

**City of Sunnyvale Request for Proposals**  
***Housing Mitigation Funds***

# **APPLICATION FORM**

**City of Sunnyvale**  
**Request for Proposals**

Housing Mitigation Funds for  
Affordable Housing Projects



**RFP Issued:**

**February 27, 2014**

**Proposals Due:**

**March 21, 2014**

**PART I: APPLICATION FORM****PROJECT APPLICANT****1. Project Applicant:**Applicant Name (Organization/Agency): MP Morse Court AssociatesPrincipal (with Power of Attorney): Matthew O. FranklinPrimary Contact Person: Matt LewisAddress: 303 Vintage Park Drive, Suite 250, Foster City, CA 94404Phone No.: (650) 356-2928 Fax No.: (650) 357-9766E-Mail: mlewis@midpen-housing.org Federal Tax ID No.: 942872756What is the role of the Applicant in the project? (*check all that apply*):

- ☒ Ownership Entity  
☒ Managing Partner or Managing Member  
☐ Sponsoring Organization  
☐ Developer  
☐ Other (describe):

**2. Legal Status of Applicant:**

- ☐ General Partnership ☒ Limited Partnership ☐ Corporation  
☐ Joint Venture<sup>1</sup> ☐ Nonprofit Organization  
☐ Other (specify):

**3. Status of Organization:**

- ☒ In good standing  
☐ Other (describe):

**4. Name(s) of individual(s)/entities who will be General Partner(s) or Principal Owner(s):**

(you have only 6 lines worth of text in this box)

The Principal Owner of the property and project site is MP Morse Court Associates, a California Limited Partnership, of which the General Partner is Mid-Peninsula Coalition Monte Vista Terrace Corporation, a wholly-controlled affiliate of MidPen Housing Corporation. The Limited Partner is Mid-Peninsula San Ramon Corporation, which is also a wholly-controlled affiliate of MidPen Housing Corporation.

<sup>1</sup> If the Applicant is a Joint Venture, a Joint Venture Agreement is required, clearly describing: the roles and responsibilities of each partner. Explain who is the lead partner, or if the responsibilities are approximately equally split between the partners.

**PROJECT DESCRIPTION**5. **Project Name:** Morse Court**Project Address:** 825 Morse Avenue, Sunnyvale, CA 94085**Assessor's Parcel No.:** 204-06-046**Census Tract:** 50906. **Project Type (check all that apply):**

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Rental | <input type="checkbox"/> Ownership                    | <input type="checkbox"/> SRO/Studio Apartments |
| <input checked="" type="checkbox"/> Family | <input type="checkbox"/> Special Needs                |  |
| <input type="checkbox"/> Senior            | <input checked="" type="checkbox"/> Other (describe): |  |

7. **Project Activity (check all that apply):**

- ☐ Acquisition  
☒ Rehabilitation  
☐ Redevelopment  
☐ New Construction  
☐ Expiring Tax Credit/Section 8 Property  
☐ Mixed Income  
☐ Mixed Use  
☐ Other (please specify):

8. **Project Description:**

No. Units: 35

No. Res. Bldgs.: 5

No. Stories: 2

Land Area: 1.36 acre

Residential Floor Area: 28,696

Community Room(s) Laundry room

Floor Areas: 29,246

Other Uses (specify):

N/A

Commercial/Office Uses (specify):

The property also has a 350 square foot maintenance shop, a tot lot, and landscaped courtyards.

Commercial Floor Area: 0

Office Floor Area: 250

Elevators: 0

9. **Parking:**

Total Parking Spaces: 53  
 Parking Type: \_\_\_\_\_  
 \_\_\_\_\_  
 Residential Spaces and Ratio: 36  
 Guest Spaces: 14  
 \_\_\_\_\_  
 Commercial Spaces and Ratio: 0  
 Office Spaces and Ratio: 3  
 \_\_\_\_\_

10. **Number of Housing Units by Income Category:**

Category	Number of Units	Percentage of Units
0% to 30% AMI (Extremely Low-Income)	30	86
31% to 50% AMI (Very Low-Income)	4	11
51% to 80% AMI (Low-Income)	0	0
Unrestricted	1	3

11. **Unit Amenities (air conditioning, laundry in unit, balconies, etc.):**

Units at Morse Court have the following amenities: First floor patios, second floor balconies, forced-air units, electric ranges and ovens, and refrigerators.

12. **Number of Unit Types:**

Studio \_\_\_\_\_  
 1 Bedroom 16  
 2 Bedroom 15  
 3 Bedroom 4

**PROJECT NARRATIVE**13. **Project Description:**

Provide a brief narrative summary of the proposed project. Please include location, project type (new versus rehab), target population and any unique project characteristics.

The proposed project is the rehab of Morse Court, a 35-unit property in Sunnyvale, located at 825 Morse Avenue. Built in 1983, the property has immediate exterior and interior capital work to support long-term maintenance, energy efficiency, and quality of life for extremely low-income families.

