



Corridors of Opportunity Housing/Transit-Oriented Development (TOD) Loan Program Request for Proposals (RFP)

The Corridors of Opportunity initiative (the CoO Initiative) is a multi-sector, regional initiative to encourage transitway development that creates distinctive places, strengthens local assets, increases ridership, and expands access to jobs, affordable housing, and essential services for residents of all incomes and backgrounds. As part of this effort, Local Initiatives Support Corporation (LISC), Twin Cities Community Land Bank (TCC Land Bank), and the Family Housing Fund, the partner lending institutions in the CoO Initiative, will lend up to \$14.3 million for the acquisition, rehabilitation, construction, and preservation of single family and small multifamily affordable housing (*Preservation*) and large multifamily housing or mixed-use transit oriented developments (*TOD Projects*) along three of the region's existing and planned transit corridors, the Hiawatha Light Rail Transit (LRT) Corridor, the Central LRT Corridor, and the Southwest LRT Corridor.

The goals of these investments are to:

- Reduce combined housing and transportation costs for lower income families and enhance access to quality jobs via transit
- Preserve and create more housing options available to lower-income residents
- Strengthen neighborhood assets and character in under-invested neighborhoods near transit
- Respect and celebrate the mixed cultural heritage of residents
- Create job opportunities for communities of color through participation in project construction/rehabilitation;
- Integrate the promotion of TOD with other arenas such as public health, parks and green space, affordable housing, and economic development to produce more holistic and equitable outcomes for the entire corridor

Nonprofit and socially-responsible private developers with a strong track record of success in the rehabilitation and resale of single family properties or rehabilitation or construction, ownership, and management of multifamily properties are encouraged to respond to this RFP. Developers must demonstrate the ability to create high-quality, energy-efficient, and healthy homes and employ people from communities of color and the neighborhood.

Developers selected to receive funding will also have the opportunity to acquire properties through a pipeline established by the TCC Land Bank. As the Community Coordinator in the Twin Cities for the National Community Stabilization Trust (stabilizationtrust.com), TCC Land Bank facilitates the transfer of properties from over 30 national lenders pre-market and at a reduced price to developers.

Investment Areas

Projects must be located within ½ mile of Hiawatha, Central, or Southwest LRT corridors (Map A).

Preservation Loans will be funded under revolving lines of credit to developers. The developer is underwritten and, if selected, will sign a master line of credit agreement. Developers will draw down funds under lines of credit as needed to fund costs related to a property. This funding will be available for single family homes and may be appropriate for small multifamily projects (generally less than 10 units).

Proposed Loan Terms

- Maximum size line of credit amount: \$1,500,000
- Eligible uses of loan proceeds: acquisition, rehabilitation, mini-perm financing for multifamily
- Maximum line of credit term:
 - Single Family: 30 months (24 months for draws with an additional 6 months for repayment)
 - Multifamily: 42 months (36 months for draws plus an additional 6 months for repayment)
- Repayment:
 - Single Family: Interest only monthly; principal due on sale of property or maturity
 - Multifamily: Interest only monthly; principal due on earliest of sale of property, full occupancy of property, closing and initial funding of any takeout financing (tax credit equity, permanent financing, etc.), or maturity
- Interest rate: Anticipated to be between 5.5-6.5% (Interest rate will depend on the location of the project relative to High Priority Areas - see below)
- Origination Fee: 1.00 - 1.50%
- Legal fees: Paid by borrower; to be based on the complexity of the transaction
- Income limits:
 - Single Family: up to 120% Area Median Income
 - Multifamily: affordable to families whose income is up to 80% Area Median Income
- Collateral requirements:
 - First lien position on property(ies)
 - Single-family: maximum of 95% of total development costs
 - Multifamily: 60-90% loan to value
- Recourse:
 - Full recourse to borrowers
 - Nonprofit borrowers: full recourse to parent organization if not the borrower
 - Private borrowers: full recourse to individual principal owners

High Priority Areas for preservation: Saint Paul's Promise Neighborhood (Map B) and the City of Minneapolis Neighborhood Stabilization Program area (Map C).

TOD Project Loans will be in the form of term loans. Proceeds may be used for the development of new affordable housing/mixed-use projects or rehabilitation of large multifamily projects.

