

REQUEST FOR PROPOSALS FOR SUPPORTIVE AFFORDABLE TRANSITIONAL HOUSING FOR PERSONS LEAVING MENTAL HEALTH AND SUBSTANCE USE DISORDER TREATMENT FACILITIES

New Hampshire Housing Finance Authority (“the Authority”) is seeking applications for financing from qualified developers for projects that will provide supportive affordable transitional housing in any area of the state to those leaving mental health and substance use disorder treatment facilities.

Eligible uses for this financing include purchase, rehabilitation, new construction, or conversion of existing housing into supportive transitional housing. The site for the proposed project must be finalized prior to application.

Eligible applicants will include the following entities, which must be registered to do business in New Hampshire:

- Nonprofit corporations;
- Local housing authorities created pursuant to [RSA 203](#);
- City or town governments;
- Limited partnerships, general partnerships, corporations, proprietorships, and other business organizations;
- Teams that include developers, property managers, and service providers with experience and expertise are strongly encouraged to apply. It is not expected that all applicants will have the experience and expertise to perform all aspects of development, operation, and service delivery in a single organization.
 - Team applications should include in their cover letter a clear description of what capability each organization brings to the initiative and should clearly delineate the roles and responsibilities of each organization.

At least \$3,000,000 is available to be awarded to the highest scoring respondents to this RFP. The principal source of funds for this RFP is an appropriation of \$2,500,000 to the Affordable Housing Fund (“AHF”) pursuant to [House Bill 1817](#) of the 2018 Legislative Session. Additional funding from an earlier appropriation to the Affordable Housing Fund for supportive housing projects for persons with substance use disorders may be made available through this RFP. Projects receiving these funds must serve individuals with substance use disorders.

The Authority is the administrator of the Affordable Housing Fund pursuant to [RSA 204-C:56-62](#) and has established Rules for the administration of the Affordable Housing Fund ([HFA:113](#)). Sponsors of selected projects will be eligible to receive deferred (non-amortizing, non-interest-bearing) loans. Sponsors may apply for loans of \$150,000 up to \$1,000,000. This program is for rental housing only.

All application materials must be uploaded electronically to the Online Data Manager, www.ckodm.com/nhhfa by 4:30 PM on January 11, 2019. Contact Laurel Treamer (ltreamer@nhhfa.org or 603-310-9293) to set up an ODM account. You must contact Laurel Treamer no later than December 10, 2018 to set up an account.

Potential applicants are strongly encouraged to attend an informational meeting at the offices of New Hampshire Housing at 32 Constitution Drive, Bedford, NH 03110 at 3:00 PM on Tuesday,

November 13, 2018. Registration for this meeting is required; please contact Jess McCarthy at jmccarthy@nhhfa.org or (603) 310-9272.

Threshold and Scoring Criteria

In addition to submission of a complete application form, all applications will be reviewed under the following Threshold Criteria. Failure to comply with any of the Threshold Criteria may, at the sole discretion of the Authority, result in the rejection of the application.

Threshold Criteria:

- a. Type of housing: Transitional housing, for the purposes of this RFP, refers to a supportive, temporary accommodation that is meant to bridge the gap from inpatient treatment to permanent housing by offering structure, supervision, and support. In general, a resident's length of stay should be no longer than 24 months, but can be extended based on an individual's ability to obtain permanent secure housing.
- b. Compliance period: proposed projects must commit to minimum affordability restrictions (rent and income limits) for a period of at least 30 years in accordance with HFA:113. Other characteristics of the proposed project's operations (including resident selection criteria and supportive services) are expected to be substantially the same for the duration of the compliance period; however, in the event of a change in circumstances such as regulatory environment, state funding, or the needs of the population being served, the Authority in its sole discretion may allow for revisions to the regulatory documents to adapt to those changed circumstances while continuing to serve individuals in need.
- c. Feasibility and Appropriateness: The proposed project's characteristics or location must be considered feasible from a financial and regulatory standpoint including but not limited to compliance with:
 - i. [NH RSA:204-C](#)
 - ii. [NH RSA:48-A:14](#), minimum housing standards, and local minimum requirements for use and occupancy of housing
 - iii. The Authority's Rules for the Affordable Housing Trust fund ([HFA113](#))
 - iv. The Authority's Design and Construction Policy Rules ([HFA 111](#))
 - v. [The Authority's Underwriting Standards and Development Policies for Multi-Family Finance](#)
 - vi. Compliance with the Authority's [Technical Design and Construction Standards](#) or [Design and Construction Standards for Rehabilitation](#), as applicable.

