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## REQUEST FOR PROPOSALS

Ollie Court in Eugene, Oregon

For Low Income Housing Tax Credit Investor/Limited Partner, Construction Lender, and Permanent Lender



**SUBJECT:** Request for Proposals (RFP) for a Low Income Housing Tax Credit Investor/Limited Partner, Construction Lender, and Permanent Lender for the financing of 81 units of affordable rental housing to be developed as Ollie Court in Eugene, Oregon

**ISSUE DATE:** August 24, 2023

**DUE DATE:** September 29, 2023 by 5:00 PM

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**DOCUMENT AVAILABILITY:** Electronic copies of the RFP and all associated documents may be obtained on the Homes for Good web site at <https://homesforgood.org/opportunities/contracts-and-vendors/bid-opportunities>. If the RFP is downloaded from the website, Homes for Good requests that an email indicating interest in the solicitation be sent to the RFP Contact to be added to the Prospective Responders List and to receive addenda.

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EXHIBITS:

- 1. Site Plan, Schematic Floor Plans, Renderings
- 2. Financial Proforma

## **SECTION I: EXECUTIVE SUMMARY**

Homes for Good Housing Agency seeks proposals to finance the development of Ollie Court, which will include 81 units of affordable housing over commercial space, from financial partners wishing to serve in one or multiple of the following roles:

- An investor/limited partner for \$1,531,909 of annual 4% Low Income Housing Tax Credits (LIHTCs)
- A construction lender for a tax-exempt construction loan of approximately \$20,400,000
- A lender for a permanent loan for residential of up to \$9,600,000
- A lender for a construction and permanent loan for commercial Early Learning Center of up to \$900,000

Proposers may serve in one or multiple roles. If proposing to serve in only one or two roles, please mention potential financial partners you have coordinated with to serve in the remaining roles for Ollie Court. An individual firm can be mentioned as a potential partner in multiple proposals for this solicitation without prejudice.

Financing is expected to close in June 2024. Construction is scheduled to occur over 14 months and conclude in September 2025. Upon completion of construction, Ollie Court will consist of a condominium with two independently owned units: a housing condo and a commercial condo. The housing condo will be owned by a to-be-created Limited Partnership formed with Homes for Good as the General Partner and will include 81 units of rental housing. The commercial condo will be owned by Homes for Good and will include approximately 13,555 square feet of commercial space for an Early Learning Center.

Ollie Court will consist of two four-story buildings and provide affordable housing to a mix of income levels: 56 units at or below 50% of Area Median Income (AMI) and 24 units at or below 30% AMI. All units, except for the manager's unit, will have Project-Based Vouchers (PBVs). The project consists of a mix of 15 one-bedroom, 50 two-bedroom, and 16 three-bedroom units with a community room on the ground floor of one building and commercial space of the other building. The commercial space is designed specifically to house an early learning center for up to 80 children. Homes for Good has secured three partners for the Early Learning Center: Early Childhood CARES, Head Start of Lane County, and Parkside Community Preschool. Homes for Good will be the sole developer for Ollie Court and will manage the design, construction, and financing for the development.

Ollie Court will be financed with a combination of tax-exempt bonds, 4% LIHTCs, state, local, and private funding commitments, and deferred developer fee. Oregon Housing and Community Services (OHCS) will issue the tax-exempt bonds for approximately \$20,400,000. These will include \$10,800,000 of short-term bonds used during construction and \$9,600,000 in long-term bonds. The project will qualify for approximately \$1,531,909 in annual 4% tax credits and should generate over \$13,479,451 in net equity.

Ollie Court has already received the following funding commitments: \$11,254,000 in LIFT funding from OHCS, \$2,960,341 from City of Eugene (combination of HOME and City Fee Assistance), \$4,900,000 in lottery bond funding (Early Learning Center commercial space), and \$66,504 in Eugene Water and Electric Board System Development Charge Waivers and incentives.

In October 2023, Homes for Good will apply to OHCS for \$1,531,909 in annual 4% Low-income Housing Tax Credits and \$20,400,000 in Private Activity Bonds. We expect a reservation from OHCS in December 2023.

## **SECTION II: PROJECT DESCRIPTION**

Ollie Court is a collaborative project led by Homes for Good Housing Agency to address two critical shortages impacting our community: the shortage of affordable housing and the shortage of affordable childcare. Ollie Court will address both shortages by developing a new 81-unit housing community with an Early Learning Center large enough to serve up to 80 children.

Ollie Court will provide 15 one-bedroom units, 50 two-bedroom units, and 16 three-bedroom units in two four-story buildings. One-third of units (24 total) will be restricted to those with incomes at or below 30% of Area Median Income and two-thirds (56 total) will be restricted to those with incomes at or below 50% of Area Median Income. One additional two-bedroom unit will be reserved for an onsite manager and will not be income restricted. The range of bedroom sizes will make this community ideal for low-income renters, families with children, and seniors.

### **A. Co-Location Model**

Due to severe shortages of both affordable housing and affordable childcare in communities nationwide, a growing number of state and local governments are exploring ways to incentivize “co-location”, or co-development, of early childhood education (ECE) facilities in proximity to affordable housing communities. According to the Biden Harris Administration, the cost of childcare has risen 26% in the past decade, and 200% in the past three decades. The lack of affordable housing and childcare options is especially severe in Oregon, where half of renters struggle to afford rent and average costs for toddler care are the third highest in the nation.

Co-developing ECE facilities with new affordable housing communities not only increases the availability of highly in-demand services, but also ensures that those services are physically accessible to the families that can most benefit from them. This model also encourages increased workforce participation for parents relieved of the duties of childcare and better educational outcomes for children with stable housing.