Proposed Loan Terms

- Maximum loan amount: \$3,000,000
- Eligible uses of proceeds: predevelopment, acquisition, demolition, new construction, and rehabilitation of large multifamily projects
- Maximum loan term: 5 years
- Repayment: Interest only monthly; principal due on earliest of sale of property, full occupancy of property, closing and initial funding of any takeout financing (tax credit equity, permanent financing, etc.), or maturity
- Interest rate: Anticipated to be between 5.5-6.5% (Interest rate will depend on the location of the project relative to High Priority Areas - see below)
- Origination Fee: 1.00%-1.50%
- Legal fees: Paid by borrower; to be based on the complexity of the transaction

- Collateral requirements:
 - First position lien on real estate and/or pledge of ownership interests
 - 60-90% loan-to-value
- Recourse:
 - Full recourse to borrowers
 - Nonprofit borrowers: full recourse to parent organization if not the borrower
 - Private borrowers: full recourse to individual principal owners

High Priority Areas for TOD Projects:

- Hiawatha station areas: Cedar-Riverside, Franklin, Lake Street/Midtown, 38th Street Station
- Central station areas: Rice, Western, Dale, Victoria, Lexington, Hamline, Snelling, and Fairview

TOD Project Selection Process & Criteria

- Projects will be reviewed on a rolling basis until funds are expended
- Projects will be evaluated based on the following program criteria and financial feasibility

THRESHOLD CRITERIA FOR TOD PROJECTS: Projects will be rated pass/fail. Projects must pass each criterion to advance.	Pass	Fail
Consistency with locally adopted plans: Must submit evidence of consultation with local government as well as community support.		
Includes affordable units: Meets or exceeds any jurisdictional and/or public program affordability requirements at or below 60% AMI (% of total units and income levels will vary by jurisdiction and specific funding programs).		
RANKING CRITERIA FOR TOD PROJECTS: To be considered for funding, projects must score 30 or more points out of a possible 50 points on the following criteria.		
Priority locations and site maximization: Project is located in a “High Priority Area” as defined above. Project transforms vacant and underutilized properties and optimizes location efficient TOD sites. (Higher point values will be assigned to projects closest to station areas.)	0-20 points	
Leverage of financing: Higher point values will be awarded to projects that demonstrate leverage and alignment of financing.	0-10 points	
Supports neighborhood demographic needs: Creates or preserves quality housing options that foster or support mixed-income, intergenerational, workforce, and multi-racial/ethnic populations within the neighborhood.	0-10 points	
Strengthens neighborhood assets and character through design: Enhancing visual appeal, public safety, green space and neighborhood connectivity.	0-10 points	

RFP Application Requirements & Submittal Information

Please respond to the request for information below. Please note the following exceptions.

If you have an existing relationship with TCC Land Bank, LISC, or Family Housing Fund for similar projects, you may not need to submit the Financial Analysis items or Development/Property Management Analysis items a-i. Please call to discuss.

As part of the effort to streamline systems, developers may, in lieu of a response to this RFP, submit a COPY of the MN Housing Consolidated Application directly to the CoO contacts below along with the attached addendum (see page 6).

A full credit analysis and organizational review will be performed for each applicant to determine its capacity to service debt and take on additional development projects. Underwriting criteria will include, but

will not be limited to, the following criteria. If selected, developers may need to provide additional information and documentation needed to complete the underwriting.

Financial Analysis

Please submit:

- a) Nonprofit developers: Three years of audited financial statements including most recent audit and management letter, and most recent quarterly internal statements
- b) Private developers: Credit application, three years of tax returns, and company-prepared or other financial statements (most recent annual and quarterly), and personal financial information for individual principals
- c) Projected two-year cashflow budget showing forecast for revenue
- d) Sources of equity and financing to support developer's portion of the project costs

NOTE: Financial statements will be confidentially reviewed by TCC Land Bank and LISC staff and loan committees only, and will not be shared with any third parties.

