

## Minneapolis Homes Development Assistance

### 2019 Request for Proposals

The City of Minneapolis Community Planning and Economic Development department (CPED), in partnership with Minnesota Housing and Land Bank Twin Cities, announces the availability of funds through a request for proposals (RFP) for development of homes for ownership on city-owned vacant lots.

#### Application Materials

The RFP and application documents are located on the Minneapolis Homes Development Assistance webpage: <http://www.minneapolismn.gov/cped/housing/DevelopmentAssistance>.

Developers must provide the following please use the naming convention below and fill in the name of the organization applying for **Developer** and the project address for **property address**:

- One copy of the following documents, that applies to all properties applied for:
  - Developer\_Application**, provide the Minneapolis Homes RFP application
  - Developer\_Addendum**, provide the Minneapolis Homes RFP application addendum
  - Developer\_Financing**, documentation of financing, which may include pre-approval letters for financing, bank statements dated within 30 days, net proceeds from pending sale of other real estate, and/or credit statements
  
- One of the following for each property address the Developer is applying for:
  - Developer\_Offer to Purchase\_property address**, provide the offer to purchase for each property address
  - Developer\_new construction plans\_property address**, provide the site plan and concept drawings for each property address
  - Developer\_Proforma\_property address**, provide the Minneapolis Homes proforma for each property address
  - Developer\_BPO\_property address**, provide a Broker's price opinion or appraisal that supports the sales price for each property address
  - Developer\_LTA financing\_property address (if applicable)** provide the LTA financing document for each project, if required
    - projects in Northeast and South must remain affordable for 30 years in partnership with a pre-approved LTA home sale model
    - projects in North may apply with a pre-approved LTA home sale model to receive priority points

- If applying for any of the following optional criteria, attach:
  - Letter of partnership signed by workforce development organization
  - Cluster investment strategy partnership letter
  - Anti-displacement MN Compass report
  - Documentation of grant sources as leverage

Developers may submit for more than one lot through the RFP process. Lot proposals will be separately scored. Developers are welcome to partner with other organizations to submit collaborative proposals.

### Application Deadline and Submission Instructions

**Responses to the RFP will ONLY be accepted electronically!** Electronic copies of the completed RFP application materials, including all required documentation, must be received by Minneapolis Homes staff by:

**12:00 p.m. (noon) on Wednesday, August 28, 2019**

Submittals that are mailed, faxed, late, or substantially incomplete will not be accepted.

**Electronic Delivery Instructions:** Submit all files to [MplsHomes@minneapolismn.gov](mailto:MplsHomes@minneapolismn.gov). Each attachment should be named according to the bold text above, with text in italics replaced with the name of the project address and/or developer submitting the application, as appropriate. Please keep file names short. For example, if your development company is called “Really Great Development Projects”, use an acronym such as “RGDP\_123 Main St\_Offer” for your file name.

### Technical Assistance Training

An in-person technical assistance training is scheduled for Wednesday, July 31, 2019 from 10:00 a.m. to 11:30 a.m. at University of Minnesota Robert J. Jones Urban Research and Outreach-Engagement Center (UROC), 2001 PLYMOUTH AVE NORTH, MINNEAPOLIS, MN 55411. Attendance to the training is strongly encouraged. Training materials will be posted on the “Development Assistance” page at: <http://www.minneapolismn.gov/cped/housing/DevelopmentAssistance>.

### Questions

All questions must be submitted via email by Wednesday, August 14 to [MplsHomes@minneapolismn.gov](mailto:MplsHomes@minneapolismn.gov). Responses will be posted on the RFP website by Monday, August 19.

### Email Updates

Important RFP and program announcements are often sent through the Minneapolis Homes listserv, applicants are encouraged to sign up for program updates on the Minneapolis Homes webpage: <http://www.minneapolismn.gov/cped/housing/MinneapolisHomes>.

## Eligibility Criteria

Eligible applicants include for-profit organizations, non-profit organizations, and government entities. Applicants must demonstrate:

- Experience successfully completing a similar project within the last two years.
- Capacity to pay for the proposed acquisition and improvements on the proposed property.
- The Developer cannot be an owner of a property that is a registered vacant building on the [City of Minneapolis 249 list](#), tax delinquent property, or property with significant code or rental license violations, unless the property is currently in the process of being rehabilitated in compliance with a restoration agreement or has a similar solution that is actively being implemented.
- The Developer cannot have an uncured default on a City of Minneapolis restoration agreement and/or redevelopment contract to rehabilitate or construct a property.

Proposals for new construction on City-owned vacant lots are eligible to receive funding for project gap assistance (the difference between total development cost and sales price). Funded proposals must market affordability gap assistance (homebuyer down payment and closing cost assistance) up to \$10,000 for homebuyers at or below 80% AMI. Developers have the option to partner with a qualified Long Term Affordable Home Model in order to receive preferential points and access an increase in homebuyer assistance for LTA homebuyers at or below 80% AMI as described in the program manual. Currently, City of Lakes Community Land Trust and Twin Cities Habitat for Humanity are the only qualified long term affordable home sale models. Developers that partner to achieve long term affordability will receive additional points through the RFP process. **Developers may apply to have their own LTA home sale model approved through the LTA RFQ by submitting the LTA RFQ [document](#) to [mplshomes@minneapolismn.gov](mailto:mplshomes@minneapolismn.gov).**

## Funding

Currently, the City of Minneapolis anticipates approximately \$2,500,000 for this RFP. The City of Minneapolis is fundraising for program activities and as a result actual funding available may change.

