

Fall 2008
Affordable Rental Housing/ Permanent Supportive Housing
Request for Proposals (RFP) #08-14
Release Date: October 17, 2008

The Bureau of Housing and Community Development (BHCD) and the Portland Development Commission (PDC) are soliciting project proposals to meet the City of Portland's Permanent Supportive Housing (PSH)/Ending Homelessness goals. In response to input from the affordable housing development community, as well as the funders involved in PSH, we are making modifications to the Notice of Funding Availability (NOFA) process used in Spring 2007. This 2008 solicitation is a Request for Proposals (RFP) and includes significant changes to the process including:

- The RFP opens on October 17, 2008 and PDC will accept initial applications through November 17, 2008. To be considered for funding and receive technical assistance, initial applications must be received by this date.
- Technical Assistance: Staff from BHCD, Multnomah County, PDC and Oregon Housing and Community Services will provide technical assistance to project sponsors upon receipt of initial applications. Technical assistance will include an application review and identification of potential target populations and services that could be matched with the proposed PSH units, resulting in refined budgets, programming and/or funding requests for final applications.
- Final applications are due December 15, 2008.
- Starting December 15, 2008, staff will evaluate finalized proposals and provide recommendations to the Executive Funders' Group.
- By January 15, 2009, the Executive Funders' Group will review staff recommendations and select projects for funding.
- Reservation of Funds will be issued to successful applicants by February 2, 2009.
- Tax increment financing (TIF) resources will not be available through this RFP.

POLICY TARGETS

Policy targets for City funding available in this RFP focus squarely on accomplishing the Housing Goals of the City's Ten Year Plan to End Homelessness by developing **Permanent Supportive Housing (PSH) units**. We anticipate that most projects will address this policy goal by including PSH units in mixed-income or mixed-use buildings.

This year, the goal is to have PSH units leased up by the end of the 2008-2009 fiscal year. Therefore, reprogramming, restructures, and rehabilitation projects will be prioritized above new construction projects.

As defined in the City's Ten Year Plan to End Homelessness, PSH units provide permanent housing and services for house chronically homeless individuals and homeless high resource using families. During the Technical Assistance period of the RFP, Multnomah County and BHCD

Ending Homelessness Staff will work with project sponsors to match populations with available services and subsidies for each project to ensure the success of the PSH units.

Permanent Supportive Housing (PSH) units are defined as having all of the following characteristics:

- Housing with no limit on length of stay and no requirement that tenants move out if their service needs change;
- Supportive services attached to the units and/or the target occupants that are designed to help people maintain the housing;
- Designed and intended for chronically homeless individuals, homeless households and homeless high resource using families, who have a disability conditions or other special needs.

Chronically Homeless Person – HUD defines a chronically homeless person as “an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four episodes of homelessness in the past three years.” To be considered chronically homeless a person must have been on the streets or in an emergency shelter (i.e. not transitional housing) during these stays.

Disabling Condition – HUD defines “disabling condition” as “a diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability including the co-occurrence of two or more of these conditions. A disabling condition limits an individual’s ability to work or perform one or more activities of daily living.”

High Resource Using Families – Homeless families with special needs who are eligible to be served through “Bridges to Housing” or other service programs. High resource usage is based on any family member’s involvement with resources related to substance abuse, mental health, foster care, corrections, physical and cognitive health, domestic violence, housing/homeless system and other mainstream resources (e.g. TANF, DHS, OHP, etc.).

FUNDING AVAILABILITY:

Capital Funding: The following resources will be made available through the RFP:

- Up to \$5,000,000 capital dollars, primarily Community Development Block Grant (CDBG), HOME and HOPWA (HOPWA funding must serve homeless households with an adult member with HIV/AIDS.). These funds are allocated to PDC through contracts with the Bureau of Housing and Community Development (BHCD).

Operating and Rent Funding: The following resources will be made available through the RFP (for PSH units only):

- Up to 26 Project Based Section 8 vouchers from the Housing Authority of Portland (HAP)
- Up to \$300,000 in City General Fund to be used for rent assistance.

- Access to the Risk Mitigation Pool.
 - We anticipate PSH units funded through this RFP will have access to the Risk Mitigation Pool at the time the units are occupied by a PSH-eligible tenant.

Services: While services will not be awarded through the RFP, Multnomah County (County) will be integrally involved during the technical assistance period of the RFP, identifying appropriate PSH populations and working with project sponsors on identifying service relationships.