Development/ Property Management Analysis

Please provide/demonstrate:

- a) Portfolio of completed projects similar to those the applicant proposes to develop
- b) Board of Directors/ Board of Governors roster (as applicable)
- c) Organization management staff with significant (5+ years) experience in housing development, asset management, financial management and staff supervision
- d) Project management staff with experience (3+ years) in housing development and/or property management (as applicable)
- e) Current development portfolio and development pipeline which is in line with the number of members and skill level of applicant's development staff
- f) Solid project team including reputable builders, architects, and other development-related contractors which have experience in the development of comparable affordable housing projects
- g) Development team's experience in working with and employing communities of color
- h) Successful borrowing relationships with banks, nonprofit lenders, or government lenders for the purpose of housing development
- i) A minimum of three references – one from each of the following areas: government housing agencies, local planning agencies, commercial or nonprofit lenders
- j) Marketing plan
- k) Preliminary project budget that is consistent with the current funding environment
- l) Project timeline that includes repayment of loan within the stated loan term
- m) Single-family projects: Proposed financing and development model over a twenty four month time frame. How many properties do you plan to acquire and rehab each year? What do you anticipate to be an average purchase price, average rehab cost, and lease or sale amount? What is the capitalization plan with sources and uses and a clearly identified take-out source? If specific relationships exist between the borrower and takeout lenders, please provide copies documenting the possibility of repayment.
- n) Operating pro-forma for rental property (for the term of the loan plus one year)
- o) Property management plan (if applicable)
- p) Commitment to remedy any title and environmental issues

Program Conditions/Community Standards

Developers must agree to and certify the following Community Standards:

Rehab Standards

- The furnace(s) has an estimated useful life of at least five (5) years
- The roof has an estimated useful life of at least five (5) years

- Rehabilitation will be conducted and completed in compliance with the applicable Minnesota Green Communities Standards
- Lead paint will be remediated in compliance with HUD guidelines and procedures
- All friable asbestos will be properly remediated
- The property meets all FHA financing standards
- Landscaping to improve curb appeal including foundation plantings and ground cover is required.

Employment Standards

- At least 25% of the work hours on the project will be performed by people of color or that 25% of the contracts are awarded to MBEs/WMBEs
- Utilization of Section 3 business is encouraged
- Hiring from the neighborhood is encouraged

Resale of Single Family Properties

- Property will be sold by to an owner occupant.
- Homebuyers will use an affordable mortgage product with competitive fixed interest rates, amortization schedules, and a loan term of no less than 15 years OR an approved contract for deed program such as:
 - Bridge to Success (http://www.gmhchousing.org/programs/shop_lending.htm)
 - Project Reclaim (<http://urbanhomeworks.com/housing/projectreclaim>)
- All homebuyers will be provided with a clean truth-in-sale of housing report
- All first-time homebuyers will complete a Home Stretch homebuyer education class offered by a certified homebuyer education provider
- A matrix of down payment and closing cost assistance can be found here: http://www.hocmn.org/Stock/Editor/file/Matrix/EntryCostMatrix_July2011.pdf

Compliance

- *Failure to comply with program Community Standards will result in removal from the program and a possible call of the loan*
- *Developers will be approved by local municipalities*
- *Developer assumes all risks associated with the purchase and rehabilitation of the property, including financial risk*
- *The program is based on the availability of funds and may be terminated or changed at any time*
- *The Twin Cities Credit Committee and the Corridors of Opportunity Policy Board will periodically review priority areas and may adjust them according to future needs and demand.*
- *More information may be requested after initial application is received/reviewed*
- *The stated interest rates and priority areas will be reviewed periodically and may adjusted as necessary*

Please submit applications and questions to:

CoO Housing/Transit-Oriented Development Loan Program

Judy Jandro (Preservation)

Twin Cities Community Land Bank
615 1st Avenue NE, Suite 410
Minneapolis, MN 55413
(p) 612-238-8215
(e) judy.jandro@tcclandbank.org

Kate Speed (TOD Projects)

Twin Cities LISC
570 Asbury St., Suite 207
St. Paul, MN 55104
(p) 651-265-2284
(e) kspeed@lisc.org



Corridors of Opportunity Housing/Transit-Oriented Development Program RFP Addendum

In lieu of responding to the general RFP for Living Cities Integration Initiative Housing Loan Program, developers may choose to submit a COPY of the 2011 Minnesota Housing Consolidated Application directly to the CoO contact below along with the following questions answered as to an addendum:

Please provide provide/demonstrate the following:

- a) Board of Directors/ Board of Governors roster (as applicable)
- b) Development team's experience in working with and employing communities of color
- c) Single-family projects: Proposed financing and development model over a twenty four month time frame. How many properties do you plan to acquire and rehab each year? What is the average purchase price, average rehab cost, and sale amount. Please include project timeline that includes repayment of loan within the stated loan term. Forecast revenue and cash availability.