### **B. Site Location and Characteristics**

The site is a 3.05-acre undeveloped, flat lot in the urban core located at approximately 1520 W. 13<sup>th</sup> Avenue, Eugene, OR 97402 (Map 17-04-36-42 Tax lot 10400). The site is currently owned by the City of Eugene but would be transferred to Homes for Good at financial closing. The site is zoned Public Land (PL). Homes for Good has received a zoning verification from the city of Eugene saying the proposed project and ownership structure is allowed outright in this zoning.

The location of this site in the Jefferson Westside neighborhood provides ideal proximity to a variety of nearby services. César E. Chávez Elementary School and the Eugene Faith Center Food Pantry are directly adjacent to the site and both Looking Glass Riverfront School and the University of Oregon College of Education’s Early Childhood CARES are within one block of the property. Other services and amenities within a half mile of the property include the Lane County Brookside Clinic, Albertson’s Grocery, Bi-Mart, Boys & Girls Club of Emerald Valley, Westmoreland Park, and the Lane Events Center. An LTD bus stop along 13th Avenue also provides direct connectivity to Downtown Eugene and related services including the Downtown Public Library, Senior and Disability Services, LTD Eugene Station, Lane County Public Health, and numerous employment opportunities.

### C. Design

The design and layout of Ollie Court responds to the urban nature of the site as well as the desire to create an attractive and safe family-friendly atmosphere. This project involves two four-story, uniquely formed buildings that anchor the northwest and southeast corners of the site. The size and shape of these two apartment buildings cradles the interior of the site to protect it from traffic noise on 13<sup>th</sup> and provide an inner sanctuary for the development's residents.

The design of Ollie Court is meant to provide a vibrant yet classic, innovative yet functional, and family-oriented addition of dwelling units to our community's affordable housing stock. The heart of the site will be focused on community space featuring green space, play areas, pedestrian amenities, walking paths, and a common area for all to enjoy. It is protected from parking and traffic circulation and provides visibility to and from the residential buildings. The building form and layout also promotes privacy for ground floor residential units along 13<sup>th</sup>, provides an opportunity for high quality daylighting in all residential units, and contributes to community identity and residential vibrancy.

#### Project Features and Amenities:

- Two four-story buildings consisting of approximately 49,000 square feet and 62,000 square feet
- 81 efficient one-, two-, and three-bedroom apartments
- PBVs for all rental units
- Ground floor in each building contains areas for common uses including community room, shared laundry, and restrooms
- Secure building entry
- Four fully ADA compliant units
- Resilient flooring throughout units and common areas for easy maintenance and replacement
- Earth Advantage certification with solar electric on both buildings
- Secure, long-term bike storage
- Parking ratio of 1.4 spaces per unit
- Ample outdoor spaces for gathering, play, and community gardens

#### Early Learning Center Details:

- 13,555 total square feet with six classrooms with indoor multi-purpose room
- Administrative offices with teacher prep area and break room
- Separate, fenced playground area
- Warming kitchen for food preparation
- Shared use of the adjacent Eugene Faith Center's parking lot for bus/parent drop off and staff parking

Please see **Exhibit 1** for the current site plan, schematic floor plans, and renderings.

### D. Targeted Population and Need

One-third of units (24 total) will be restricted to those with incomes at or below 30% of Area Median Income and two-thirds (56 total) will be restricted to those with incomes at or below 50% of Area Median Income. One additional two-bedroom unit will be reserved for an onsite manager and will not be income restricted. The range of bedroom sizes will make this community ideal for low-income renters, families with children, and seniors.

The percentage of families with children in this census tract is half that of the rest of the city of Eugene, indicating that there is a barrier to families accessing this otherwise appealing neighborhood. A mix of bedroom sizes will help increase access to this neighborhood for households ranging from single individuals to larger households.

There is a tremendous need in Lane County for both affordable housing and affordable childcare options for parents. Based on a 2020 report by Oregon State University, Lane County is considered a “childcare desert”, with only one childcare space for every three children under the age of five. According to the 2018-2019 Lane County Community Health Assessment performed by LiveHealthy Lane, these issues are mutually reinforcing, leaving many families to have to choose between stable housing and childcare due to rapidly inflating costs for both.

To address the community’s critical need for increased affordable housing stock, the City of Eugene has identified a goal to develop 835 units of affordable housing by 2027 and a timeline to develop housing on specific city-owned parcels to meet this need. The site for this development is the first of these parcels to be made available for such development.

## SECTION III: PROJECT TEAM

### A. Homes for Good (Developer/General Partner/Sponsor/Housing Assistance Payment Contract Administrator)

Homes for Good will serve as the developer and manage the design, construction, and financing of Ollie Court. A Homes for Good-controlled entity will serve as the General Partner of the Limited Partnership. Homes for Good will also be the Housing Assistance Payment (HAP) Contract Administrator for the 80 Project-Based Vouchers (PBVs). Homes for Good will provide as necessary customary guarantees and assurances regarding completion of the construction, repayment of the construction loan, delivery of low income housing tax credits, and qualified basis.

#### 1. Background

Homes for Good is a public corporation organized under ORS 456.005-235, Oregon housing authority law. Homes for Good serves as the Public Housing Authority for Lane County, which includes the City of Eugene. Its purpose and mission are serving low-income residents of Lane County by administering the Section 8 Housing Choice Voucher and Public Housing programs and by developing additional affordable housing resources.