**14. Project Design:**

Provide a description of the project's architectural and site plan concepts and how these concepts address the opportunities and limitations of the site and location.

The proposed rehab will retain the existing architectural character of the property. The elevations and site plans for the property fit the neighborhood context, which includes many other garden apartments.

**15. Green Building Features:**

Describe the green building features that will be incorporated into the project.

Green building is a priority for the proposed project and will be incorporated through the following measures: dual pane windows, Energy Star bathroom fans and appliances, LED site lighting, and permeable pavements.

**16. On-Site Amenities:**

Describe any on-site amenities, including any project characteristics that address the special needs of the population you intend to serve.

Morse Court provides the following amenities: On-site laundry building, covered parking spaces and garages, landscaped areas, and a proposed barbeque area (which is currently a tot lot that has reached the end of its useful life).

**17. Neighborhood/Off-Site Amenities:**

Describe the property location, neighborhood, transportation options, local services and amenities within 1/4-mile and 1/2-mile of the site.

Morse Court is located in a residential neighborhoods, surrounded by multifamily properties and single-family homes. The property is adjacent to the 15-acre Columbia Park, which includes a pool, tennis courts, and a children's play area, and the Columbia Neighborhood Center, which provides after-school programming services, a health clinic, and several other social services offerings. Columbia Middle School is located within 500 feet. Two elementary schools are both located within 1 mile. The Guadalajara Market is located within .4 miles. The Sunnyvale Square Shopping Center is located 1.2 miles from the site and features a Lucky supermarket and several restaurants and personal service options. VTA Bus Routes run along North Fair Oaks (.5 miles) and Maude Avenue (.7 miles). North Fair Oaks is served by Route 26, which runs every half hour, and Maude Avenue has two buses running every half hour on the 55 route. A Highway 101 interchange is located within .5 miles of the property.

**18. Potential Development Obstacles:**

Are there any known issues or circumstances that may delay or create challenges for the project? If yes, list issues below, including an outline of steps that will be taken and the time frame needed to resolve these issues.

There are no issues or circumstances that may create delays or challenges for the project. MidPen has significant tenant support for the rehab work. We have deep experience with occupied rehab projects and will keep residents informed about the proposed work and schedule every step of the way.

**SITE INFORMATION****19. Site Control:**

- a. Site control must be obtained no later than July 1, 2014. What is the level of site control currently held by the applicant?

The owner of the property, MP Morse Court Associates, has fee title and is controlled by MidPen Housing Corporation affiliates.

- b. Will site acquisition be a purchase or long-term lease?

N/A

- c. What is the purchase price of the land?  
(For proposed leaseholds, indicate the amount of the annual lease payment, the term of the lease, and the basis for determining the annual payment amount).

N/A

- e. What is the appraised value of the site? Briefly describe the type of valuation cited.

An appraisal was not available in time to meet the RFP's deadline. However, based on an NOI approach and comparable sales, we believe the property is worth approximately \$7.5 million. Recent appraisals for nearby MidPen properties provided the cap rate assumption and comparable sales examples.

- f. Who is the current property owner and what is their address and contact information?

MP Morse Court Associates, a California Limited Partnership  
c/o Mid-Peninsula Monte Vista Terrace Corporation  
303 Vintage Park Drive, Suite 250  
Foster City, CA 94404

20. **Site Information:**

- a. Total square footage of site: <sup>59242</sup>\_\_\_\_\_
- b. Existing uses on the site and the approximate square footage of all structures:

The existing use of the site is residential multifamily. The total gross building area is 29,246, including a property management office and a laundry space.

- c. Planned use of on-site existing structures:

☐ Demolish                      ☒ Rehabilitate

☐ Other (describe):

- d. Provide the following information for each on-site building to be retained as part of this project:

Square Footage: 29,246      Date Built: January 1, 1983      No. of Stories: 2

- e. Provide a brief description of the condition of any buildings to be rehabilitated.

Morse Court is in fair to good condition. However, it has particular building systems in great need of rehabilitation, such as its windows, decks and roofing.

- f. Describe unique site features (Heritage trees, parcel shape, etc.).

The site has no unique features we are aware of.

- g. Identify problematic site conditions (high noise levels, ingress/egress issues, etc.).

Morse Court is well-integrated into its surroundings and benefits from active uses adjacent to the property, including a large park, neighborhood center, and a public middle school. It does not have problematic site conditions.

- h. Is the site in a floodplain? Yes ☐ No ☒ Map used:

If yes, type of floodplain (number of years): \_\_\_\_\_

- i. Describe adjoining land uses:

West: Public Park (parking lot)

East: Public right of way (Morse Ave)

North: Multifamily housing

South: Multifamily housing

21. **Zoning:**

- a. What is the current zoning of the project site? R3-PD
- b. Is the proposed project consistent with the existing zoning status of the site?
- ☒ Yes ☐ No (explain)

Since this project is a proposed rehabilitation of an existing building and will not include construction of additional units, the proposed project is consistent with the existing zoning status of the site.