Please note that a copy of the application and this addendum should be submitted directly to:

CoO Housing/Transit-Oriented Development Loan Program:

Judy Jandro (Preservation)

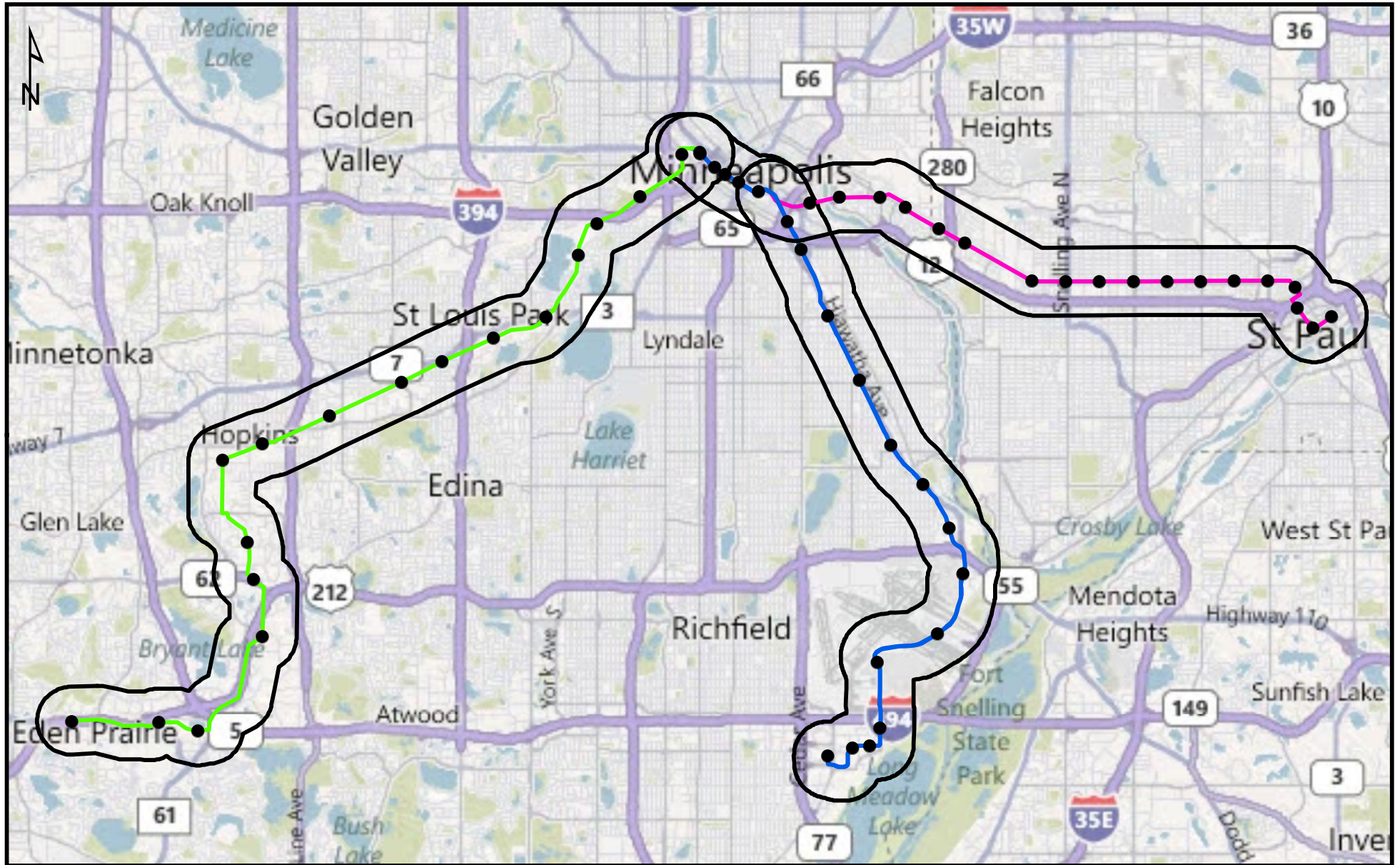
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Kate Speed (TOD Projects)