The Homes for Good Board of Commissioners deeply supports affordable housing development and operation as essential functions in carrying out its mission. In July 2022, Homes for Good changed its governance structure to increase board diversity. The nine-member Board consists of two (2) members of the Lane County Board of Commissioners, two (2) appointed commissioners both of whom are residents from Homes for Good's Public Housing program, and five (5) appointed commissioners from the Lane County community. This Board has directed Homes for Good in all past real estate development as well as directed Homes for Good's daily operations which include managing and overseeing over 1,800 units of low-income housing with an annual budget of approximately \$50 million. Under the direction of the Board, Homes for Good has a proven track record of constructing and managing quality housing for very low-income and special needs households.

#### 2. Sponsor Portfolio

Homes for Good Housing Agency is the Public Housing Authority (PHA) for Lane County and the second largest PHA in Oregon. Since its creation in 1949, Homes for Good Housing Agency has served low-income people by providing housing opportunities and social services. Since 1993, Homes for Good has used the tax credit program to bring affordable units to Lane County. The Agency owns, manages, or has developed over 1,800 units of affordable housing, including 752 units of public housing and 902 units of tax credit financed housing. With considerable in-house capacity and expertise, the Homes for Good development team is experienced in completing projects with complex financing considerations like Ollie Court. Homes for Good has completed many affordable projects with both the General Contractor and Architect selected for this project. Projects listed below from the Homes for Good portfolio all serve low-income families or specialized populations and have included LIHTC in their financing. They are as follows:

Project	No. Units	Financing	Year Complete
The Nel	45	LIHTC, GHAP, HOME	2022
The Commons on MLK	51	LIHTC, MHH/HDGP, FHLB	2021
RAD Phase II	117	LIHTC, HPF, OAHTC, HOME, RAD	2021
Market District Commons	50	LIHTC, HTF, HOME	2020

Richardson Bridge	31	LIHTC, GHAP	2018
The Oaks at 14 <sup>th</sup>	54	LIHTC, GHAP	2017
Bascom Village Phase II	48	HOME, LIHTC, OAHTC, GHAP	2016
Hawthorn Apartments	35	HOME, LIHTC, HTF	2011
Roosevelt Crossing	45	HOME, LIHTC, OAHTC, HTF	2010
Turtle Creek	27	HOME, LIHTC, OAHTC, HTF	2006
New Winds Apartments	18	HOME, LIHTC, OAHTC, HTF	2006
Sheldon Village (Phases 1 & 2)	78	HOME, LIHTC, OAHTC, HTF	2003
Munsel Park Apartments	44	USDA-RD, HOME, LIHTC, HTF	2004
Jacob's Lane	63	HOME, LIHTC, OAHTC, HTF	1998
Laurel Gardens Apartments	41	HOME, LIHTC, OAHTC, HTF	1997
Willakenzie Townhouses	25	HOME, LIHTC, OAHTC, HTF	1996
Walnut Park	32	HOME, LIHTC, OAHTC, HTF	1995
Richardson Bridge	32	CDBG, LIHTC, HTF, FHLB	1993

### 3. Financial Strength

Homes for Good has a long track record of prudent financial management. As of September 30, 2022, Homes for Good had a net position of \$80,281,443 and unrestricted net position of \$39,998,546. The organization also had \$17,071,500 of current assets and \$5,634,986 of current liabilities, which equals a current ratio of 3.02. For the fiscal year ending September 30, 2022, Homes for Good had operating revenues of \$53,167,411 and operating expenses of \$57,659,114 (which included \$2,233,917 of depreciation expense). Please note: Homes for Good's FY2022 annual audited financial statement is available upon request.

### 4. Homes for Good Team

Collectively, the Homes for Good staff assigned to The Commons on MLK offer over a five-decade history of successful involvement in financing and developing successful multi-family projects, described as follows:

- Mr. Jacob Fox (Executive Director) lends his finance and project management expertise. Mr. Fox has been an affordable housing professional for over 20 years. In 2000, he joined the Housing Authority of Portland's development team, ultimately becoming the Assistant Director of Asset Management responsible for over 50 apartment communities (5,300 units), 7 property management company contracts, 5 Asset Managers and \$34,000,000 of annual revenue. In 2009, Jacob became the Assistant Director at the City of Portland's Housing Bureau and was responsible for structuring 45+ real estate investments, a \$300,000,000 loan portfolio, 40+ contracts, 25 employees and an \$80,000,000 annual budget. Specific to multi-family development, Mr. Fox has directed a team of underwriters, project managers, closers and attorneys. Between 2009 and 2013, this team structured over \$80,000,000 of City of Portland funds into over 1700 units of affordable housing and worked on behalf of the City of Portland to negotiate with OHCS, NOAH and numerous other investors and lenders. Jacob accepted the Executive Director position at Homes for Good in 2015.
- Mr. Matt Salazar (Project Developer) will be the primary liaison to the investor, lender, and all other funding partners. Mr. Salazar has 1 year of experience in development and 2 years of experience in asset management of affordable housing in Oregon. Additionally, he has over 7 years of experience serving low-income communities throughout the Pacific Northwest in a variety of capacities. He has degrees in Non-Profit Management and Teaching.