- c. Indicate any discretionary review permits required for the project (Special Development Permit, Design Review Permit, etc.).

Since this is a rehabilitation project and given its scope of work, which does not include changing the buildings' aesthetics or reconfiguration of units, only building permits are needed and no discretionary review permits are required.

- d. If rezoning is required, identify the requested zoning district for the project.

Not applicable.

## 22. Community Priorities:

- a. Explain how this project meets the objectives of the housing goals and priorities identified in this RFP and the goals and objectives of the Housing Element of the City's General Plan.

The Morse Court rehab addresses the preservation of affordable rental housing to extremely low and very low-income households earning 50% or less of AMI. Residents whose incomes are below 30% AMI comprise 91% of the tenants. The project will upgrade the property to "green" standards. See attached.

**PROJECT FUNDING**

## 23. Project Budget:

- a. City Funds Requested: \$ 1,000,000 City Funds Per Assisted Unit: \$ 29,410
- b. Total Project Cost: \$ 1,333,333 Total Cost Per Assisted Unit: \$ 39,214
- c. Other Sources of Permanent Financing (not including private bank loans):

Type of Funding	Amount
<input type="checkbox"/> 9% Low-Income Housing Tax Credits	<u>                    </u>
<input type="checkbox"/> 4% Low-Income Housing Tax Credits	<u>                    </u>
<input type="checkbox"/> CalHFA/Conventional Lender	<u>                    </u>
<input type="checkbox"/> Tax-Exempt Multi-Family Bonds	<u>                    </u>
<input type="checkbox"/> Multi-Family Housing Program (MHP)	<u>                    </u>
<input type="checkbox"/> Affordable Housing Program (AHP)	<u>                    </u>
<input type="checkbox"/> County of Santa Clara, Office of Affordable Housing	<u>                    </u>
<input type="checkbox"/> Santa Clara County Housing Trust	<u>                    </u>
<input checked="" type="checkbox"/> Other:	<u>333,333</u>

- d. How will the requested City funding be used?

The requested City funding will be used for costs to rehabilitate and upgrade the property's windows, roof systems, and site amenities. The funding will be utilized in order make necessary repairs and upgrades to extend the life of the property by also incorporating sustainable building features. The proposed rehab will thereby preserve the 55-year affordability of the property and continue to serve low-income residents in the area.

- e. Amount of developer fee and percentage of project cost:

A 6% project administration fee will be charged, based on the project's construction costs. All project and construction management will be undertaken by MidPen employees. The fee will cover the cost to manage the bidding, contracting, loan closing, and construction of the proposed rehab.

- f. Assess the chances of the project securing required funding and steps that will be taken to make the project competitive. What is the self-scored nine percent (9%) tax credit tie breaker score for the project (if applicable)?

Not applicable.

### **DEVELOPER EXPERIENCE**

*Developers must have successfully completed a minimum of three affordable housing projects of similar size and complexity as the proposed project to qualify for this RFP.*

**24. Provide a summary of affordable housing experience:**

Years Experience:	43
Number of Projects:	109
Number of Projects in Santa Clara County:	40
Average Size of Projects:	65
Number of Units Placed in Service:	7,065

**25. Describe awards given to projects completed in the last 10 years.**

MidPen Housing Corporation has a long-standing history of developing noteworthy developments throughout the Silicon Valley and Bay Area. In the last 10 years, MidPen has received over 20 local and national awards recognizing its ability and dedication to develop beautiful, sustainable affordable housing for a wide range of communities with varying needs. In 2013, 636 El Camino in South San Francisco won the Sustainable San Mateo County Award. Our Station Center property in Union City is certified LEED Platinum. In the last three years, the Urban Land Institute has given two MidPen communities its Award for Excellence. In 2012, Fair Oaks in Sunnyvale received Affordable Housing Finance Magazine's award for senior project of the year. In 2011, Main Street Village in Fremont received the highest score of 218 for any multifamily project in California for Build It Green's GreenPoint-rated system.

## 26. Describe three projects completed in the last ten years that are similar to the proposed project and provide photographs of each project:

a. Project 1

Name of Project: Maryce Freelen (2013 rehabilitation)

Location: 2230 Latham Street, Mountain View CA 94040

Number of Units: 74

Type of Development (senior, family, etc.): Family

Name of Project Manager: Peter Villareal

Number of Stories: 2

Unit Types (studio, 1-bedroom, etc.): 1, 2 and 3-bedroom units

Type of Construction: Wood frame with composition shingle roofs

Project Amenities: Courtyard, swimming pool, playground, community room, computer room

Entitlement Date: 1998

Occupancy Date: 1998

Funding Sources: City of Mountain View CDBG

b. Project 2

Name of Project: San Veron Park (2013 renovation)

