

# **Housing Authority of the County of Santa Cruz**

Project-Based Voucher Request for Proposals

Fall 2024 Release

Open Date: October 15, 2024

Close Date: November 18, 2024, 11:59 PM

Vouchers Available:

Up to Fifteen (15) Veterans Affairs Supportive Housing (VASH)

Up to Ninety (90) Housing Choice Vouchers (HCV)



## I. HACSC Project-Based Voucher Proposal Information

**Purpose** – This document is used to submit proposals for project-based voucher (PBVs) from the Housing Authority of the County of Santa Cruz (HACSC). The proposal will be scored in accordance with the established **Scoring Criteria** to determine eligibility and ranking consideration for PBVs.

**Consideration Method** - HACSC will score all proposals received and rank the proposals from highest to lowest score. Projects that do not meet the minimum threshold score will not be considered. The project with the highest score will be considered for PBVs first and projects with lower scores will then be considered iteratively from next highest to lowest, until all available PBVs have been awarded or until there are no more projects to consider.

**Available Vouchers** - HACSC is making the following vouchers available under this RFP:

- **Up to Fifteen (15) Veterans Affairs Supportive Housing (VASH)** vouchers, which are available to homeless veterans and their families referred by the Department of Veterans Affairs
- **Up to Ninety (90) Housing Choice Vouchers** which may be used as:
  - Standard PBVs, which are for top applicants on the HACSC Housing Choice Voucher Waiting List
  - Non-referral based special purpose vouchers, i.e. Mainstream for non-elderly disabled.
  - Non-VASH referral-based special purpose vouchers targeted for the specific population served by the voucher (ex. Family Unification Program, Homeless Families with Minor Children)

The usage of special purpose vouchers under this category is subject to the availability of the voucher type and a letter of support from the agency responsible for the referrals. Please contact HACSC prior to applying for a special purpose voucher to determine availability and discuss any additional information.

See the HACSC HCV Administrative Plan for a list of special purpose vouchers.

- Vouchers for other special populations for which there is not a special purpose voucher (ex. elderly families, farmworkers)

**Reservation of Rights** - HACSC has no obligation to award any of the PBVs that have been made available under this RFP – HACSC may choose to award fewer vouchers than made available or no vouchers. HACSC reserves the right to award fewer PBVs than requested to any given project, even if additional PBVs are available. HACSC reserves the right to award no PBVs to any given project, even if the project meets the threshold score, and even if PBVs are available. HACSC reserves the right to award a different PBV type than requested, even if the requested PBV type is available. HACSC may increase or decrease the number of vouchers available under this RFP at any time.

**Project Cap** - HACSC has established a **Project Cap** of the greater of 15 PBVs or 40% of units at the project. Applicants may not request or receive any number of PBVs that exceed the Project Cap.

**Application Period** - The application period runs from October 15, 2024, through November 18, 2024. Applications that are submitted after 11:59 PM Pacific Standard Time on November 18, 2024, will not be accepted.

## Housing Authority of the County of Santa Cruz

Project-Based Voucher Proposal

October 15, 2024 – November 18, 2024

**Contact Person & Proposal Submission** – The Contact Person for this Request for Proposals is Eric C. Johnson, Senior Analyst. All proposal materials shall be submitted to the Contact Person at [ericj@hacosantacruz.org](mailto:ericj@hacosantacruz.org). Any questions related to the RFP shall be directed to the Contact Person at [ericj@hacosantacruz.org](mailto:ericj@hacosantacruz.org).

**Financial Feasibility Technical Review** – All projects are subject to a financial feasibility technical review by a qualified third-party affordable housing consultant. HACSC reserves the right to award fewer PBVs than requested based on this review, even if additional PBVs are available.

**Summary of Scoring Criteria** – A summary of the **Scoring Criteria** is below. For a full description of how points may be awarded, please see the supplemental **Scoring Criteria** document.

Scoring Criteria	Maximum Points Available
Project Type	45
Extent to Which the Project Creates Housing Opportunities for Top Applicants on the Housing Authority’s Existing Housing Choice Voucher Waiting List	25
Deconcentration of Poverty / Creation of Economic Opportunities	10
Extent to Which Project Creates Additional non-PBV Affordable Units	50
Location Amenities	14
Management and Owner Experience	6
Construction Readiness	15
Community Engagement	5
Financial Feasibility	30
<b>Total Base Points</b>	<b>200</b>
Bonus Points	10
<b>Total Available Points</b>	<b>210</b>

**Threshold Score** – The threshold score for new construction projects is 125 and 120 points for existing housing. Projects must receive at least the threshold score to be considered for an award of PBVs.