PROJECT ELIGIBILITY/THRESHOLD CRITERIA:

Policy Targets:

- Eligible projects must address the policy targets listed on the previous page through acquisition/rehabilitation, restructuring of existing projects, through the preservation of an expiring use project or new construction projects.
- For each project, there is **no specified minimum or percentage of PSH units required**. Financial commitment of City funds may occur only once factors such as the project’s financial feasibility, the population served and the service dollars awarded are reviewed, and the **project demonstrates that it has maximized its potential for PSH units**.
- Mixed-use and mixed-income projects **will be eligible** to apply for funding or other program resources through the RFP, provided they include units that meet listed policy targets.

Location and Site Control:

- Projects must be located in Multnomah County to be eligible to apply for capital funding or other program resources.
- Projects located inside any of the established Urban Renewal Area boundaries are eligible for funding through this process, although capital funding will be prioritized to non-URA projects.
- Project Sponsor is able to demonstrate ability to obtain site control within (4) months of application submittal.

Low Income Housing Tax Credits:

- Projects requiring 9% Low Income Housing Tax Credits (LIHTC) **will be eligible** to apply for funding or other program resources through the RFP.

SUBMITTAL TIMELINE:

- RFP opens 10/17/08
- Initial applications accepted from 10/17/08 to 11/17/08
- Technical Assistance provided from 10/17/08 to 12/15/08
- Final applications due 12/15/08
- Staff review of all applications starts 12/15/08
- Executive Funder's Group reviews staff recommendations and selects projects for funding by 1/15/09
- Reservation of Funds issued by 2/2/09

Depending upon the availability of funds, BHCD and PDC reserve the right to extend the initial application deadline beyond November 17, 2008.

Technical Assistance:

During the Technical Assistance period, BHCD, Multnomah County, PDC, HAP and OHCS staff (TA Staff) will work with project sponsors and other funding partners to match resources through a collaborative process. TA Staff are expected to provide Technical Assistance to the Project Sponsors in order to:

1. Evaluate the project's financing structure and feasibility,
2. Identify appropriate number and type of PSH units (maximize the number of PSH units),
3. Work with project sponsors and services providers to identify target population for PSH units,
4. Identify and secure initial commitments and funding for appropriate PSH supportive service provision evidenced by a support or commitment letter,
5. Analyze sponsor agency and property management experience and capacity to serve intended target population, and
6. Identify and analyze additional due diligence necessary to complete feasibility analysis for the project, and assess readiness to proceed.

Funding Decision Process:

After the technical assistance period, applicants will resubmit finalized applications by December 15, 2008. TA Staff will then review applications received and make recommendations for project funding to the Executive Funders' Group.

The Executive Funders' Group (*to include executive staff or designee from BHCD, PDC Multnomah County, and HAP*) will prioritize funding for projects based on the following:

- The extent to which the project meets the policy targets listed on Page 1, including readiness to proceed/lease-up,
- Financial feasibility and maximization of Permanent Supportive Housing (PSH) units,
- Efficiency in use of public resources,

- Sponsor's capacity, and
- The total amount of funds available.

Reservation of Funds:

The Executive Selection Committee will select projects for funding by January 15th, 2009. Once a project has received approval from the Executive Funders' Group, PDC staff will work with the Project Sponsor to submit any additional materials required prior to a formal Reservation of Funds Letter. These submittal requirements are outlined in Appendix M. A formal Reservation of Funds letter will be sent to each successful applicant by February 2, 2009. Projects not receiving funding awards will also be notified by February 2, 2009.

Minimum Submittal Requirements:

- RFP Application (Appendix A) including:
 - Preliminary development program including general number of PSH units
 - Identification of whether the Project Sponsor is proposing that the existing population of a building (if applicable) qualifies as PSH under this RFP.
- Site Identification and outline of a critical path to acquisition and/or rehabilitation/reprogramming.
- Preliminary Pro Forma (Appendix B) including:
 - All project proposals will need to be structured to accommodate HOME funding.
 - If Project Based Section 8 Assistance is included, it must be used to "buy down" fair market rents and not applied to units underwritten at 30% MFI rents. Target population must either qualify for Section 8 or project sponsor must be able to demonstrate financial feasibility with alternative rent subsidy or operating subsidy source.
- Copies of completed Due Diligence and identified Due Diligence remaining.

Submit five (5) copies of completed initial application and required documentation, and an electronic copy of project narratives, pro forma, and completed form on CD-Rom by November 17, 2008 (No Faxes Please) to:

**Mary Welch
Portland Development Commission
222 NW Fifth Avenue
Portland OR 97209-3859
Phone: 503-823-3403**

Project proposals not submitted in an initial application by November 17 will not be considered for technical assistance or funding. Final applications (due by December 15, 2008) should also be submitted to the address above.