Location: 807 San Veron, Mountain View, CA 94043

Number of Units: 32 units

Type of Development (senior, family, etc.): Family

Name of Project Manager: Peter Villareal

Number of Stories: 1-2

Unit Types (studio, 1-bedroom, etc.): 2, 3 and 4-bedroom units

Type of Construction: Wood frame with composition shingle

Project Amenities: Landscaped areas, playground, community room, onsite laundry

Entitlement Date: 1971

Occupancy Date: 1971

Funding Sources: City of Mountain View HOME

c. Project 3

Name of Project:	The Fountains (2013 renovation)
Location:	2005 San Ramon Avenue, Mountain View, CA 94043
Number of Units:	124
Type of Development (senior, family, etc.):	Senior
Name of Project Manager:	Helen Lee
Number of Stories:	2-3
Unit Types (studio, 1-bedroom, etc.):	1 bedroom
Type of Construction:	Wood frame with composition shingle roofs
Project Amenities:	Courtyard, community room, computer center
Entitlement Date:	1988
Occupancy Date:	1988
Funding Sources:	City of Mountain View HOME

27. **Personnel:**

List the names of key members of the applicant's development team, their titles, responsibilities and their years of experience in affordable housing:

Project Staff	Name	Role in Proposed Project	Years of Hsg Devt Experience	Years with this Developer
<b>Project Manager</b>	Peter Villareal	Oversight and support of associate project manager	10	6
<b>Director of Real Estate Development</b>	Jan Lindenthal	Oversight of Development team	23	6
<b>Executive Director</b>	Matthew Franklin	President	20	7
<b>Chief Financial Officer</b>	Arthur Fatum	Finance/accounting	9	1
<b>Other</b>	Hua Fang	Specialized development accounting, CPA	6	6
<b>Other</b>	Matt Lewis	Day-to-day project management	2	1
<b>Other</b>	Bruce Brackett	Construction Manager	8	8

**28. Other Team Members:**

Indicate which of the following development team members have been selected and identify them:

Developer, if Different from Applicant MidPen Housing Corporation

Architect(s)/Engineer(s) TBD

Attorney(s) and/or Tax Professionals Gubb and Barshay

Property Management Agent MidPen Property Management Corporation

Financial and Other Consultant(s) N/A

General Contractor TBD

Investor N/A

**29. List all other participants and affiliates (people, businesses and organizations) proposing to participate in the project:**

Name	Address
MidPen Property Management Corporation	303 Vintage Park Drive, Suite 250, Foster City, CA 94404
MidPen Resident Services Corporation	303 Vintage Park Drive, Suite 250, Foster City, CA 94404

**30. Property Management:**

Describe how the property will be managed, including the number of staff, locations and management office hours.

Morse Court is managed by MidPen Management Corporation. The property has two staff onsite: a community manager and a maintenance technician. The management office is open Tuesdays and Thursdays from 8:30 AM to 5:00 PM.

31. If the project will be managed by a company other than the project applicant, describe the project applicant's role in the ongoing management of the project and resolution of management issues.

Morse Court will continue to be managed by an affiliate of the project applicant, called MidPen Property Management Corporation. Once rehabilitation is completed, MidPen Housing Corporation will continue to be actively involved in the ongoing management of the project.

32. List the names of key property management staff, their titles, responsibilities and their years of experience managing affordable housing:

Name	Title (e.g., project manager, intake staff)	Job Responsibilities	Years Experience in Affordable Housing
Debra Sobeck	VP of Property Management	Oversees portfolio	20 years
Huong Nguyen	Community Manager	Onsite manager	7 years
Bruce Brackett	Facilities Manager	Construction management	8 years
Sviatlana Astvatsaturain	Regional Prop. Manager	Oversees property management	6 years
Evelyn Catalan	Director of Compliance	Oversees regulatory compliance	20 years
Jill Vargas	Director of Prop. Operations	Oversees half of prop. portfolio	12 years

33. Explain your marketing strategy and tenant selection process, and the establishment and management of waiting lists.

Due to high demand for affordable housing and rapidly rising rents in Silicon Valley, Morse Court has been able to maintain almost full occupancy. (Note: Text box will not allow for more content. Please see separate page.)

**34. Scoring**

Please provide a description of your proposal's attributes for each of the categories below. You have 5 lines of text in each box. You may attach up to one page of additional supporting material for each category. For categories 5 and 6, simply fill out the blanks provided. The category descriptions and maximum points available are provided in the "Scoring Sheet" on page 8 of the RFP.

**Category:****1. Organizational Capacity and Relevant Experience**

Please see attached separate page for response.

**2. Project Need**

Please see attached separate page for response.

**3. Project Design and Readiness**

Please see attached separate page for response.

**4. Budget and Financial Management**

Please see attached separate page for response.

**5. Percentage of Matching Funds (Leverage)**

Total Project Cost\* as stated in Project Budget: \$

1,333,333

\* Include capital costs only, not long-term operating costs

Amount of City HM Funds Requested:

1,000,000

Amount of Matching Funds (*Project Cost - City HM Funds Requested*) =

333,333

Percentage of Matching Funds (*Matching Funds / Project Cost*) =

25

**6. Affordability Level**

35

Total # of Units in Project:

30

# units affordable to ELI households = 86 % of total units in Project

# units affordable to VLI households = 4 = 11 % of total units in Project

Please round all numbers provided to the nearest whole number or percentage (i.e., 15%, not 15.34%).