- Ms. Nora Cronin (Project Development Manager) will be the overall team coordinator and project manager. Ms. Cronin has 17 years of experience developing affordable housing in Oregon. Her degrees in both architecture and planning provide a strong foundation for real estate development. She has successfully obtained financing and developed over 400 units of affordable housing including new construction multi-family rental, rehabilitation of existing housing, single-family home-ownership, and some commercial projects. Ms. Cronin has extensive experience in working with a variety of public and private financing including, but not limited to, 9% and 4% LIHTC, tax-exempt bonds, HOME, GHAP, PSH, OAHTC, and commercial loans.
- Mr. Steve Ochs (Real Estate Development Director) will assist in providing community outreach about the project and, as needed, provide necessary support, involvement, and dedicate additional staff in project areas as necessary. Under Mr. Ochs' leadership, since 2016 the Real Estate Department has closed and completed 7 projects (396 units) that included tax credit financing and 2 small projects (19 units) with other funds. In addition, he is facilitating the conversion and sale of 112 public housing units which will provide significant proceeds to use for investment in future low-income housing development.
- Ms. Beth Gydé, CHAM™, AMS® (Asset Manager) will work with the team to advise on strategies to create a smooth and successful transition from the pre-development phase into project operations. Ms. Gydé currently oversees the physical and financial health of Homes for Good's portfolio of Affordable, Assisted, RD, and LIHTC projects. She has over 22 years of compliance and risk management experience. Her work with the portfolio includes Capital Reserve planning, compliance, long term portfolio performance analysis and advising and investor exit strategies and negotiations.

#### **B. Chambers Construction Company (Construction Manager/General Contractor)**

Founded in 1955 and based in Eugene, Chambers construction has 80 employees and an annual volume between \$55 and \$87 million. Throughout their history, they have partnered with public and private owners to develop a diverse portfolio of renovation, rehabilitation, and new construction projects that include multifamily residential, educational, institutional, banking, athletic, healthcare, commercial, office, industrial, and mixed-use facilities. Chambers has previously worked with Homes for Good on one mixed-use multifamily project.

#### **C. PIVOT Architecture (Architect of Record)**

PIVOT Architecture is a Eugene-based, firm that has been in operation since 1956. The firm has previously worked on three other affordable multifamily project in Lane County, totaling 174 units

PIVOT will lead the design/engineering team that includes: Dougherty Landscape Architects (landscape), Hohbach-Lewin (structural engineering), KPFF (civil engineering), Comfort Flow Heating (mechanical engineering), Brothers Plumbing (plumbing engineering), New Way Electric (electrical engineering), and Omlid & Swinney (fire protection).

#### **D. Legal Partners**

Andrea Sato with Kantor Taylor will provide legal services for the real estate transactions, low income housing tax credits, and other regulatory compliance related to the development and financing. Michael Schrader with Orrick will most likely provide bond counsel services.

**E. Property Management**

Homes for Good selects property management firms through a competitive RFP process at least every three years. Pinehurst Management, based in Beaverton, Oregon, has been selected for Ollie Court. Pinehurst currently manages five properties in the Homes for Good portfolio totaling 225 units.

## SECTION IV: DEVELOPMENT STRUCTURE

### A. Construction Cost Estimates

Homes for Good has worked closely with the design team on the design of this building. Cost estimates have been provided by Chambers Construction and include hard construction costs, overhead & profit, general conditions, performance bonds and all necessary insurance. The current development budget is based on a cost estimate produced for the NOFA application in March 2023. There will be a budget estimate check at the end of design development in October 2023. The contractor will go out for final bids in April 2024. The contractor's estimate does not include the Owner's construction contingency, which is budgeted separately at 5% of the construction cost estimate.

### B. Project Schedule

Homes for Good has established the following development milestones. The financial partners are expected to commit to and maintain this schedule. While not currently anticipated, all dates are subject to change. Financing is targeted to close in June 2024.

Activity	Done	Date
Receive Award Letter for PBVs	X	03/07/2023
OHCS LIFT Notice of Funding Award	X	08/04/2023
Issue RFP Solicitation for Debt & Equity Partners	X	08/24/2023
Submit 4% Tax Credit Full Application		09/30/2023
Receive Reservation of 4% Tax Credits		12/31/2023
HUD Environmental Review Complete		02/15/2024
Receive Permits		06/12/2024
Financial Closing		06/26/2024
Start Construction		07/08/2024
Substantial Completion/Final Certificate of Occupancy		09/08/2025
Begin Lease-up		10/01/2025
Complete Lease-up/100% Initial Occupancy		03/01/2026
Receive 8609s		08/01/2026
Stabilization Achieved		06/01/2026

### C. Capital Structure

The current financing proforma is attached (see **Exhibit 2**). Please note that the proforma and information summarized below represent current estimates and are subject to change.

#### 1. Permanent Funding

The primary sources of permanent funding are listed in the table below:

Permanent Residential Funding		
Source	Amount	Committed
4% LIHTC (Equity)	\$13,479,451	
OHCS LIFT	\$11,254,000	Yes

City of Eugene HOME	\$2,225,341	Yes
City of Eugene City Fee Assistance	\$735,000	Yes
EWEB SDC Waivers	\$66,504	
HFG Cash	\$100	Yes
HFG Deferred Developer Fee	\$2,343,410	Yes
<b>Total</b>	<b>\$35,100,323</b>	

<b>Permanent Commercial Funding</b>		
<b>Source</b>	<b>Amount</b>	<b>Committed</b>
Oregon Lottery Bond Proceeds	\$4,900,000	Yes
<b>Total</b>	<b>\$4,900,000</b>	

For tax credit equity, we have assumed pricing of \$0.88 per Low-Income Housing Tax Credit. Respondents are encouraged to propose the highest pricing they can offer, since pricing is a major factor in Homes for Good's evaluation process. To the extent you propose different pricing than \$0.88, please assume that if it represents an increase in LIHTC proceeds, the excess will be used to decrease the Homes for Good deferred developer fee.

The City of Eugene HOME funds will be a subordinate cash flow-contingent loan.

Homes for Good is flexible in structuring the terms and rates on soft loans to ensure project feasibility and to optimize losses.