**Certifications** - By signing this proposal, the following certifications are made by the applicant:

- The owner and its agents will adhere to the most currently published HUD Project-Based Voucher regulations.
- The owner and its agency understand that they are solely responsible for confirming the accuracy and applicability of any federal, state, or local regulations or guidelines before taking any action that could be in violation of any such regulations or guidelines.
- The owner and its agents will comply with all applicable fair housing, Civil Rights, and other applicable HUD regulations, including but not limited to, the Fair Housing Act, the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act.
- The owner and its agents will comply with the HACSC Housing Choice Voucher Administrative Plan, and any conditions stated within any conditional award letter for PBVs.

## Housing Authority of the County of Santa Cruz

### Project-Based Voucher Proposal

October 15, 2024 – November 18, 2024

- The owner and its agents acknowledge and accept that any material changes to the project not disclosed to HACSC and not approved by HACSC after submittal of this proposal may result in termination of the conditional award of PBVs, the AHAP, or the HAP Contract. Material changes include but are not limited to, changes in the population served, changes in the project design, changes in funding/financing, or changes to the ownership structure.
- The owner and its agents acknowledge and accept that applying for PBVs does not guarantee an award of PBVs, even if the project meets the threshold score, and even if PBVs are available.
- The owner and its agents acknowledge and accept that if the project is selected for an award, HACSC may award fewer PBVs than requested, even if additional PBVs are available.
- The owner and its agents acknowledge and accept that any information provided to HACSC as part of this proposal may be shared with a third-party consultant.
- The owner and its agents confirm that the applicant is an existing entity and is eligible to receive an award of Project-Based Vouchers.

**II. Applicant Information and Submission**

<b>Applicant Information</b>	
Legal Name of Organization	
Tax ID Number of Organization	
Organization Mailing Address	
Name and Title of Contact Person for Application	
Telephone Number of Contact Person	
Email of Contact Person	
<b>Signature for Submission</b>	
Signature of Authorized Representative	
Title of Authorized Representative	
Date of Submission	

**Required:** If applying as an organization, submit your organization’s formation documents as part of the application package. Required formation documents by organization type include:

Corporation – Articles and bylaws

Limited Liability Corporation – LLC-1 filed with the California Secretary of State and Operating Agreement

Partnership – LP-1 filed with the California Secretary of State and Partnership Agreement

**III. Project Summaries**

Project Summary	
Project Name	
Project Address	
Census Tract Number	
Assessor’s Parcel Number(s)	
Jurisdiction in Which the Project is Located	
Total Number of Units in the Project	
Total Number of Affordable Units at the Project for Families at 80% AMI or Less <b>(do not include manager’s units)</b>	
Total Number of Manager’s Units	
Total Number of PBVs Requested	
PBVs as a Percent of the Total Number of Units	
Minimum Number of PBVs That Applicant will Accept	
Percent of Units with Mobility Accessibility Features	
Percent of Units with Communications Accessibility Features	
Requested HAP Contract Term	
Structure Type (apartments, townhouses, etc.)	
LIHTC property / or intent to apply? If intent, when?	
Is there any non-residential space? (ex. commercial, etc.)	
Has project received funding through any competitive process by a government entity?	
Has a NEPA environmental review been completed for this project?	
<b>Existing Housing Projects Only:</b> Will project use existing waiting list? If yes, how long is it and what is the approximate turnover?	
<b>Existing Housing Projects Only:</b> Provide list of current tenants in the proposed PBV units, with personally identifiable information omitted, including annual income and monthly rent. <b>Include separate attachment if needed.</b>	

**Project Description – Narrative**

Describe the project in as much detail as possible. Include information about how accepting the minimum number of PBVs, as indicated above, rather than the full requested amount would impact the project.

[Empty text area for project description narrative]





**IV. Project Elements to Be Scored**

*Instructions: Mark the items that apply to your project. Please note that some items require additional documentation or attachments. Please note that this is information that is needed to score the project.*

**1. Project Type. Specify the project type.**

Project Type	
New construction affordable housing	
Existing affordable housing – retains current affordable housing at risk of losing affordability  <b>Document how the property is at imminent risk of losing affordability and how PBVs are crucial in retaining the affordability of units.</b>	
Substantial improvements to existing housing  <b>Document what substantial improvements are needed and how PBVs are critical in funding or financing such improvements. Substantial improvement means any reconstruction, rehabilitation, addition, or other improvement to a structure, the total cost of which equals or exceeds 50 percent of the market value of the structure before the start of construction of the improvement</b>	