**Applicant Certification**

I certify that the information submitted in this application and all supporting materials is true, accurate and complete to the best of my knowledge. I acknowledge that if facts and/or information herein are found to be misrepresented, it shall constitute grounds for disqualification of my proposal.

I further certify that all of the following statements are true, except if I have indicated otherwise on this certification:

- a. I have not sold any of the projects listed on the "10-Year Projects" list;
- b. No mortgage on a project listed on this application has ever been in default, assigned to the government or foreclosed, nor has mortgage relief by the mortgagee been given;
- c. I have not experienced defaults or noncompliance under any contract or regulatory agreement nor issued IRS Form 8823 on any Low-Income Housing Tax Credit (LIHTC) project on the "10-Year Projects" list;
- d. To the best of my knowledge, there are no unresolved findings raised as a result of Agencies' audits, management reviews or other investigations concerning me or my projects for the past ten years;
- e. I have not been suspended, debarred or otherwise restricted by any state agency from participating in the LIHTC program or other affordable housing programs; and
- f. I have not failed to use state funds or LIHTC allocated to me in any state.

Statements above (if any) to which I cannot certify have been deleted by striking through the words with a pen. I have initialed each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances which I think helps to qualify me as a responsible principal for participation in this RFP.

Applicant Name(s)

\_\_\_\_\_  
Signature/Date

\_\_\_\_\_  
Print Name and Title

*This application and all supporting material are regarded as public records under the California Public Records Act.*

**Part II: REQUIRED ATTACHMENTS**

The following supporting materials must be attached to each proposal:

**1. Cover Letter**

Provide a brief summary of the proposed project and discuss your agency's qualifications and why your proposal should be selected for funding. The cover letter must be on the applicant agency's letterhead and signed by a person authorized by the agency to submit the proposal.

**2. Evidence of Site Control**

By the time the proposal is submitted, or no later than July 1, 2014, the developer must have control of the proposed project site, consisting of either fee title ownership, a long-term lease, an option to purchase, or similar legally enforceable means of site control. The developer must show that if the proposal is selected, site control can be maintained at a minimum until a conditional funding award is made and, through completion of the entitlement process, until the property can be acquired. As evidence of site control, one of the following documents must be submitted with the application, or applicant shall explain in detail how applicant intends to obtain site control by July 1, 2014.

- Purchase agreement, with an escrow period sufficient to hold the property until the anticipated date of purchase.
- Option to purchase or lease, binding on seller or landlord, including evidence that the option period extends to or is renewable until the anticipated date of purchase.
- A long-term lease agreement with a term of not less than 55 years.
- Executed land sales contract or other enforceable agreement for acquisition.
- A grant deed to the developer
- Other commonly accepted and legally enforceable evidence of the applicant's site control.

Land acquisition costs must be justified and represent a competitive market price. Prior to closing on any City funding, the City may commission its own appraisal to confirm property value, at applicant's expense.

**3. Appraisal**

Attach an appraisal that has been completed within the past six (6) months of the application deadline. The appraisal must conform to the Uniform Standards of Professional Appraisal Practice and the appraisal requirements of the Appraisal Institute's Regulation 3. All appraisers must be licensed and certified by the State of California. The appraisal must include a separate as-is value for any improvements to be retained, or a demolition cost for any to be removed. Site value must be as-is, with no assumptions such as a future rezoning or environmental cleanup.

4. **Preliminary Title Report**

A preliminary title report dated within thirty (30) days of the application deadline.

5. **Ten-Year Projects List (Do not include projects listed under item 26 of application form)**

For each project the applicant has completed in the past ten (10) years, provide the following information on a separate attachment, in a consistent format. If more than six (6) projects have been completed, provide information for the last six (6) projects.

- Name of Project:
- Location (street address, city, county, zip code):
- Type of Development (senior, family, etc.):
- Number of Units:
- Mix of Unit Sizes:
- Number of Affordable Units and Level of Affordability:
- Number of Stories:
- Type of Construction:
- Project Amenities:
- Total Project Cost:
- Funding Sources and Amounts:
- Entitlement Date:
- Occupancy Date:
- Name of Project Manager:

6. **Rehabilitation Scope of Work, Property Inspection and Cost Estimate**

If the project involves rehabilitation, include the following information:

- Preliminary Scope of Work;
- A third-party physical needs assessment, property inspection report or predesign report;
- A preliminary independent cost estimate; and
- Basic unit configurations/plans.

