redirect all or a portion of the credits from the set-aside to the General Pool.

The Applications will be ranked based on the score received. The Application receiving the highest score may be awarded an allocation of Tax Credits. In the event that the final scores of more than one Application are identical, the tiebreaker favors the Application requesting the least amount of Tax Credits per LIHTC Unit based on IFA’s equity needs analysis.

3.5 General Requirements

The Application must meet the requirements of the 2016 QAP in addition to the more specific terms of this RFP.

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Section 4 – Underwriting

4.1 Tax Credit Cap

The Project will be required to utilize the following Tax Credit cap in addition to the Unit Cost Cap stated in the 2016 QAP Section 4.9 – Unit Cost Cap. The maximum amount of Tax Credits per LIHTC Unit for a Project under this set-aside is as follows:

New Construction – Adaptive/Reuse	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
	\$9,725	\$12,010	\$14,300	\$17,160	\$18,875

The selected Project shall be eligible for a thirty percent (30%) basis boost and will be allowed to exceed the Tax Credit Cap per LIHTC Unit listed above. The maximum Tax Credit amount that will be awarded to the one Project is \$800,000. The Project shall also be eligible for funds under the National Housing Trust Fund created pursuant to the Housing and Economic Recovery Act of 2008, if IFA receives an allocation of such funds.

The Project shall meet all of the 2016 QAP threshold items specific to the funding requested, except for 2016 QAP Section 4.1.3 – Debt Service Coverage Ratio. The Units designated for the persons experiencing homelessness shall be underwritten as if zero income is received.

4.2 DSCR

Projects applying for the Homeless Set-Aside will not be required to have hard debt. All Projects WITH DEBT shall reflect an average Debt Service Coverage Ratio (DSCR) between 1.00 DSCR and 2.00 DSCR. Any one year cannot go below 1.00 DSCR or above 2.00 DSCR for the first fifteen (15) years.

4.3 Vacancy Rate

Projects will be underwritten at a seven percent (7%) vacancy rate in addition to the Homeless Set-Aside Units, which will be underwritten assuming zero income. Projects with twenty-five (25) Units or less will be underwritten at a ten percent (10%) vacancy rate in addition to the Units designated for persons experiencing homelessness.

4.4 Operating Expenses

The following numbers shall be used when calculating Operating Expenses for the total Project Units: Minimum of \$3,800 per Unit per year not including taxes and reserves. Operating Expenses shall be paid by the Project and not the qualified service provider. The Project shall not be responsible for the funding of the supportive services.

4.5 Operating Reserves

The operating reserve shall be a minimum of six (6) months, but not to exceed eighteen (18) months, of debt service, operating expenses and real estate taxes. The operating reserve shall be in place for the first 15 years and be used solely to cover operating deficits. The Applicant shall include a narrative explaining how the operating reserve will be established. The operating reserve shall be funded within six months from the date IFA sends the IRS Form 8609 to the Ownership Entity.

4.6 Replacement Reserves

All Projects shall budget minimum replacement reserves of \$440 per Unit per year escalating at the same rate as operating expenses.

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Section 5 – Scoring

IFA will award scoring points based on information provided in the online Application. Applicants will tentatively self-score a portion of the criteria in the Application. IFA shall make the final determination of the Applicant's score. Refer to Appendix 2HSA - Housing for the Homeless Demonstration Set-Aside Supplemental Scoring for details. As a threshold requirement upon submission, the Project shall obtain a score of at least 30 points under the criteria set forth in Appendix 2HSA - Housing for the Homeless Demonstration Set-Aside Supplemental Scoring.

Section 6 – Awards

Once IFA has reserved Tax Credits, an electronic notice of Tax Credit Reservation shall be emailed to the successful Applicant. The effective date of the award will coincide with the date of the notice. The unsuccessful Applicant(s) shall be notified by email that IFA did not select their Project, including an explanation as to why IFA did not select the Project.

Staff will present the recommendation to the IFA Board after such time the Application review has been completed.

Certain selection criteria are subject to compliance monitoring and will be incorporated into the LURA and will be binding for the length of the LURA or any renewal thereof. The Project will be subject to IFA's current Carryover-10% Test and IRS Form 8609 Application processes.