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Corridors of Opportunity - Investment Areas

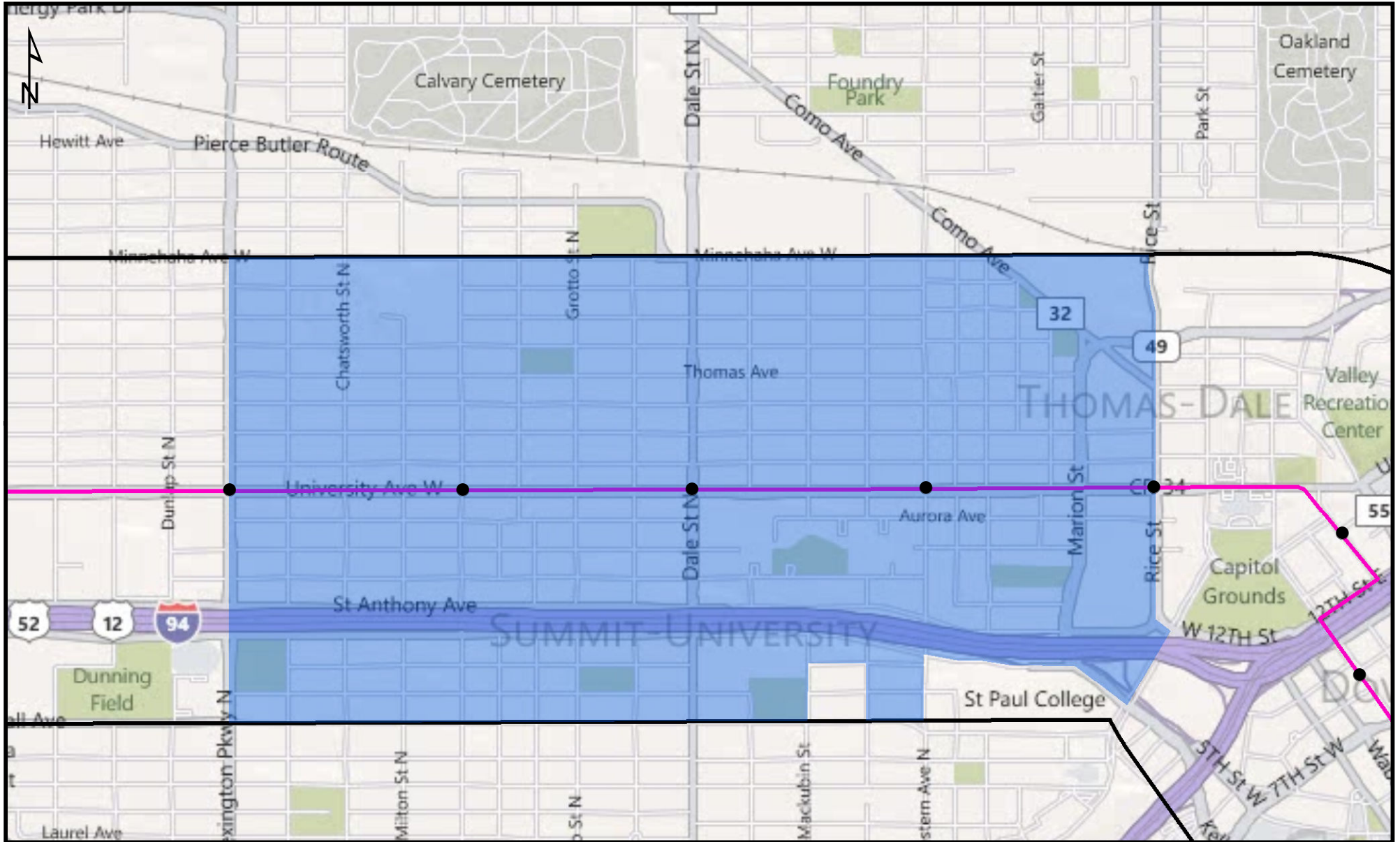
Map A



- Southwest
- Central Corridor
- Hiawatha
- LRT Stations
- 1/2 mile buffer

St. Paul High Priority Area