## 2. Construction Funding

Homes for Good anticipates obtaining a construction loan of approximately \$20.4 million. We assume the construction loan term to be 24 months. The construction loan will need to be structured as tax-exempt private activity bonds to trigger eligibility for tax credits. The short-term bonds will be issued by the state of Oregon. The size of the construction loan is based on meeting the 50% test. We have estimated the loan to be approximately 53.3% of the total eligible project costs.

## D. **Operating Budget**

### 1. **Revenues**

Ollie Court will have 80 rental units, and one unit reserved for the property manager. All rental units will have PBVs under a HAP contract with Homes for Good. The HAP contract term will be 20 years, with an automatic extension option of an additional 5 years. The proforma shows rental revenue up to 110% of Fair Market Rent (FMR), currently projected using the 2023 FMRs. The contract rent for these units is \$1,064 for a one-bedroom unit, \$1,406 for a two-bedroom unit, and \$2,016 for a three-bedroom unit. Other income includes projected laundry income of \$2,400 per year.

### 2. **Expenses**

Ollie Court is expected to have operating expenses of \$5,670 per unit per year. This includes \$450 per unit per year for replacement reserves. Pinehurst Management was selected as the property management firm out of a pool of selected RFP respondents. Property Management RFP respondents were encouraged to propose the lowest possible fee, as the amount of the fee is a factor in the proposal evaluation process. Pinehurst

Management's current fee throughout the rest of Homes for Good's Portfolio is currently 6% of collected revenue at each property.

## **SECTION V: SCOPE OF INVESTOR AND LENDER PARTICIPATION**

### **A. Tax Credit Investor**

A tax credit investor will be required to do the following:

- Develop documents including a partnership agreement, purchase option and right of first refusal, and other ancillary agreements to govern the operation of the proposed partnership and investment of the investor's capital contributions.
- Work in conjunction with Homes for Good and its legal and financial advisors and assist in providing review and comment on other aspects of the overall financing.
- Coordinate with its own counsel in preparing the tax opinion for the transaction, which will be paid for by the tax credit investor.
- Share third-party reports with the lender(s) to streamline due diligence and minimize related costs.

### **B. Construction and Permanent Lenders**

A lender providing construction and/or permanent financing will have the following responsibilities:

- Working with Homes for Good to advise and assist in formulating and executing a debt financing plan that best accomplishes the purposes of the financing at the lowest possible upfront and ongoing cost and most favorable terms for the borrower.
- Assist lender's counsel in preparing documentation for the financing.
- Share third-party reports with the tax credit investor to streamline due diligence and minimize related costs.

## **SECTION VI: PROPOSAL CONTENT FOR LIHTC INVESTORS**

Proposals from tax credit investors must address each of the items listed below. Please follow the order shown below or provide an index cross-referencing the order below so it is easily located. Respondents should describe any assumptions that differ from those included in this RFP.

### **A. Pay-in Amount, Schedule, and Credit Delivery Assumptions**

1. State your total proposed capital contribution, quoted as both a total dollar amount and a price per tax credit assuming \$1,531,909 total annual 4% tax credit allocation.
2. Please provide your proposed pay-in schedule by stating the percentage of total equity that each payment represents, the calendar date you have assumed for each pay-in, and all conditions (including any administrative ones) precedent to each pay-in. Describe also the purposes to which you would restrict the spending of each pay-in, if any (e.g. construction costs, reserves, developer fee, etc.).
3. State your assumptions for the amount of credits delivered to the limited partner each year prior to full annual credit delivery. Construction is anticipated to end by September 8, 2025. Lease-up is anticipated to begin October 1, 2025, and all of the units will be leased by the end of February 2026. Homes for Good is amenable to exploring strategies to facilitate competitive tax credit pricing and delivery, such as committing to leasing one building by the end of 2025. Please discuss any potential early credit delivery adjusters, upward timing adjusters, and equity caps.
4. Please state your assumptions and requirements for soft loan terms.

### **B. Adjusters and Repurchase Options**

1. Describe any capital contribution adjustment provisions if there is an increase or reduction in credits and/or acceleration or delay in credit delivery. Note whether there are limits on any adjustments.
2. State in detail the circumstances under which Homes for Good or the Partnership/LLC would be required to repurchase the investor's interest.

### **C. Fees, Expenses, and Cash Flow**

1. Describe the amount and character of all limited partner expenses during development (e.g., legal fees, third party construction review) for which you would require reimbursement. Assume that your legal counsel will provide the tax opinion.
2. Describe the amount and type of any upfront or ongoing fees to the investor such as an annual asset management fee, noting:
  - a) Which, if any, fees escalate over time and, if so, by what amount.
  - b) Whether these fees accrue.

3. State the order and terms of your cash flow waterfall. Please identify the names and all amounts of fees you would allow the general partner to receive, whether above the line or as part of the cash flow. Please elaborate on this proposed split of the remaining cash flow between Homes for Good and the investor, both during the compliance period and upon sale or refinancing. Do you place an absolute limit (as a percentage of gross revenue or otherwise) on the amount of fees that may be paid to Homes for Good? Do you require that some percentage of the net cash flow be paid to the investor? If so, how is that calculated?
4. Will you charge any fees in conjunction with the general partner or sponsor's exercise of any purchase option or right of first refusal? If yes, please describe these fees.

**D. Guarantees and Net Worth Requirements**

1. Describe the terms of each guarantee that you will require. State the name of the guarantor, guarantee amount (including any cap), timing and conditions for reduction and/or termination of the guarantee, and any reimbursement provisions for payments made on the guarantee.
2. Please state any net worth requirement for the Guarantor in order to close and/or as an ongoing post-construction obligation.