**2. Extent to Which the Project Creates Housing Opportunities for Top Applicants on the Housing Authority’s Existing Housing Choice Voucher (HCV) Waiting List. Indicate the number of units proposed for each category. Please note that units for “top applicants on the HCV Waiting List” may not have any additional eligibility criteria attached to them, aside from AMI level.**

PBV Unit Type and Household Description	Number of Proposed PBV Units	Percentage of Total PBV Units
Top Applicants on HCV Waiting List		
Units using a special purpose voucher <u>except VASH</u> (ex. FUP, HFMC) – <b>please specify below</b>		
VASH		
Units for other special population – <b>please specify below</b>		

**3. Deconcentration of Poverty / Creation of Economic Opportunities. Complete either option A or B.**

<b>A) Demonstrate either:</b>	
<p>Project is in a Census Tract with a poverty rate of 20% or less</p> <p style="color: red;">Provide an attachment demonstrating the poverty rate for the Census Tract and highlight where in the attachment this information can be found. HACSC will accept information from the most recent Census Bureau ACS 5-Year Estimates, but other sources may be considered on a case-by-case basis.</p>	
<p>Project is in a high- or highest-resource level area according to the CTCAC/HCD Opportunity Map</p> <p style="color: red;">Provide a screenshot from the CTCAC/HCD Opportunity Map demonstrating as such.</p>	
<p><b>B)</b> If the project is <b>not</b> in a Census Tract with a poverty rate of 20% or less, <b>and</b> is <b>not</b> in a high- or highest-resource level, write a narrative that addresses the following points:</p> <ol style="list-style-type: none"> <li>a. Whether the Census Tract is a HUD-designated Enterprise Zone, Economic Community, or Renewal Community</li> <li>b. Whether the Census Tract is undergoing significant revitalization</li> <li>c. Whether there have been federal, state, or local dollars invested into the area that has assisted in revitalization</li> <li>d. Whether market rate units are being developed in the same Census Tract where the proposed development will be located and the likelihood that such market rate units will positively impact the poverty rate in the area</li> <li>e. Whether the poverty rate has declined overall in the past five years</li> <li>f. Whether there are meaningful opportunities for education and economic advancement in the Census Tract</li> </ol>	

**Housing Authority of the County of Santa Cruz**

Project-Based Voucher Proposal

October 15, 2024 – November 18, 2024

[Empty rectangular box for content]

**Housing Authority of the County of Santa Cruz**

Project-Based Voucher Proposal

October 15, 2024 – November 18, 2024

**4. Location Amenities.** *Specify which amenities apply to the project.*

**Attach evidence for each claimed amenity, such as a Google Maps route. For distance-based amenities, distance is calculated along publicly accessible routes (e.g., sidewalks, roads), not as the crow flies.**

Location Amenity	
Project is in a location with a Walk Score or Bike Score of 85% or higher	
Project with 1+ bedroom units is located within ½ mile of a public elementary, middle, or high school	
Project with 2+ bedroom units includes a playground, toddler play area, childcare facility, or similar child-focused space	
Project provides in-unit laundry. On-site laundry will be awarded a half point.	
Project includes space/programs to enhance the health and wellness of residents, such as a fitness/recreation/sports facility or a partnership with a local fitness center where residents receive discounted monthly fees, classes, etc.	
Project integrates space and programming to enhance living skills or job readiness skills (e.g. computer room, resident-run café, etc.)	
Provides a public-use amenity, such as an easement onto open space, a community garden, public plaza, etc.	
Project is located within ½ mile of a bus stop with at least monthly hourly service as demonstrated by a bus schedule for that route, or project is using a van or dial-a-ride service.	
Project is located within ½ mile of groceries and other essential shopping needs. Grocery is defined as a full-service store or market that provides fresh food staples: fresh meats, poultry, dairy products, and produce. Convenience stores and mini marts are not considered full-service stores or markets.	
Project is located within one mile of a health or social service facility that is operated to serve the target population	
Project is located within ½ mile of a park, library, recreational facility, or community center accessible to the general public and appropriate for the target population(s)	

**Housing Authority of the County of Santa Cruz**

Project-Based Voucher Proposal

October 15, 2024 – November 18, 2024

**5. Management and Owner Experience.** *Specify which experience level applies to the owner and the property manager.*

For owner experience, provide a list of projects and the list of developments completed.

For management experience, provide a list of projects that they manage and indicate the number of PBV units at each property.