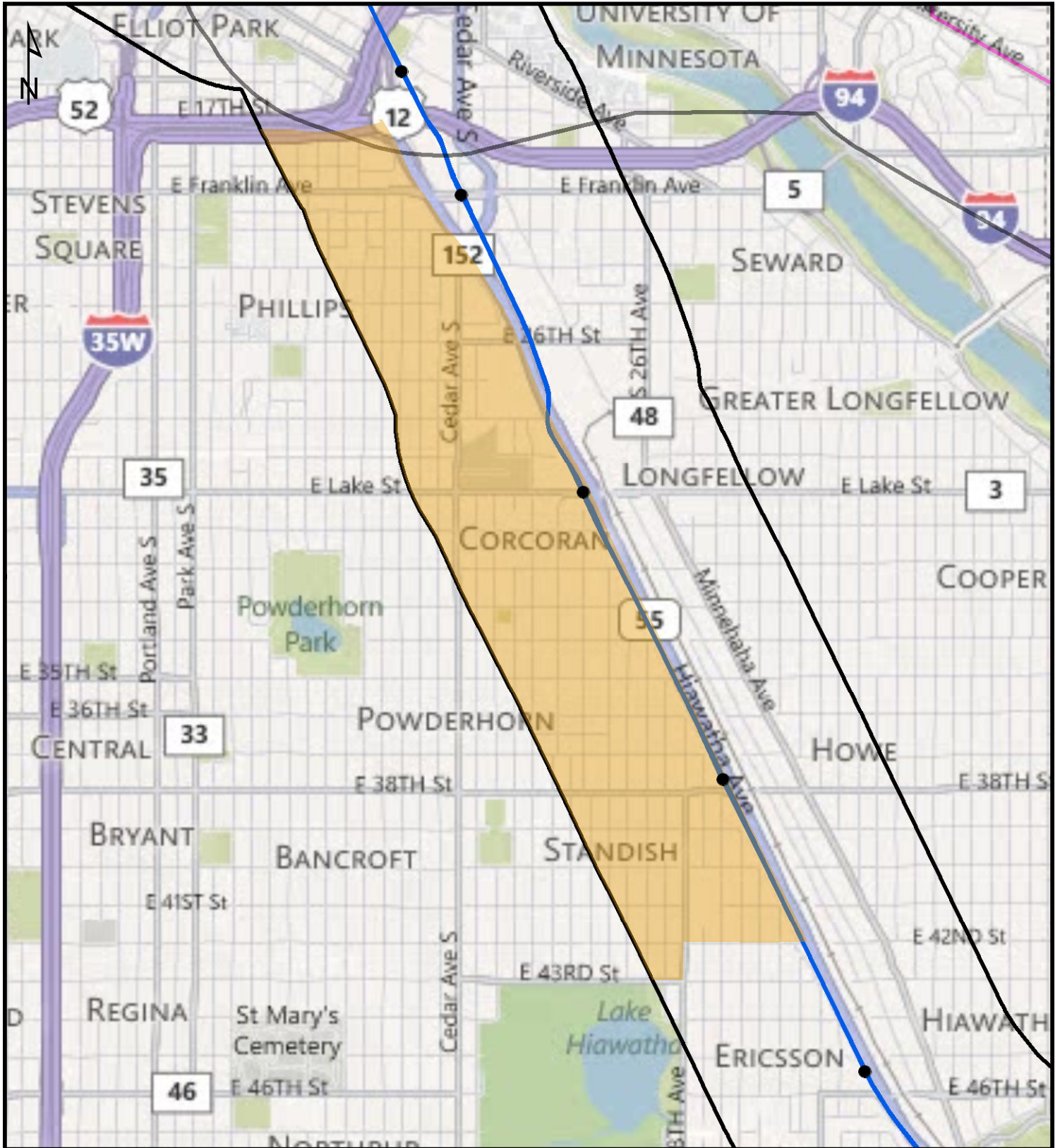
Map B



— Central Corridor □ 1/2 mile buffer ■ High Priority Area ● LRT Stations

Minneapolis High Priority Area

Map C



- Hiawatha
- 1/2 mile buffer
- Central Corridor
- High Priority Area
- LRT Stations