**E. Reserves**

1. Name and describe the terms of each reserve that you will require.
2. Please confirm that all reserves required by the permanent lender would also count towards or satisfy your reserve requirements.
3. Homes for Good's pro forma includes Replacement Reserve contributions of \$450 per unit per year. Will this amount satisfy your requirement for annual Replacement Reserve contributions?
  - a) Given the amount of the Replacement Reserve contributions, will you require an initial capitalization of the Replacement Reserve? If so, state the amount.
  - b) Is there a minimum balance that is required to be maintained in the Replacement Reserve?
4. What are the terms governing sponsor access to the Replacement Reserve (including, but not limited to, withdrawal limits, allowable uses and timing restrictions)?
5. Please specify your DCSR and Operating Reserve minimum balance for termination of the Operating Deficit Guarantee.
6. Homes for Good prefers to work with investors and lenders that allow the spending down of all reserves between years 12 and 15 to either pay down project indebtedness or make capital improvements to the project. No such payment would be made in violation of a loan agreement.
  - a) Is such a provision acceptable to you?
  - b) If yes, please share your standard language on reserve spend downs.



**F. Operating Expenses**

1. Do you allow Managing Member Asset Management and Resident Services fees above the line?
2. Please note any requirements needed to establish per unit per year operating expenses.

**G. Puts, Capital Accounts, and Purchase Options**

1. Will your partnership agreement contain a put option? If yes, what are its terms?
2. In years 10 and 15, what do your projections show as the value of the limited partner's capital account?
3. State the terms of all purchase rights available to Homes for Good during the term of the partnership. Please tell us if the Right of First Refusal you will grant Homes for Good will be at the standard IRC 42§(i) minimum purchase price and if the RFR is only triggered by a bona fide third-party offer.

**H. Back-End Tax Projection**

State the amount of your projected back-end tax liability, if any, and indicate the depreciation assumptions you used. Please note that Homes for Good desires to have no back-end tax liability and is open to alternative structures to maximize yield while still having no liability.

**I. Insurance Requirements**

Describe your insurance requirements and whether any special insurance coverage (e.g. earthquake, mold, etc.) will be required.

**J. Property Management Requirements**

Pinehurst Management is the selected property management firm for Ollie Court. Please indicate any requirements related to the property management firm.

**K. Due Diligence and Closing Requirements**

1. Homes for Good plans to close financing by June 30, 2024. Please indicate your ability and willingness to meet this projected closing date. Describe any limiting conditions on your proposal such as time required to obtain approvals from investor or internal committees. Please describe your internal approval process, associated timelines, and key critical path items.
2. Please provide a copy of your due diligence checklist.
3. Please list all required third-party reports and at what point they will be required (including, but not limited to, appraisal, market study, Phase I Environmental, seismic assessment, geo-tech report, etc.).
4. Will you hire a third-party firm to review the project's scope of work and specifications? If yes, what is the event that enables them to begin their review (e.g. completion of bid documents, submission of plans for building permits, etc.)? Once started, how long does this review typically take?

5. Under what conditions does a change order require advance approval? What is your change order approval process and timeline? Homes for Good would like to demonstrate in the bid package a pre-priced list of add-alternates that could be added to the construction if funds allow. Please confirm that this list could be added without going through the change order review process.

**L. Funding Benchmarks, Conversion, Qualified Occupancy**

1. Name all operational benchmarks the project must achieve to obtain post-completion capital contributions.
2. Will Homes for Good need to hire outside entities to verify achievement of these operational benchmarks?
3. Will Homes for Good need to hire outside consultants to verify tenant file compliance with LIHTC program requirements?

**M. Outside Counsel**

1. Name the law firm that will represent your organization and the attorney(s) within that firm who would work on this transaction.
2. What is the estimated cost of your counsel?
3. If selected, will you require the project to pay the cost of your counsel?

**N. Experience**

Please provide a list of the 4% tax credit/bond and LIFT projects in Oregon in which your organization has invested since 2017 (limit to the five most recent, if applicable). Include the name of the sponsoring organization for each project. Please also indicate experience in working on permanent supportive housing projects and, specifically, Housing First projects.

**O. Investor Type**

Please tell us if you propose to have the investor entity be a multi-investor fund or a proprietary fund. If a multi-investor fund, is the fund closed and if not when you expect it to close? If a single investor fund, please identify the investor you used for this offer. Do you anticipate closing first into a warehouse fund and then transfer it? If so, please confirm that all of Homes for Good's project-related expenses, and those of the Limited Partnership project owner, will be paid by the initial investor.

**P. No DRO for Managing Member**

Homes for Good prefers working with investors that would not require that Homes for Good restore a deficit capital account (if it had one) upon sale of the Company's/Partnership's assets or its dissolution. Would you agree to such a provision?

**SECTION VII: PROPOSAL CONTENT FOR CONSTRUCTION LENDER**

Proposals from lenders must address each of the items listed below. Please follow the order shown below or provide an index cross-referencing the order below so it is easily located. Respondents should describe any assumptions that differ from those included in this RFP.

**A. Firm Experience**

Describe your firm's recent experience making construction loans specifically using bond proceeds as part of a 4% LIHTC tax-exempt bond deal in Oregon. In 2021 and 2022, what was the number and dollar volume of construction loans made for similar projects? Indicate the individual who would serve as loan officer and describe his or her relevant experience.