**7. Relocation Plan**

If the project involves temporary (less than 12 months) or permanent relocation of current residential or commercial tenants, please provide a narrative Relocation Plan and Relocation Budget that complies with state relocation law, and federal law, if any federal funds are included in applicant's budget. Projects requiring permanent relocation of residential or business tenants are highly discouraged. The Relocation Plan should include:

- A description of the applicable relocation requirements (i.e., state and/or federal) and relocation benefits to be provided;
- A reasonable cost estimate of the relocation expenses;
- Identification of the number of households or businesses to be displaced;
- The current rent roll for the existing structures on site; and
- A description of the proposed advisory services that will be provided to the displaced households/businesses.

**8. Community Outreach Plan**

Provide a plan for conducting community outreach to current tenants and/or neighbors of the project site and interested community groups, to be implemented if the project receives a conditional funding award. The Outreach Plan should describe how the developer intends to build support for the project and address community concerns.

**9. Development Schedule**

Provide a detailed project schedule, identifying all major tasks and timelines. The schedule must include major milestones for development approval, acquisition, if not already owned, community outreach, financing applications, close of escrow, project construction and lease-up.

**10. Resident Services Plan**

Provide a Resident Services Plan that describes any services to be provided to tenants on site (i.e., child care, computer training, etc.) and demonstrates how supportive and social services for the tenant population will be provided and funded long-term. Projects with units set aside for formerly homeless households or special needs groups must provide sufficient supportive services for the target population and show sufficient funding commitments for services.

**11. Management Companies**

If the proposal includes the use of a property management company other than the applicant, provide detailed information on that company, including:

- Company name and three client references;
- Total number of projects and units managed;
- List of projects managed and their locations;
- Number of employees; and
- Management philosophy.

**12. Marketability of Mixed-Use Projects**

Proposals for development of housing with commercial space must include evidence of demand for commercial/retail and marketability of space by submitting a market study or a survey of comparables and vacancy rates, or have at least half of the commercial/retail space preleased.

**13. Detailed Development Budget**

Provide a detailed development budget that includes all anticipated funding sources and provides a breakdown of all development costs. State whether the budget assumes payment of federal and/or State prevailing wages and if so, which funding sources require payment of prevailing wages. The following requirements should be considered in preparing the budget:

- Construction Contingency

The City requires a minimum 10 percent construction contingency, which should be factored into the development budget. For projects involving extensive rehabilitation work, a 20 percent or greater construction contingency is required.

- Insurance and Bonding Requirements

The selected agency will be required to comply with the City's insurance and bonding requirements for construction contracts and general contractors, which should be factored into the project budget. These requirements are available upon request from the City.

**14. Detailed Operating Budget and 30-Year Pro Forma Analysis (Rental Projects Only)**

For rental proposals, please submit a detailed operating budget and 30-year pro forma analysis based on the assumptions described below:

- Five percent (5%) annual vacancy/collection loss for family and senior projects.

- Ten percent (10%) annual vacancy/collection loss for efficiency studio, SRO or special needs projects.
- Three and one-half percent (3.5%) annual increase for expenses (other than property taxes and replacement reserve deposit).
- Two and one-half percent (2.5%) annual increase for income.
- Tenant utility allowances should be based on the Housing Authority of Santa Clara 2010 Utility Allowance Table available at [www.hacsc.org/p\\_rentlimits.php](http://www.hacsc.org/p_rentlimits.php).
- If Section 8 or other rental or operating assistance is assumed, an additional pro forma should be included that assumes the contract will expire after its initial term. Applicants are encouraged to budget transition reserves due to the risk that rental assistance contracts may not be renewed.
- Partnership/Asset Management fees (for tax credit projects only) may not exceed a combined total of \$25,000 annually but may increase by 3 percent per year.
- The interest rate on the City's funds for low-income housing tax credit projects is generally set at 3 percent simple interest per annum, for projects that generate cash flow. City loan payments will be due from surplus cash flow (after payment of operating costs, senior debt, reserves and deferred developer fee). To the extent cash flow does not generate sufficient payments, any balance may be deferred for the term of the loan. All loans are due in full on sale, refinancing or transfer.

The pro forma should clearly list all assumptions and include information on all financing, including loan term, interest rate, and payee.

The pro forma should also include information on the number of units, sizes, rent and utility levels, targeted levels of affordability and basis of rent calculations.

**15. Developer Financial Reports**

Provide independent audit reports for the last three (3) years, including copies of management letters. This should include complete financial statements, including balance sheets, income statements and statement of cash flows with notes for the last three (3) years.

**16. Experience and References**

Provide résumés and project experience for all key staff working on the project, including, but not limited to, principals, project manager, project staff and financial officer. Indicate the level of experience of the project manager with projects similar to the proposal. Provide at least three (3) references from the city or county staff involved with the projects completed in the last six (6) years.

17. **Partnership Agreement or Corporate Articles and Bylaws (if applicable)**

18. **501(c)(3) Letter of Determination from IRS (if applicable)**

19. **Photos**

Attach recent, clearly labeled photos of the project site and surrounding area, including at least one street view and one aerial view.

20. **Site Plan**

Attach a simple site plan (black and white line drawing) showing the property boundaries and general footprint of the structures to be developed or rehabilitated.