Authority Rules and policies are available at <https://www.nhhfa.org/program-rules>

- d. Financial Sustainability:
 - i. The Authority will review the sources and uses proposed for the project as well as the operating budget and pro forma. The level of Authority financing requested must be sufficient but not exceed the amount needed to ensure the proposed project is financially viable and does not depend on further infusions of subsidy.

- e. **Site Control:** Applicant must have secure site control in the form of a deed, executed option to purchase, or executed purchase and sales agreement. A long term lease, the duration of which is not less than the minimum affordability period of 30 years, is acceptable.
- f. **Cost Reasonableness and Investment Limits:** Project applications will be evaluated for cost reasonableness. Applications which indicate unreasonably high total or specific line item development or operating costs may be rejected. Allocation of Authority-administered development subsidy will be limited to \$130,000 per bed for projects serving nine individuals or more and \$150,000 per bed for projects serving eight individuals or fewer.
- g. **Development and Management Capacity:** the members of the development team must:
 - i. Demonstrate the experience or ability to successfully complete the project;
 - ii. Be compliant or otherwise not in default with this or any other Authority program as determined by the Authority;
 - iii. Not have a history of noncompliance in Authority programs;
 - iv. Not have any significant negative history with other local, state or federal agencies.
- h. **Capacity and Experience in Property Management and Service Delivery:** the members of the proposed property management and service organization(s) must:
 - i. Demonstrate the experience or ability to successfully manage the property and provide the services proposed to the population that the project is intended to serve;
 - ii. Be compliant or otherwise not in default with this or any other Authority program as determined by the Authority;
 - iii. Not have a history of noncompliance in Authority programs;
 - iv. Not have any significant negative history with other local, state or federal agencies.
- i. **Justification of Need:** Applicant must explain and justify the need for the proposed project, using data that quantifies the need for transitional housing for the population and the geographic area that the applicant intends to serve.
 - i. Justification should be a combination of written narrative and data, with citations for all data.
 - ii. If the project is particularly designed to serve any specific population (for example: teens, pregnant and parenting women, etc.) justification should be based on evidence of need in that population.
 - iii. Written narrative should be no more than 300 words.
- j. **Readiness:** the project must be able to satisfy the following criteria for readiness at time of application:
 - i. Development and Operating Budgets prepared and submitted in NHHFA format;
 - ii. Schematic design;

- iii. Permit status letter;
 - iv. Points will be awarded for advanced readiness;
 - v. The project must satisfy the criteria of the Progress Phase Requirements (Appendix B) within 120 days of notification of a reservation of funding; and
 - vi. Proposed development schedule (Appendix C to this RFP) must be submitted at time of application and must show the project being placed into service no later than June 30, 2020.
- k. Service Plan: Applicant must demonstrate the ability and intent to provide supportive services to the residents whom they plan to serve, with a concise explanation of the particular challenges of serving the population that the project will serve. A service plan must be submitted at the time of application, and supportive services must be in place upon initial project occupancy. The service plan must include an explanation of how the service provider intends to help residents establish and maintain employability.
- l. Resident Selection Plan: Applicants must submit a Resident Selection Plan at the time of application. The plan must include the following information:
- i. Eligibility requirements and income limits for admission.
 - ii. Any preferences the project owner/manager plans to implement to give priority to one or more types of prospective residents over other eligible prospective residents.
 - iii. Any eligibility rules regarding past involvement with the justice system or evictions. **Note:** projects proposing a blanket exclusion of all prospective residents with a criminal record will not be eligible for funding.
 - iv. Rules regarding circumstances under which the project owner/manager would terminate residency and/or services in situations such as temporary rehospitalization or relapse.
- m. New Beds for Supportive Transitional Housing: each application must introduce new beds to the state supply of supportive affordable transitional housing. These new beds may be created through either new construction or rehabilitation or conversion of existing units not currently in use as supportive affordable transitional housing.
- i. Eligible uses:
 - 1. New housing that is supportive, affordable, and transitional (either through new construction or conversion of an existing building to a residential use).
 - 2. Conversion of units from rent and/or income restricted affordable rental housing to supportive affordable transitional housing.
 - 3. Conversion of supportive transitional housing that is not currently affordable (subject to rent and/or income restrictions) to supportive affordable transitional housing.
 - ii. Not eligible:
 - 1. Rehabilitation of existing supportive affordable (rent and income restricted) transitional housing.