**B. Financing Structure and Fees and Costs**

Please provide a term sheet including, but not limited to:

- Description of the proposed loan.
- Loan amount proposed and maximum potential loan amount that could be underwritten.
- Rate and description of the index and spread used for the rate.
- Term, extension provisions, and related fees.
- Fees and expenses, including the fees of your legal counsel.
- All applicable underwriting ratios and requirements for the project and borrower.
- A description of the underwriting process, including approximate amount of time needed to complete the financing and key approvals required.

**C. Insurance Requirements**

Describe your insurance requirements and whether any special insurance coverage (e.g. earthquake, mold, etc.) will be required.

**D. References**

Please list three clients for whom your firm has recently served as lender on a 4% LIHTC/Bond-financed deal. Provide contact information including name, title, phone number, and e-mail address. Include any Oregon references in particular.

## **SECTION VIII: PROPOSAL CONTENT FOR PERMANENT LENDERS**

We request that prospective Permanent Lender proposals address all items below. Please either follow the order given here or provide your information in such a way that it is easy to locate it.

### **A. Firm Experience**

Describe your firm's recent experience making permanent loans to affordable housing projects. In 2021 and 2022, what was the number and dollar volume of construction loans made for similar projects? Indicate the individual who would serve as loan officer, and describe his or her relevant experience.

### **B. Financing Structure and Fees and Costs**

Please provide a term sheet including:

- Description of the proposed loan.
- Rate and description of the index and spread used for the rate.
- Term and any extension provisions and related fees.
- Fees and expenses, including the fees of your legal counsel.

### **C. Reserves**

1. Name and describe the terms of each reserve that you will require.
2. Please confirm that all reserves required by the investor partner would also count towards or satisfy your reserve requirements.
3. Homes for Good's pro forma includes Replacement Reserve contributions of \$450 per unit per year. Will this amount satisfy your requirement for annual Replacement Reserve contributions?
  - Given the amount of the Replacement Reserve contributions, will you require an initial capitalization of the Replacement Reserve? If so, state the amount.
  - Is there a minimum balance that is required to be maintained in the Replacement Reserve?
4. What are the terms governing sponsor access to the Replacement and Operating Reserve accounts (including, but not limited to, withdrawal limits, allowable uses and timing restrictions)?
5. Please specify your DCSR requirement and Operating Reserve minimum balance.
6. Homes for Good prefers to work with investors and lenders that allow the spending down of all reserves between years 12 and 15 to either pay down project indebtedness or make capital improvements to the project. No such payment would be made in violation of a loan agreement.
  - Is such a provision acceptable to you?
  - If yes, please share your standard language on reserve spend downs.

### **D. Operating Expenses**

1. Do you allow Asset Management and Resident Services fees above the line?

2. Please note any requirements needed to establish Per Unit Per Year operating expenses.

**E. Insurance Requirements**

Describe your insurance requirements and whether any special (e.g. earthquake, mold, etc.) will be required.

**F. Due Diligence and Closing Requirements**

1. Homes for Good plans to close financing by June 30, 2024. Please indicate your ability and willingness to meet this projected closing date. Describe any limiting conditions on your proposal such as time required to obtain approvals from investor or internal committees. Please describe your internal approval process, associated timelines, and key critical path items.
2. Please provide a copy of your due diligence checklist.
3. Please list all required third-party reports and at what point they will be required (including, but not limited to, appraisal, market study, Phase I Environmental, seismic assessment, geo-tech report, etc.).
4. Will you hire a third-party firm to review the project's scope of work and specifications? If yes, what is the event that enables them to begin their review (e.g. completion of bid documents, submission of plans for building permits, etc.)? Once started, how long does this review typically take?
5. Please describe your conditions for conversion to permanent financing.

**G. References**

Please list three affordable housing clients for whom your firm has recently served as permanent lender. Provide contact information including name, title, phone number and e-mail address.

## **SECTION IX: PROPOSAL SUBMITTAL DETAILS**

### **A. Proposal Instructions and Format**

Proposals should be prepared simply and economically, providing a straightforward, concise description of Proposer's capabilities and offer. Submission of technical literature, charts or other supplemental materials is at the option of the Proposer as long as they address Homes for Good's evaluation criteria.

Please organize your materials as follows:

- a. Introductory Letter: This letter identifies who you are and verifies that your proposal will be valid for a minimum of **60 days**.
- b. Letter of Intent (Investors) or Term Sheet (Lenders): The Letter of Intent should fully respond to the Proposal Content items described in Sections VI, VII, or VIII, depending on which portion of the RFP you are responding to. Please follow the order set forth in these sections or provide an index that identifies where the requested information appears in your letter of intent.

### **B. Submission of Proposals**

Proposals shall be submitted by the date and time listed on the cover page of this Request for Proposals. Please submit three (3) complete copies of the proposal and one (1) electronic copy via email to the RFP contact. A confirmation reply email will be sent to the email address that submitted the proposal.

Please mark your proposal with the RFP title and contact, the date and hour due, and the name and e-mail address of the Respondent.

No late proposals will be accepted.

### **C. Changes to the RFP/Questions**

Homes for Good reserves the right to make changes to this RFP. Any changes to the RFP shall be made by written addendum.

A prospective proposer may request clarification to this RFP at any time before the deadline for written questions on September 8, 2023. Please direct all questions to the RFP contact. Answers will be provided to all interested respondents via email in a timely manner. If any query results in an addendum to this RFP, the addendum will be issued to interested respondents by September 15, 2023.

Do not contact any other Homes for Good board member, team member, or staff to discuss this project in any way during the RFP selection process.

### **D. Cost of the Proposals**

Costs incurred by any proposer in the preparation of its response to the Solicitation are the responsibility of the proposer and will not be reimbursed by Homes for Good. Proposers shall not include any such expenses as part of their proposals.