21. **Board of Directors**

Provide the name and city of residence of each member of the developer's Board of Directors. (maximum 30 lines of text)

Board of Directors  
C. Mark Battey, Half Moon Bay, CA  
Beth Bartlett, Portola Valley, CA  
Richard Slaton, Oakland, CA  
Therese A. Freeman, Woodside, CA  
Mari Tustin, Scotts Valley, CA  
Paul Staley, San Francisco, CA  
Daniel Seubert, Palo Alto, CA  
Monique Moyer, San Francisco, CA  
Dariush Kayhan, San Francisco, CA  
Erik Doyle, San Francisco, CA  
Holly Vocal, San Bruno, CA  
Kim Le, Redwood City, CA  
Susan Smartt, San Francisco, CA  
Koonal Ghandi, San Francisco, CA

## **22. Community Priorities.**

### **Elaboration of MidPen's approach to sustainability.**

MidPen's approach to sustainability includes attention to environmental and economic sustainability. The project team will consider production, performance, and durability in making decisions. "Green" materials that require more frequent replacement may ultimately create a larger environmental and economic burden.

In particular, MidPen encourages:

- Energy and water-efficient designs.
- The use of materials that have a high "life-cycle value", i.e. those that are economical considering both initial costs and long-term operating and maintenance costs.
- Minimizing the use of hazardous materials, including materials that minimize indoor air contamination, such as low-VOC paint, formaldehyde-free insulation and formaldehyde-free or fully sealed cabinets and countertops.

As evidence of our commitment to green building, several MidPen properties have been honored for their focus on sustainability. In 2013, 636 El Camino in South San Francisco won the Sustainable San Mateo County Award. Our Station Center property in Union City is certified LEED Platinum. In 2011, Main Street Village in Fremont received the highest score of 218 for any multifamily project in California for Build It Green's GreenPoint-rated system.

### **33. Explain your marketing strategy and tenant selection process, and establishment and management of waiting lists.**

Due to high demand for affordable housing and rapidly rising rents in the Silicon Valley, Morse Court has been able to maintain occupancy. There are a total of 295 applicants on the wait list for the property, and the waitlist has been closed since January 1st, 2014. However, when there is tenant turnover, MidPen Property Management Corporation follows the prescribed process outlined in the resident selection criteria to fill the vacancy. First, MidPen Property Management staff members refer to waitlists to determine the next qualified tenant. When there are no longer any qualified tenants on the waitlist, staff members follow the company's affirmative marketing plan to revamp the property's waiting lists. The affirmative marketing plan is used for recruitment and is designed to assure equal access to eligible applicants in all categories protected by federal, state, or local anti-discrimination laws. In an effort to ensure a diversity of tenants, an outreach program is initiated to reach underrepresented clientele.

Ads for vacant units will be advertised online, such as on Craigslist and MidPen Housing's corporate website, and sent to the community organizations or in other mediums as outlined in the affirmative fair housing marketing plan.

Advertisements will include the following:

- Equal Housing Opportunity logos and affirmative marketing slogans and statements on all marketing and advertising materials;
- Display of Fair Housing posters in rental offices and locations;
- Notice of nondiscrimination on the basis of disability on all marketing and advertising materials.

The Community Manager, fully familiar with established selection criteria included in the applicable regulatory agreements for the property, in collaboration with MidPen Property Management compliance support is responsible for resident qualifications. Per these regulatory agreements, extensive waitlists are compiled and are first used to select potential tenants in the case of any vacancies in the property. In the case that there are no eligible potential tenants from the waitlist, management can contact the appropriate regulatory body to revise the affirmative fair housing marketing plan. The Community Manager, under supervision of the Regional Property Manager, is responsible for careful review of all lease conditions, development regulations, and services with new and existing tenants. Typically, orientation to operation of appliances and building systems is the function of the Community Manager coincidental with completion of the move-in condition report with the resident.

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## **34. Scoring**

### **1. Organizational Capacity and Relevant Experience**

MidPen Housing is one of the largest, most trusted developers and owners of high-quality affordable rental housing in Northern California. MidPen and its affiliates play a leading role in the growth of the affordable housing industry in California, consistently setting new standards for best practices in development, property management, and resident services. Since its formation over 40 years ago, it has developed over 7,400 affordable units in ten counties and has acquired/rehabilitated properties to maintain affordability. Despite uncertain economic and funding environments, MidPen has been successful and committed to engaging with local partners to create thriving communities. More importantly, it has helped it fulfill its mission: to provide safe, affordable housing of high quality to those in need; to establish stability and opportunity in the lives of our residents; and to foster diverse communities that allow people from all ethnic, social and economic backgrounds to live in dignity, harmony, and mutual respect. To fulfill this mission, the development team brings extensive and diversified experience to developing and managing affordable housing; some of whom specialize in acquisition/rehab projects. Alongside the development team, MidPen's Asset Management, Property Management, and Accounting Department have extensive federal grant management experience, managing millions in federal funding from a variety of government programs, such as HUD 202, HOME, CDBG, HUD Green Retrofit Program, Section 8, and ARRA funds. MidPen's solid financial position also allows it to deliver on its mission to develop and maintain quality affordable housing. These assets allow MidPen and affiliates to set aside sufficient operating reserves and provide discretionary working capital for asset management and new development.