<b>Owner - Property Development Experience</b>	
Broad experience (5+ developments)	
Some experience (3 – 4 developments)	
Minimal experience (1 – 2 developments)	
No prior experience	
<b>Management - Affordable Rental Experience</b>	
Broad experience (201+ affordable rental units)	
Good experience (101 – 200 affordable rental units)	
Fair experience (51 – 100 affordable rental units)	
Minimal experience (under 51 affordable rental units)	
<b>Management - Project-Based Voucher Experience</b>	
Broad experience (201+ PBV rental units)	
Good experience (151 – 200 PBV rental units)	
Fair experience (50 to 150 PBV rental units)	
Minimal experience (under 50 PBV rental units)	

**6. Construction Readiness.** *Indicate the project’s level of site control and entitlements.*

Attach evidence of site control or anticipated site control, through a grant deed or purchase-sale agreement.

Attach evidence of full entitlement through a letter from the approving jurisdiction.

Site Control	
Documented site control demonstrated by a deed or lease	
Anticipated site control demonstrated by a sale agreement	
No documentation demonstration present or future site control	
Entitlements	
Full entitlement and jurisdictional approval or equivalent	

**7. Community Engagement.** *Describe the applicant’s commitment to community engagement below.*

**Note:** *The Housing Authority may require evidence of such community engagement at any time.*

**Housing Authority of the County of Santa Cruz**

Project-Based Voucher Proposal

October 15, 2024 – November 18, 2024

**8. Financial Feasibility.** Complete the table below. Place an **X** in the Secured or Anticipated column and indicate the amount of funding/financing. Indicate the amount of anticipated PBV income, permanent financing, and developer fees.

Source of Funding	Secured	Anticipated	Amount
LIHTC Equity			\$
Community Development Block Grant Program			\$
HOME			\$
Homekey			\$
Joe Serna			\$
Multifamily Housing Program			\$
Veterans Housing & Homelessness Prevention			\$
Affordable Housing & Sustainable Communities			\$
Infill Infrastructure Grant			\$
Other State Funding – <i>specify</i>			\$
Other State Funding – <i>specify</i>			\$
Other Federal Funding - <i>specify</i>			\$
Other Federal Funding - <i>specify</i>			\$
Other Local Funding – <i>specify</i>			\$
Other Local Funding – <i>specify</i>			\$
Other Cash Committed - <i>specify</i>			
<b>TOTAL NON-PBV FUNDING</b>			\$
<b>PBV Income and Financing</b>			
Anticipated PBV Income Over HAP Contract Term ( <i>see Underwriting Tool</i> )			\$
Permanent Loan A			\$
Indicate interest rate, term, & amortization term			
Permanent Loan B			\$
Indicate interest rate, term, & amortization term			
Total Developer Fee			\$
Total Deferred Developer Fee			\$

**Complete and attach the HACSC Underwriting Tool.**

**Complete and attach the project’s proforma. The proforma must include all the following information:**

- Sources and uses
- Financing assumptions for all debt, including interest rates, terms, amortization
- Calculation of LIHTCs and LIHTC equity
- Cash flow projection similar to the Underwriting Tool, that minimally includes the following:
  - Project revenue (\*do not combine PBV income and other rental income\*)

**Housing Authority of the County of Santa Cruz**

Project-Based Voucher Proposal

October 15, 2024 – November 18, 2024

- Rent increase inflation factor
- Vacancy allowance
- Line-item operating expenses, plus inflation factor
- All debt payments
- All fee payments
- Net operating income
- Debt-coverage ratio
- Developer fee payments

*Please note the Housing Authority may require the applicant to update the project proforma with additional information after submission in order to allow the financial consultant to perform the review sufficiently. Any information requested by HACSC must be provided in a timely manner for the application to remain in consideration.*

**9. Bonus Points**

Project includes operational funding from a local jurisdiction or other entity for the provision of supportive services or other resident benefits.  <i>Describe the amount, the organization, and the purpose. Attach commitment letter.</i>	
Project design includes a solar or other renewable energy system as certified by a renewable energy professional.  <i>Describe the system. Attach the certification.</i>	

Checklist of Required Attachments:

- Formation documents
- Evidence of poverty rate / resource level
- Evidence of location amenities
- Evidence of owner development and property management experience
- Evidence of site control and/or entitlements, if claiming points
- HACSC Underwriting Tool
- Project proforma
- Commitment letter or certification, as required, to claim bonus points
- Existing Housing only** – description of how the property is at imminent risk of losing affordability and how PBVs are crucial in retaining the affordability of units.
- Substantial Improvement only** – description of what substantial improvements are needed and how PBVs are critical in funding or financing such improvements



## Housing Authority of the County of Santa Cruz

Scoring Criteria – Project-Based Voucher Proposal

RFP Application Period: October 15, 2024 – November 18, 2024

**Purpose** – This document describes the scoring criteria used for the Housing Authority of the County of Santa Cruz (HACSC) Project-Based Voucher (PBV) Application. This document is for reference only – it does not need to be completed by the applicant and should not be submitted as part of an application for PBVs.