**E. Homes for Good Options**

Homes for Good reserves the right at any time without liability, in its sole discretion and for any reason, to:

- Cancel and/or reissue the Solicitation, in whole or part, and/or reject all proposals;
- Reject, in whole or in part, any or all proposals received in response to this Solicitation that are incomplete and/or non-responsive;
- Waive or correct any immaterial defect or technical error in any response, proposal or proposal procedure, as part of the Solicitation or any subsequent negotiation process;
- Request that certain or all respondents to this Solicitation clarify, supplement or modify certain aspects of the information or proposals submitted; and/or
- Extend deadlines for accepting proposals, request amendments to proposals after expiration deadlines, or negotiate or approve final agreements.

**F. Proposals Are Public Record/Confidentiality**

All information submitted by proposers shall be public record and subject to disclosure pursuant to the Oregon Public Records Act, except such portions of the proposals for which proposer requests exception from disclosure consistent with Oregon law. All requests shall be in writing, noting specifically which portion of the proposal the proposer requests exception from disclosure. Proposer shall not copyright, or cause to be copyrighted, any portion of any said document submitted to Homes for Good as a result of this RFP.

**G. Evaluation Process**

Homes for Good will appoint an Evaluation Committee to evaluate proposals. The Committee will apply the evaluation criteria and scoring set forth in the following sections. The Committee will determine which are the most competitive proposals received.

After determination of the competitive range, only those firms that scored within the competitive range will advance. Interviews (in person or over phone) may be held at the discretion of Homes for Good. During the interviews, if necessary, each firm may be asked to clarify specific aspects of its proposal and to answer any questions on the proposal's content. Homes for Good may, in their sole discretion, provide a set of questions in advance of the interview to be answered by each firm at the interview.

Following interviews, should they occur, the Committee will re-score the interviewed firms' proposals based on both the written proposal and the interview. Prior to re-scoring, the Committee may request that Proposers submit written statements amending their proposals in the form of a best and final offer. Following re-scoring, the Committee will identify the highest scoring proposal and make a recommendation to enter negotiations with the Selected Investor and Selected Lender.

Homes for Good's Executive Director shall have full authority over Homes for Good's selection and decision to award, subject to applicable law and Homes for Good policy.

## H. Evaluation Criteria for Tax Credit Investor Proposals

Each tax credit investor proposal will be evaluated using the following criteria:

<b>Tax Credit Investor Criteria</b>	<b>Points</b>
<b>1. Price and Pricing Considerations</b> Amount of equity to be invested, anticipated pay-in schedule, credit amounts assumed, adjusters, and fees and expenses.	50
<b>2. Non-pricing Considerations</b> Terms and conditions of the investment including guarantee provisions, operating and other reserve requirements, insurance requirements, back-end taxes, and terms of purchase option and right of first refusal.	20
<b>3. Closing Considerations</b> Reasonability of due diligence requirements, process for getting approvals to close, demonstrated track record of the Respondent and its team members in closing in a timely and effective manner, and comprehensiveness of proposal.	15
<b>4. Relevant Experience</b> Experience in syndication or placement of low-income housing tax credits including, without limitation, experience and interest in the ownership of housing for the benefit of extremely low-income residents, experience in Oregon, and with Homes for Good.	15

## I. Evaluation Criteria for Lender Proposals

Each lender proposal will be evaluated using the following criteria:

<b>Lender Criteria</b>	<b>Points</b>
<b>1. Upfront and Ongoing Borrowing Costs</b> Application, origination, commitment, extension, and any other fees; expenses including legal costs, third-party reports, and credit enhancement and rating costs; loan interest rate and corresponding ongoing borrowing cost.	50
<b>2. Loan Amount and Terms</b> Loan amount, loan sizing parameters such as LTV and coverage ratios, underwriting requirements, security provisions, guarantee provisions, operating and other reserve requirements, and insurance requirements.	15
<b>3. Closing Considerations</b> Reasonability of due diligence requirements, process for getting approvals to close, demonstrated track record of the Respondent and its team members in closing in a timely and effective manner, and comprehensiveness of proposal.	20
<b>4. Relevant Experience</b> Experience making affordable multi-family housing loans involving public housing authorities including, without limitation, experience with OHCS tax-exempt bonds, LIFT financing, and with Homes for Good.	15



## J. Proposal Acceptance

Acceptance of the Selected Investor's and Lenders' proposals for the investment and loan specified herein will be initially evidenced by Letters of Intent ("LOI") to be finalized within 30 days of the date that the Selected Investor and Lenders are notified of their selection.

Upon execution of the LOIs, the parties will work in good faith to finalize the partnership agreement and other documents effecting the terms of the investment, and loan documentation, in form and content satisfactory to Homes for Good and the Selected Investor and Lender.

## K. RFP Schedule

The schedule for this RFP is as follows.

Task	Date
RFP Issue Date	08/24/23
Deadline for Questions	09/08/23, 5:00 PM
Issue Final Addendum (if necessary)	09/15/23
<b>Proposals Due</b>	<b>09/29/23, 5:00 PM</b>
Committee Evaluation	10/02/23 – 10/13/23
Phone Interviews of short-listed firms (if necessary)	10/18/23
If Homes for Good desires additional review, then the schedule expands for the following activities and dates: Best and final proposals due from short-listed firms	10/25/23, 5:00 PM
Committee Final Evaluation	10/27/23
Notice of Intent to Award	11/01/23
Sign LOI / Term Sheets	11/09/23

All above dates are subject to change at Homes for Good's discretion.