- n. **Matching Resources:** The Authority requires the generation/investment of matching resources in an amount equal to 10% of funds provided by the Authority. Donations in the form of cash, property, materials, etc. are eligible sources of match. So-called “sweat equity” is not an eligible matching resource.
- o. **Developer Fee:** in accordance with the Authority’s Underwriting Standards and Development Policies for Multi-Family Finance, applicants may include a developer fee in the project budget. The following developer fee policies apply for this RFP:
 - i. The minimum rehabilitation threshold of \$6,000 per unit is waived.
 - ii. The developer fee may be up to 7% of the Total Development Cost (not including developer fee) for each principal partner¹ organization on the development team, up to a maximum of 14%.
- p. **Accountability and Metrics:** applicants must measure sustained employability of participants in their transitional housing programs and the sustained effects of the treatment programs from which those participants came. At a minimum, applicants receiving financing through this RFP will be required to commit at closing to provide annual reporting on the employment status and next housing arrangement of individuals who have exited their transitional housing program during the preceding year.

Scoring Criteria:

Applications which have been evaluated and accepted into the application pool for scoring shall be scored in the categories below. Where appropriate, scoring shall be based on comparisons between applications received in the same round. Documentation must be provided at time of application for points to be awarded. Any supportive documentation is subject to verification, and the Authority may require additional information as a condition of awarding points. The Authority may reject any documentation deemed to be insufficient, unresponsive, or inadequate for the particular scoring criteria.

- a. **Development Capacity:** Applications will be scored based on evidence of the Applicant to successfully develop the property. If Applicant has no prior development experience, zero points will be awarded.

0-10 points
- b. **Capacity and Experience in Management and Service Delivery:** Applications will be scored based on evidence of the Applicant to successfully operate the property and provide supportive services in a residential setting. If Applicant has no prior experience managing rental property and/or providing supportive services, zero points will be awarded.

0-10 points

¹ “Principal partner” in this context refers to partner organizations that bring a particular capacity to the development team such as expertise in real estate development, service coordination or delivery, or property management. It does not refer to individuals with an ownership stake in a single sponsoring organization.

- c. Community Oriented Housing: in order to avoid concentrations of transitional housing, applications for projects serving eight individuals or fewer will receive these points.
3 points
- d. Projects in predominately rural counties: because many of the needs for supportive affordable transitional housing are in rural areas, and residents in these rural areas often face transportation challenges, projects located in any of the state's five predominately rural counties (Coös, Carroll, Grafton, Sullivan, or Cheshire) will receive additional points.
5 points
- e. Advanced Readiness: points will be awarded for projects that have achieved certain milestones in the development process:
- i. Phase 1 Environmental Site Assessment completed in the last five years.
5 points
 - ii. All necessary local planning and zoning permits are in hand, including site plan approval. A site plan approval that requires additional planning board approvals will not be given these points. Projects that do not require planning and zoning approval will qualify for these points. Backup must be submitted in order to qualify for these points such as a permit status letter from the sponsor's attorney, project engineer, or town planning official. The status letter need not be a formal legal opinion.
15 points
 - iii. Design/Construction readiness. This category awards additional points to applicants whose projects have advanced in the design and construction procurement process. These points are cumulative; a project with a signed contract and complete documents will receive 10 points.
 1. Design Development Documents completed
3 points
 2. 100% Construction Documents completed (submit complete set marked FOR CONSTRUCTION)
3 points
 3. Executed contract with General Contractor or Construction Manager with Guaranteed Maximum Price (GMP) Amendment:
4 points

Projects that do not require construction documents may qualify for these points provided that any work being done to the facility is adequately defined in a scope of work document to allow for bidding by trade contractors, in the sole determination of the Authority. **Please note, construction contracts must be procured in accordance with Authority rules (HFA 111).**
- f. Service plan: All applications will be evaluated for the quality of their plan to provide services to support residents in their treatment or recovery. While applicants proposing a higher level of services may have an advantage in scoring as compared to others with service plans of similar quality, the primary purpose of this scoring

category is to evaluate the plans' ability to be implemented and consistency with industry best practices.