**Points Available** – The Scoring Criteria includes 200 base points. Up to 10 bonus points are possible. The minimum threshold score for new construction projects is 125 base points. The threshold score for existing housing is 120 points. Projects that do not reach the threshold score will not be considered for an award of PBVs.

HACSC may award full points, partial points, or no points for any given criterion.

**Consideration Method** – HACSC will score all applications received and rank the applications from highest to lowest score. The project with the highest score will be considered for PBVs first and projects with lower scores will then be considered iteratively from next highest to lowest, until all available PBVs have been awarded or until there are no more projects to consider. Projects that do not meet the minimum threshold score will not be considered.

**Threshold Score** – The minimum threshold score for new construction projects is 125 points. The threshold score for existing housing is 120 points. Projects must receive at least the minimum threshold score to be considered for an award of PBVs.

**Scoring Criteria** – The full Scoring Criteria is as follows:

Scoring Criteria	Maximum Points Available
1. Project Type	45
2. Extent to Which the Project Creates Housing Opportunities for Top Applicants on the Housing Authority’s Existing Housing Choice Voucher Waiting List	25
3. Deconcentration of Poverty / Creation of Economic Opportunities	10
4. Extent to Which Project Creates Additional non-PBV Affordable Units	50
5. Location Amenities	14
6. Management and Owner Experience	6
7. Construction Readiness	15
8. Community Engagement	5
9. Financial Feasibility	30
<b>Total Base Points</b>	<b>200</b>
10. Bonus Points	10
<b>Total Available Points</b>	<b>210</b>

**Housing Authority of the County of Santa Cruz**

Scoring Criteria – Project-Based Voucher Proposal

RFP Application Period: October 15, 2024 – November 18, 2024

- 1. **Project Type** – HACSC places highest priority on projects which would create new affordable housing developments where no such affordable housing currently exists, second priority on those which retain currently affordable housing that is at imminent risk of losing its affordability, and last those that would result in substantial improvements to existing housing.

<b>Project Type</b>	<b>Points</b>
New construction affordable housing	45
Existing affordable housing that retains current affordable housing at imminent risk of losing affordability	25
Substantial improvements to existing housing. <i>Substantial improvement means any reconstruction, rehabilitation, addition, or other improvement to a structure, the total cost of which equals or exceeds 50 percent of the market value of the structure before the start of construction of the improvement</i>	15

- 2. **Extent to Which the Project Creates Housing Opportunities for Top Applicants on the Housing Authority’s Existing Housing Choice Voucher Waiting List.** HACSC prioritizes projects which create new housing opportunities to top applicants on the agency’s Housing Choice Voucher (HCV) Waiting List, without any additional eligibility requirements. Units that are set aside for referral-based special purpose vouchers may be substituted 1:1 for units that are available to top applicants on the HCV Waiting List. These substitutions are contingent on the availability of special purpose vouchers to project-base and a letter of support from the agency responsible for the referrals.

<b>Extent to Which the Project Creates Housing Opportunities for Top Applicants on the Housing Authority’s Existing Housing Choice Voucher Waiting List</b>	<b>Points</b>
100% of PBV units for top applicants on the HCV Waiting List, or referral-based special purpose vouchers	25
Projects with less than 100% PBV units for top applicants on the HCV Waiting List or referral-based special purpose vouchers will receive a percentage of maximum points based on the percentage of those PBV units. i.e., 80% for top applicants = 80% of maximum points = 20	0 - 25

- 3. Deconcentration of Poverty / Creation of Economic Opportunities.** HACSC prioritizes projects that are consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities for lower-income households.

Deconcentration of Poverty / Creation of Economic Opportunities	Points
Project is located either in a Census Tract with a poverty rate of 20% or less, or located in a highest- or high-resource area as defined by the current CTCAC/GHCD Opportunity Map	10
Project is not located in a Census Tract with a poverty rate of 20% or less and is not located in a highest- or high-resource area as defined by the current CTCAC/HCD Opportunity Map, but provides narrative that addresses key points about the revitalization efforts of the area	0 - 9

- 4. Extent to Which Project Creates Additional Non-PBV Affordable Units.** HACSC prioritizes projects that create a greater number and percentage of non-PBV affordable units. An affordable unit is defined as a housing unit that is exclusively available to a family at 80% AMI or less. Required manager’s units are excluded.

