

## Missing Middle Housing Pilot 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 rental or ownership on either city-owned or privately-owned land.

### Application Materials

The RFP and application documents are located on the Missing Middle Housing Pilot webpage, click on <http://www.minneapolismn.gov/cped/housing/MissingMiddle>.

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 or project name for **project name**:

- One copy of the following documents, that applies to all properties applied for:
  - Developer\_Application**, provide the Minneapolis Homes RFP General Application
  - Developer\_Missing Middle Addendum**, provide the Missing Middle 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 project the Developer is applying for:
  - Developer\_project name\_site control**
    - **if purchasing from the City**, provide an individual offer to purchase for each project site you're applying to purchase from the City
    - **if the project is privately-owned**, provide site-control documentation (County recorded document, Hennepin County property print out, conditional purchase agreement)
  - Developer\_new construction plans\_project name**, provide the site plan and concept drawings for each project
  - Developer\_Proforma\_project name**, provide the Minneapolis Homes proforma for each project, complete the proforma tab, sources and uses tab, and either the rental or ownership tabs
  - Developer\_Value Documentation\_project name**, provide a Broker's price opinion or appraisal that supports the sales price/project completion value and a market study if rental for each project
  - Developer\_LTA financing\_project name (ownership projects only)** provide the LTA financing document for each project, if required

- projects in Northeast, Downtown, Southwest, 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 project through the RFP process. Project 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, September 11, 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 the 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 “Missing Middle Housing Pilot” page at: <http://www.minneapolismn.gov/cped/housing/WCMSP-218380>

### Questions

All questions must be submitted via email by Wednesday, August 28, 2019 to [MplsHomes@minneapolismn.gov](mailto:MplsHomes@minneapolismn.gov). Responses will be posted on the RFP website by Tuesday, September 3, 2019.

## 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.

## Available Financing

**Total Financing:** Total financing for ownership and rental projects is up to \$70,000 per affordable unit.

- Projects that demonstrate a compelling basis for deeper subsidy may be eligible for up to \$95,000 per affordable unit. Some examples of compelling basis include restricting units to AMI levels below program minimums, providing larger affordable units of 3+ bedrooms, and/or providing a longer term of affordability than program minimums.

**Ownership Projects:** Financing for ownership projects will be secured with a declaration of covenants or a 0% interest mortgage and note to ensure affordability for 30 years.

- Project Gap: a forgivable loan of the difference between the total development cost of a project and its fair market value upon completion
- Affordability Gap: a deferred 30-year loan for the difference between what a household at a targeted income level can pay towards debt service through mortgage payments and the fair market value of the property
- At least \$10,000 of City financing must be used for affordability gap
- Affordability requirements for long term affordable projects will be evidenced with a declaration of covenants

**Rental Projects:** Financing for rental projects will be structured as a loan secured with a note and mortgage and deferred at 0% interest for 30 years or the term of primary financing if longer than 30 years and affordability requirements will be evidenced with a declaration of covenants.

- Project Gap: the difference between the total development cost of a project and the

amount of debt and equity that the project can support

### Funding

Currently, the City of Minneapolis has committed \$500,000 for this RFP and anticipates additional funding will become available, subject to proposals received. 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 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 Missing Middle Housing Pilot will be used to evaluate 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 evaluation criteria to achieve a diversity of housing options throughout Minneapolis. The City of Minneapolis reserves the right to reject any application.

### Affordability Requirements

City financing is only eligible for the affordable housing units. Affordable housing units must be reasonably comparable (features, quality, and size) to market rate units. All projects must meet the following minimum criteria:

- **If rental:** a minimum of 20% of the units must be affordable to households at or below 50% of the area median income (AMI). Affordability must be maintained for a minimum of 30 years.
- **If ownership:** a minimum of 10% of the units must be affordable to households at or below 80% AMI. In Northeast, South, Downtown, and Southwest Minneapolis, projects must partner with a long term affordable housing provider or **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).**

### Civil Rights Requirements

Projects will trigger Minneapolis Department of Civil Rights [contract compliance requirements](#) depending on the triggers listed below.

- Affirmative Action Plan – All projects
- CPED Prevailing Wage Policy – Projects of 8+ units
- Pre-Construction Booklet – All projects
- Small and Underutilized Business Goals – Projects receiving \$175,000 or more

- Apprentice Training Program for Contractors over \$50,000 – Projects of 8+ units

### Visitability Design Requirements

All projects must meet the minimum requirements of visitability 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.

### Funding Priorities

Eligible proposals will be reviewed according to the following criteria:

#### Cost-Effective

- Development teams with significant experience constructing and managing similar projects to what is proposed for the site
- Proposals that minimize City subsidy request
- Proposals that maximize residential density of the project site
- Proposals that will develop current City-owned land
- Proposals that are easily replicable and will serve as a demonstration for other sites

#### Meet Local Affordable Housing Needs

- Developers who demonstrate an historic rate of service and/or a robust marketing plan to people of color, indigenous, disabled, or 50% AMI or below households
- Projects that will serve households at income levels below program minimums
- Projects that create a greater proportion of affordable units than program requirements
- Projects created in partnership with community residents as an anti-displacement strategy. NOTE: A letter of support from community residents is necessary to receive preference

#### Equitable Work Opportunities

- Projects from developers or development teams led by women (51% or more of board or ownership)
- Projects from developers or development teams led by people of color or indigenous (51% or more of board or ownership)
- Projects led by developers with historic utilization rate of ex-offenders, Section 3, DBE businesses, and workforce utilization to exceed Minneapolis Civil Rights criteria
- Partnership with workforce development organizations. NOTE: A letter of support from the organization must be included to receive preference

#### Design Features

- Projects that provide access to households with disabilities
- Projects that provide family units of 3+ bedrooms

- Projects that will seek certification through a sustainable building program, such as LEED, PHIUS+, PHI, or Enterprise Green Communities Compliance Requirements
- An Affirmative Action Plan and a Pre-Construction Booklet with current workforce hiring goals for minority and women are required for all projects.
- The CPED Prevailing Wage and Registered Apprenticeship Policies apply to any project with eight or more units.
- Small and Underutilized Business Program goals are required for any project that receives more than \$175,000 of City subsidy.

### Approval Date and Award Notification

Recommendations for the Missing Middle Housing Pilot 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

**Layering:** Projects financed through the Missing Middle Pilot cannot layer funds through the following City of Minneapolis programs:

- Affordable Housing Trust Fund
- Minneapolis Homes Development Assistance
- Homeownership Works
- 4% or 9% tax credit
- Minneapolis Homes BUILD homebuyer incentive
- Grow North or HOM Homebuyer Assistance

Developers must clearly indicate in their proforma if they intend to utilize a Minnesota Housing Impact Fund award as leverage to reduce a Missing Middle Housing Pilot 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 ownership projects are encouraged to notify potential buyers of Minnesota Housing first mortgage products, which include down payment assistance that can be layered with Missing Middle Housing Pilot. 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 Missing Middle Housing Pilot application, technical assistance, or materials, please contact Minneapolis Homes staff at [MplsHomes@minneapolismn.gov](mailto:MplsHomes@minneapolismn.gov)