0-5 points

- g. Matching resources: Applications will be awarded points for permanent non-Authority sources of funding that have been applied for and are likely to be awarded to the project. Eligible financing sources include subsidies, loans, historic tax credit equity and donations of land, land value, or long-term lease value. One point will be awarded for expected or likely match equal to each full 5% of the amount of AHF financing requested. All matching resources claimed by the Applicant shall be approved by the Authority before points are awarded. Support and justification are to be provided by the Applicant. The criteria for a "likely" award is:

- i. Application has been submitted and
- ii. The project is an eligible use for the funding applied for and
- iii. The funding can be committed in a timeframe that would allow the project to close in accordance with the project schedule (Appendix C of this RFP).

Funding sources administered by the Authority are not eligible for points under this category with the exception of LIHTC equity for 4% tax credits.

Total award not to exceed 10 points for likely matching resources.

0-10 points

Projects which have a firm commitment for one or more of the eligible sources of funding noted above will be awarded double points for a combined total award up to 20 points.

0-10 points

- h. New beds: applications will receive points based on the number of new beds being introduced to the state supply of supportive housing. In order to qualify for points, beds must be created through new construction or the conversion (with or without rehabilitation) of existing unrestricted, unsupported "market rate" housing that does not currently serve individuals with mental illness or substance use disorders.

2 points for each new supportive housing bed up to a maximum of 16 points

0-16 points

- i. Co-occurring disorders: recognizing the limited funding available through this RFP and the importance of focusing on individuals with the greatest need, additional points will be awarded to applicants who commit to serving a population that includes individuals diagnosed with both mental health and substance use disorders. This commitment should be expressed in the application cover letter; additional information regarding the population that the project will serve should be included in the resident selection plan.

5 points

- j. Early completion: due to the urgency of the crisis that this program is intended to address, priority will be given to projects whose development schedules (required application submission #12) show the projects being placed into service no later than

December 31, 2019. Development schedules will be reviewed by Authority staff and must be determined to be feasible in order to earn these points.

5 points

Allocation Process:

- a. All applications are reviewed for completeness. Incomplete applications will be rejected, though minor variances may be deemed acceptable. The Authority may reject any documentation deemed to be insufficient, unsupported, or inadequate for the particular scoring criteria. The Authority is not required to notify the applicant of inconsistencies or missing information.
- b. Applications are scored and ranked in accordance with the Scoring Criteria in this RFP. Projects are recommended for a reservation of AHF funding based on the competitive scoring results. Reservations will be made by the Authority staff no later than March 15, 2019.
- c. When, after funding the highest scoring project or projects, insufficient funds are available for the next highest scoring project, the Authority retains the right to bypass that project and either fund a lower scoring project which can effectively use the remaining AHF available, or use the AHF for the same purpose in a future year.
- d. If, after every project that meets threshold criteria has been funded, additional funds are available, the Authority reserves the right to award additional funding to any of the applicants (in excess of \$1,000,000 per project, if necessary) in order to address changed circumstances or ensure project feasibility.

e. Geographical distribution

- i. Requirements for geographical distribution will be triggered if more than two projects are funded through this RFP.

Number of Projects funded in this RFP	Number of Counties which must be represented
1	1
2	1
3	2
4	3
5	4

- ii. Projects may be selected over higher scoring applicants to meet this requirement. However, the Authority will not consider applications which fail to meet threshold requirements regardless of whether or not funding those projects would allow this requirement to be met.

- f. Waiver Authority: The Authority reserves the right to waive any of the provisions of this RFP, within the constraints of the applicable regulations. Applicants must submit a written request for a waiver. A hearing will be scheduled within 30 days of the request by Authority staff. Upon a finding of good cause, a waiver may be granted on a case-by-case basis by the Executive Director. A waiver of the

provisions of this RFP can also be initiated by the Executive Director, in which case no hearing is necessary.