Extent to Which Project Creates Additional Non-PBV Affordable Units	Points
<b>Total Non-PBV Affordable Units</b>	
More than 80	20
51-79	15
26-50	10
10-25	5
Less than 10	0
<b>Percentage of Affordable Units that are PBVs</b>	
PBVs represent 10% or less of the affordable units	30
PBVs represent 11% - 20% of the affordable units	20
PBVs represent 21% - 39% or less of the affordable units	10
PBVs represent 40% or more of the affordable units	0

**Housing Authority of the County of Santa Cruz**

Scoring Criteria – Project-Based Voucher Proposal

RFP Application Period: October 15, 2024 – November 18, 2024

**5. Location Amenities.** HACSC prioritizes projects that provide, or are in close proximity to, a number of community amenities.

<b>Location Amenities</b>	<b>Points</b>
Project is in a location with a Walk Score or Bike Score of 85% or higher	1
Project with 1+ bedroom units is located within ½ mile of a public elementary, middle, or high school	2
Project with 2+ bedroom units includes a playground, toddler play area, childcare facility, or similar child-focused space	1
Project provides in-unit laundry. On-site laundry will be awarded a half point.	1
Project includes space/programs to enhance the health and wellness of residents, such as a fitness/recreation/sports facility or a partnership with a local fitness center where residents receive discounted monthly fees, classes, etc.	1
Project integrates space and programming to enhance living skills or job readiness skills (e.g. computer room, resident-run café, etc.)	1
Provides a public-use amenity, such as an easement onto open space, a community garden, public plaza, etc.	1
Project is located within ½ mile of a bus stop with at least monthly hourly service as demonstrated by a bus schedule for that route, or project is using a van or dial-a-ride service.	2
Project is located within ½ mile of groceries and other essential shopping needs. Grocery is defined as a full-service store or market that provides fresh food staples: fresh meats, poultry, dairy products, and produce. Convenience stores and mini marts are not considered full-service stores or markets.	2
Project is located within one mile of a health or social service facility that is operated to serve the target population	1
Project is located within ½ mile of a park, library, recreational facility, or community center accessible to the general public and appropriate for the target population(s)	1

- 6. Management and Owner Experience.** HACSC prioritizes projects that have demonstrable experience developing affordable housing and that have demonstrable experience managing affordable housing and PBV developments.

<b>Management and Owner Experience</b>	<b>Points</b>
<b>Owner – Property Development Experience</b>	
Broad experience (5+ developments)	2
Some experience (3-4 developments)	1
Minimal experience (1-2 developments)	0.5
No prior experience	0
<b>Management - Affordable Rental Experience</b>	
Broad experience (201+ affordable rental units)	2
Good experience (101-200 affordable rental units)	1
Fair experience (51-100 affordable rental units)	0.5
Minimal experience (Under 50 affordable rental units)	0
<b>Management – Project-Based Voucher Experience</b>	
Broad experience (201+ PBV rental units)	2
Good experience (151-200 PBV rental units)	1
Fair experience (50 to 150 PBV rental units)	0.5
Minimal experience (Under 50 PBV rental units)	0

- 7. Construction Readiness.** HACSC prioritizes projects that have demonstrable site control and entitlements.

<b>Construction Readiness</b>	<b>Points</b>
<b>Site Control</b>	
Documented site control demonstrated by a deed or lease	5
Anticipated site control demonstrated by a purchase sale agreement	3
No documentation demonstrating present or future site control	0
<b>Entitlements</b>	
Full entitlement and jurisdictional approval or equivalent	10

**8. Community Engagement.** HACSC prioritizes projects that commit to community engagement.

Community Engagement	Points
The applicant has provided a community engagement plan that includes agreeing to at least one public meeting, along with any other appropriate methods for receiving feedback on the proposed project	5

**9. Financial Feasibility.** HACSC prioritizes projects that demonstrate financial feasibility, the use of various other funding sources, and the leveraging of project-based vouchers.

Financial Feasibility	Points
<b>Assumptions of Development and Site Control</b>	
Project meets HUD subsidy layering review guidelines for the term of the requested HAP Contract without further justification, including but not limited to debt-coverage ratio and cash flow requirements	5
<b>Technical Review – Financial Feasibility (conducted by HACSC-contracted financial consultant)</b>	
Project will receive 0 – 25 based on a technical review of financial assumptions and projections. Elements that will be considered include, but are not limited to: <ul style="list-style-type: none"> <li>• Reasonableness and comparability of proposed development costs</li> <li>• Reasonableness and comparability of proposed income and operating expenses</li> <li>• Sufficiency of operating and replacement reserves</li> <li>• Reasonableness and comparability of funding source assumptions</li> <li>• Reasonableness and comparability of tax credit assumptions</li> <li>• CTCAC and/or CDLAC scores are competitive for the proposed set-aside</li> <li>• Reasonableness and sufficiency of cash flow throughout the PBV HAP Contract term</li> <li>• Gross income from PBV units as a percentage of the total projected gross income</li> <li>• Inclusion of committed permanent public funds</li> </ul>	0 - 25