In addition to Development Assistance, Land Bank Twin Cities offers interim construction financing at a reduced interest rate to Minneapolis Homes Developers, subject to underwriting and approval. Contact Scott Anderson at Land Bank Twin Cities for more information, 612-238-8755 or [sanderson@landbanktwincities.org](mailto:sanderson@landbanktwincities.org).

Funding Source	Amount	Eligible Uses
Land Bank Twin Cities	No limit	Interim Construction Financing

## Proposal Considerations

For a proposal to be considered for funding, the Eligibility Criteria and Funding Priorities of the Minneapolis Homes program will be used to evaluate, score, and rank the Project Concepts and make land sale and funding recommendations to the City Council. Financial resources to support affordable housing are limited and highly competitive. To ensure funds are used efficiently and effectively, the City of Minneapolis reserves the right to adjust

awards, negotiate modifications to the proposals submitted, or amend scoring criteria to achieve a diversity of housing options throughout Minneapolis. The City of Minneapolis reserves the right to reject any application.

### **Program Minimums for Affordability**

All Minneapolis Homes properties must serve an initial household at or below 115% of area median income. Lots in Northeast and South are additionally restricted for sale through an approved long term affordability home sale model that ensures affordability to households at 80% of area median income for 30 years. See the Minneapolis Homes Development Assistance lot list for restrictions.

### **Funding Priorities**

Eligible proposals will be scored according to the following criteria (bold and capitalized text indicates where in the application documents scoring criteria will be evaluated):

#### **Equity (max points 40)**

- Up to 3 points - Historic rate of service to households of color or indigenous, households with disabilities, or households below 50% of area median income
- Up to 7 points - Proposed home sale marketing and design to serve households of color or indigenous, households with disabilities, and/or households below 50% of area median income
- Up to 3 points - Historic utilization rate of Section 3, DBE businesses, and workforce utilization to exceed Minneapolis Civil Rights criteria
- Up to 3 points - Women OR People of Color have at least a 51% ownership stake in your business or compose at least 51% of board member positions
- Up to 5 points - Extent of partnership with workforce development organizations (Points only awarded if there is a letter of partnership attached)
- Variable points - serving households at lower income levels than program minimums as outlined above
  - 5 points - Projects that voluntarily restricted for sale to the first purchaser at 80% of area median income or below;
  - 7 points - Projects that voluntarily restricted for sale to the first purchaser at 50% of area median income or below;
  - 10 points - Projects that create long term affordability at 80% of area median income or below through a City of Minneapolis pre-approved home sale model; or
  - 12 points - Projects that create long term affordability at 50% of area median income or below through a City of Minneapolis pre-approved home sale model

#### **Efficiency and Capacity (max points 35)**

- Up to 10 points - Successful completion of similar projects within the last two years
- Up to 10 points - Amount of per unit Minneapolis Homes subsidy requested
- Up to 10 points - Projected cost and sale price reflect industry standards

- Up to 5 points – Leverage from non-City grant sources or donation of materials or labor (Points only awarded if there is documentation of this source – grant documents, leverage letter – attached)

### **Design (max points 25)**

- Up to 5 points - Optional green home improvements indicated in Enterprise Green Communities criteria
- Up to 5 points - Commitment to certify proposed project through a green certification program, such as Passive Housing, DOE Net Zero Energy, or LEED
- 5 points - Incorporation of universal design features (see “Universal Design Features” section below)
- 4 points - Large family housing of five (5) finished bedrooms or more in a single unit
- 6 points - Maximizing density by providing an accessory dwelling unit or additional units (duplex, triplex, etc.), as permitted by zoning code for the applicable lot

### **Impact (max points 15)**

- 5 points - proposals that are a component of a cluster investment strategy (see “Cluster Investment strategy” definition below)
- 5 points - projects that were previously funded with NSP, see lot list for scoring
- Variable points - Projects located in close proximity to other CPED investments, see lot list for scoring
  - 3 points – Projects located between 250 feet and 400 feet of other CPED investments made from 2012 through 2019
  - 5 points – Projects located less than 250 feet of other CPED investments made from 2012 through 2019

### **Visitability Design**

**All projects must meet the minimum requirements of visitability design** which include:

- Doors with at least 32 inches of clear space;
- At least one no-step entrance; and
- A half bath, or larger bathroom, on the main level.

Developers may request a waiver, if the visitable design requirements are not achievable. Minneapolis Homes staff will review the request and approve or deny the waiver request based upon site characteristics or significant impacts on affordability.

### **Approval Date and Award Notification**

Recommendations for the Minneapolis Homes proposal selection will be made at a future Minneapolis City Council Housing Policy and Development Committee meeting at 1:30 p.m. Developers are encouraged, but not required, to attend. A specific date will be provided in an email to applicants once scheduled. This date will likely occur by February 2020.

The City reserves the right to reject any or all proposals or parts of proposals and to negotiate

modifications of proposals submitted.

### **Using Minneapolis Homes Funds with Other Programs**

Developers must clearly indicate in their proforma if they intend to utilize a Minnesota Housing Impact Fund award as leverage to reduce a Minneapolis Homes Development Assistance request. Minnesota Housing has strict requirements for not layering Impact Fund awards on homes, including funding for both affordability gap and project gap.

All Developers of approved projects are encouraged to notify potential buyers of Minnesota Housing first mortgage products, which include down payment assistance that can be layered with Minneapolis Homes Development Assistance. See the Minnesota Housing website for additional information about their Start Up and Step Up mortgage products:

[www.mnhousing.gov](http://www.mnhousing.gov)

### **Contact Information**

For questions related to the Minneapolis Homes Development Assistance application, technical assistance, or materials, please contact Minneapolis Homes staff at

[MplsHomes@minneapolismn.gov](mailto:MplsHomes@minneapolismn.gov)