- g. **Appeal Process:** Applicants may appeal the Authority’s decision, solely with regard to their application. The Authority will send letters to the Applicant via email informing them that a reservation is not being made by March 22, 2019. Applicants who want to appeal this decision must submit a formal request within 5 business days. The appeal request is first considered by the Executive Director. If the Executive Director upholds the original decision, the applicant will have 5 business days from the written email notice of this decision to submit formal notice of appeal to the Authority’s Board of Directors.
- h. **Project Representations:** Representations made about the project relating to ownership or management, or factors that are used in the selection and scoring criteria may not be changed without the express written permission of the Authority. Funding reservations may be rescinded if the project changes in a way that reduces the competitive score.
- i. **References:** Applicants are required to provide authorization so that references and credit can be checked.
- j. **Warrant and Liability:** The Authority intends to allocate no more AHF funding to any given project than is required to make the project economically feasible. This decision is made solely at the discretion of the Authority but does not represent or warrant to any applicant, developer, partner, investor, lender, or others that the project is feasible or risk free. No Board member, officer or employee of the Authority shall be personally liable concerning any matters arising out of or in relation to the allocation of funding or compliance monitoring. The Authority’s obligation to monitor for compliance does not make the Authority liable for an owner’s noncompliance.
- k. **New Hampshire Right to Know Law:** The Authority is subject to RSA Chapter 91-A, which is known as the “Right-to-Know Law.” Applicants should be aware that any information submitted as part of the application to the Authority may be considered public information.

APPENDIX A

REQUIRED APPLICATION SUBMISSIONS

Item #	Description
1	Completed Application for Reservation (Microsoft Excel workbook, NHFA Format)
2	Site Location Map and Site Plan
3	Evidence of Site Control (Deed, executed P&S, executed option to purchase)
4	Evidence of planning board approval/building permit or will-issue letter OR evidence that no permit is required OR permit status letter
5	Documentation of Matching Resources (acceptable forms include letters of commitment, letters of interest, and approved applications for other funding sources).
6	Construction Scope of Work with Cost Estimates and Identification of Estimator
7	List of Developer's Other Real Estate
8	Resumes of Development Team
9	Management Entity Questionnaire
10	Schematic Design plans and specifications
11	Projected Development Schedule (use Appendix C)
12	Resident Selection Plan
13	Resident Services Plan

All requirements are “if applicable.” It is the responsibility of the applicant to confirm with Authority staff which submissions are not applicable for each project prior to the application deadline.

APPENDIX B

PROGRESS PHASE REQUIREMENTS

The documents listed below must be submitted to the Authority within 120 days of emailed notification of a reservation of AHF financing.

Projects must meet the requirements of the progress phase to be eligible for a commitment of financing. Progress requirement extensions may be granted at the sole discretion of the Authority. The Special Needs financing reservation may be rescinded at the sole discretion of the Authority for not meeting the progress phase requirements or for a failure to meet the general criteria in the RFP.

All requirements are “if applicable.” It is the responsibility of the applicant to confirm with Authority staff which exhibits are not applicable for each project. This can be confirmed after reservation but before the 120-day progress phase deadline.

1. Environmental site assessment and related reports (lead, asbestos, historic, archeological, etc.) if required by the Authority;
2. Appraisal (if required by the Authority);
3. Evidence of zoning/local approvals;
4. Permanent financing letter of commitment;
5. Construction financing letter of commitment;
6. Executed grant agreements, if applicable;
7. Final plans and specifications;
8. Evidence of continued site control;
9. Soils and/or structural engineering report;
10. Copy of the architect contract;
11. Executed resident services agreement binding on both parties;
12. Cost estimates (or bids if available) by schedule of value. Must comply with limits on contractor overhead and profit per HFA 111;
13. Copy of contract for consultant services (if applicable).

APPENDIX C

PROJECTED DEVELOPMENT SCHEDULE

	<u>Date</u>	<u>Milestone</u>
A	March 2019	AHF Funding reservation
B		Construction/ rehab plans and specifications completed
C		Construction pricing completed; contracts executed
D		Local permits obtained
E		Phase 1 Environmental Site Assessment completed
F		NHHFA financing commitment
G		All other necessary financing commitments or grants obtained
H		Loan Closing
I		Construction start
J		Construction Completion
K		Project placed into service (must be on or before 6/30/2020)

I have reviewed this schedule and concur that the representations and assumptions are reasonable and achievable.

_____ **Developer's initials**

_____ **Architect's initials (if applicable)**

_____ **General Contractor/ Construction Manager initials (if applicable)**

This is not a complete list of Authority requirements or project milestones. Sequence of events may not match the order in which milestones are listed.