**10. Bonus Points.** Projects may be eligible for bonus points based on the following criteria.

Bonus Points	Points
Projects includes operational funding from a local jurisdiction or other entity for the provision of supportive services or other resident benefits	5
Project design includes a solar or other renewable energy system as certified by a renewable energy professional.	5

## HACSC Underwriting Tool Instructions - Project-Based Voucher Program

**Purpose** – The HACSC Underwriting Tool is used to help evaluate the project’s assumptions against the required HUD Subsidy Layering Review (SLR) criteria. The Underwriting Tool will be used in scoring and evaluating projects under a HACSC PBV Request for Proposals.

**Important Notes** – Figures in this Underwriting Tool must match your general project proforma, unless a deviation is requested in these instructions. In instances where a deviation is requested, please complete the Underwriting Tool as instructed but do not alter your project proforma to match.

HUD has permitted some Housing Credit Agencies to perform SLRs on their behalf. Projects that leverage LIHTCs may request that CTCAC perform the review. Please note that CTCAC may incorporate different safe harbor standards, use different definitions, or use different calculations than HUD in the review process. Where noted, HACSC has identified a non-exhaustive set of these differences.

Only HUD or HUD-certified Housing Credit Agencies may perform the official SLR to determine the project’s compliance with PBV Program requirements. By accepting a complete Underwriting Tool, HACSC does not confirm a project’s compliance with those requirements. HACSC encourages you to perform your own evaluations to prepare for any official SLR submission.

### **Instructions:**

**New Construction or Rehabilitation Projects** - Complete all sections.

**Existing Housing Projects** - Complete only the *Operating Assumptions* and *Operating Standards Test* tabs. Although a SLR is not applicable to existing housing, the Underwriting Tool may still be evaluated.

#### **1. Underwriting Tool Selection**

There is one Underwriting Tool for LIHTC projects and one Underwriting Tool for projects that will not be leveraging LIHTCs. Please download the appropriate Underwriting Tool.

#### **2. Development Assumptions**

Fill in the yellow cells with your anticipated development costs. Specify *Other* costs as appropriate.

#### **3. Operating Assumptions**

- A. Fill in the yellow cells of Column C with the various bedroom sizes for each unit type.
- B. Fill in the yellow cells of Column D with the number of units per bedroom size
- C. Fill in the yellow cells of Column E with the anticipated per-unit monthly tenant payment. This is **only** the tenant portion of rent and should not include any anticipated PBV subsidy.
- D. Fill in the yellow cells of Column F with the anticipated per-unit monthly subsidy from the PBVs. For these PBV units, the sum of the estimated tenant payment and estimated subsidy should not exceed the applicable

payment standard. The current payment standards can be found on the HACSC website under the “General” tab.

- E. Fill in the cells in Column K. For Property Management Fee, choose either the fixed annual fee or a percentage of net revenue, but not both.
- a. Rent increases must trend between 2% and 3%.
  - b. Operating expenses must trend between 1% and 3% for the first five (5) years. After year five (5), they are required to trend at 3%.
  - c. Vacancy rates may not exceed 7%.

**Note** – any cell in Column K that is highlighted in **red** is outside of these ranges and must be adjusted.

#### 4. Development Standards Test

No action necessary on this page.

*Contractor Fee Test* – the combined contractor fees may not be more than 14% of hard construction costs.

*Developer Fee Test* - the developer fee may not be more than 15% of total development costs.

#### 5. Operating Standards Test

Fill in the yellow cells as appropriate for each year of the requested HAP Contract term. **All fees must be included “below the line” in the Fees section and shall not be included in the Debt Service section, even if it is a mandatory fee payment, per HUD guidance.** HACSC recognizes that this may deviate from standard underwriting practices. In your general project proforma, you may keep fees “above the line” as you deem appropriate.

*Debt-Coverage Ratio Test* - the debt-coverage ratio must be between 1.10 and 1.45 in any given year. HUD or CTCAC may require justifications outside this range.

\*\* CTCAC may require that the debt-coverage ratio be at least 1.15 by Year 3. \*\*

*Cash Flow Test* – the HUD-defined cash flow of the project may not exceed 10% of operating expenses in any given year. HUD or CTCAC may require justifications outside this range.

\*\* HUD permits projects to deduct any portion of the deferred developer fee and any deposit to reserves from the adjusted cash flow calculation. Additionally, CTCAC may also permit residual receipts to be deducted from the adjusted cash flow calculation. \*\*

For non-LIHTC projects, the Underwriting Tool will deduct deferred developer fees and reserve deposits automatically and calculate the adjusted cash flow.

For LIHTC projects, the Underwriting Tool will deduct deferred developer fees, reserve deposits, and residual receipt payments automatically and calculate the adjusted cash flow.

In all cases, please note the different methods that HUD and CTCAC use for calculating the adjusted cash flow.



Housing Authority of the County of Santa Cruz

**Project-Based Voucher Request for Proposals - Frequently Asked Questions (FAQs)**

**Q. How many PBVs can I apply for?**

A. The maximum number of vouchers any project can apply for is the greater of 15 vouchers or 40% of the total project units (Project Cap).

**Q. Are there any circumstances where I can exceed the Project Cap and request more PBVs?**

A. No.

**Q. I already have a conditional award of PBVs. If I want more PBVs, what do I need to submit under this RFP?**

A. If you already have a conditional award of PBVs from a prior RFP and you want more PBVs, ***you must submit a new proposal under the new RFP for the new total of PBV units being requested for the project.*** If your new application is unsuccessful, you will still retain your original award under the prior RFP. If you are successful under the new RFP, your new award will supersede your prior award. We will not mix/stack PBV conditional awards from different RFPs. If you already have a conditional award of PBVs and your award exceeds the current Project Cap as described above, you are not eligible to apply for additional vouchers.

**Q. Is there a specific deadline by which I need to submit my proposal?**

A. Yes, the current RFP will close at 11:59PM Pacific Standard Time on November 18, 2024. All applications must be submitted by that time. Late submissions will be rejected without being scored.

**Q. Is my proposal scored against other proposals?**

A. Yes. All proposals will be scored and ranked by score from highest to lowest. The project with the highest score will be considered for PBVs first and projects with lower scores will then be considered iteratively from next highest to lowest, until all PBVs have been awarded or until there are no more projects to consider. Projects that do not meet the minimum threshold score will not be considered.

**Q. How many PBVs are available under this RFP?**

A. Up to 105 total PBVs are available under this RFP:

- Up to 90 vouchers are available as standard or special purpose HCVs, meaning that the owner can apply for standard HCVs, a special purpose HCV (ex. Family Unification Program, DMV), or a combination of both (ex. 10 standard HCVs, 10 Family Unification Program vouchers).
- Up to 15 Veterans Affairs Supportive Housing (VASH) vouchers, which are available to homeless veterans and their families referred by the Department of Veterans Affairs

**Q. When can I expect to hear a response for my application?**

A. The Housing Authority will provide a response by February 3, 2025.

**Q. Can I layer additional eligibility criteria on units that are set aside for “top applicants on the Housing Choice Voucher Waiting List”?**

A. No. PBV units that are proposed for “top applicants on the Housing Choice Voucher Waiting List” may not have any additional eligibility criteria whatsoever. If you decide to layer additional criteria, you must specify that in the proposal so that it can be evaluated appropriately. Doing so may impact your score – please review the Scoring Criteria.

**Q. What AMI level can I use for my PBV units?**

A. The Housing Authority does not generally require PBV units to be set aside for a specific AMI level. Typically, the units must simply be set aside for PBV-eligible families under that voucher type. Generally, families under 50% are eligible, with families up to 80% being eligible in certain situations. Please see the Housing Authority’s HCV Administrative Plan for more information.

**Q. Do I need to apply for tax credits to be eligible for PBVs?**

A. No.

**Q. Can I apply for PBVs as a “to-be-formed” entity?**

A. No. Applicants for PBVs must currently exist and applicants may be required to submit their organization’s formation documents. However, HACSC may permit the transfer of a conditional award of PBVs to a different organization upon its formation, provided that the original awardee is a member of the new organization.

**Q. Does my project need to be 100% affordable housing?**

A. No. Please see the Scoring Criteria for more information on how such projects may score.

**Q. I need more space to provide information, what do I do?**

A. If you need additional space, simply include attachments as part of the application package.

**Q. What does “full entitlement” mean?**

A. “Full entitlement” means that the appropriate jurisdiction has approved the project for construction, which is typically demonstrated through zoning permits or similar documents.

**Q. Do I need to provide my full project proforma?**

A. Yes, the Housing Authority requires 1) a complete project proforma and 2) a completed HACSC Underwriting Tool. Proposals that do not include the full proforma and/or completed HACSC Underwriting Tool will not be accepted.