MidPen Housing has a long standing collaboration with the City of Sunnyvale to expand affordable housing and strengthen communities. MidPen is currently engaged in renovating Homestead Park with City of Sunnyvale funds. Recently, MidPen developed a city-funded rehab of Garland Plaza and a new construction senior affordable housing property called Fair Oaks Plaza. Prior to Fair Oaks Plaza, MidPen Housing also developed and/or renovated projects such as Carroll Inn, Moulton Plaza, Homestead Park, and Aster Park with city investments and a wide range of other funding sources. Rehab projects of similar scope to Morse Court include the recent rehabs of Aster Park, The Fountains, and Maryce Freelen. Such projects demonstrate MidPen Housing's capacity and experience to complete the proposed project.

## **2. Project Need**

Morse Court is a multifamily affordable housing property with 35 units. All residents at Morse Court are supported by project-based Section 8 vouchers, which enable the property to support residents with incomes below 30% AMI. Two units are reserved for handicapped households, comprising 6% of the units at Morse Court. Morse Court's affordability primarily targets individuals and families who are earning at or less than 30% AMI, thereby reflecting the City's goals and priorities for housing. Currently, the average income for residents at Homestead Park is \$17,754, which is below 30% AMI for any-sized household. The recapitalization and renovation of Morse Court will result in affordability preservation while addressing the needs of a particular demographic – very low-income families and households.

By preserving its affordability, Morse Court will continue to provide opportunities for low-income individuals and families within the area to access affordable housing. In recent years, rental increases in Santa Clara County have been mounting at an alarming pace. For instance, HUD's 2014 Fair Market Rents for Santa Clara County were \$1,293 for one-bedroom, \$1,649 for two-bedrooms, and \$2,325 for three-bedroom units. At these rental prices, most Sunnyvale housing continues to be out of reach for low-income households.

Collecting data from MidPen Housing properties also in Sunnyvale, it is evident that this housing need is deep and ongoing. Aster Park, a 96-unit multifamily and senior affordable housing property completed in 1975, currently has 320 applicants on the waitlist, even though its wait list has been closed for 3 years. At Homestead Park, where the waitlist was opened in January, there are a total of 945 applicants on the waitlist, demonstrating the high need for affordable apartments in the current market in Sunnyvale.

Furthermore, MidPen is proposing to add green building features at Homestead Park to increase the property's energy and water efficiency as well as operating cost-savings to the property and residents. A primary goal of this proposed renovation is to install double-paned windows and remove leaky single-paned aluminum windows. This will result in less unwanted airflow into and out of the unit. It will make residents more comfortable in their units and help them save on their heating and cooling bills. We also propose installing energy-efficient bath fans that run continuously to control indoor humidity levels. These fans prevent mold and mildew from forming and will greatly improve indoor air quality. Other sustainability-focused improvements include Energy Star appliances, LED site lighting, water-efficient irrigation, and permeable pavers for the proposed barbecue area.

For evidence of community and resident support of this proposed project, please find attached letters from current Morse Court residents.

### **3. Project Design and Readiness**

Given the scope of work for this proposed rehab at Morse Court, there is no need for discretionary review permits. The scope of work will encompass like-for-like replacements and a minor redesign of the playground area. Building permits will be the only permits needed. Given the project scope, we anticipate permits will be available on an over-the-counter basis. Therefore, once financing is secured, the project will immediately apply for building permits. Furthermore, the current design of Morse Court is compatible and integrated with the neighborhood. Originally constructed in 1983, Morse Court has been standing in the neighborhood for decades.

As this is a proposed rehabilitation of an existing property, all lien-holders and owners with an ownership or security interest in the property have provided approvals to apply for funding and have provided preliminary approvals for the proposed project. CalHFA, a funding source and lien-holder, has provided its approval as can be seen in written correspondence with Jennifer Silva, Asset Manager.

Please see attached written correspondence with CalHFA regarding approvals.

#### **4. Budget and Financial Management**

MidPen's solid financial position allows it to deliver on its mission to develop and maintain quality affordable housing. MidPen and affiliates have the capacity to set aside sufficient operating reserves and provide discretionary working capital for asset management and new development. Furthermore, MidPen has a strong standing of financial and regulatory compliance for its portfolio and day-to-day operation of the organization. MidPen also has accounting capacity for financial management, which allows it to thoroughly track budgets, liens, insurance, change orders, and sub-contractor contracts.

In order to obtain accurate and realistic cost estimates and thereby create a budget for development and operation of the proposed project, an independent cost estimate was provided by a general contractor for the roofing replacements. Other estimates have been provided by an internal inspection teams and costs from a comparable rehab. Please see Attachment 6 for additional background on the construction estimates. The soft costs in the budget are low, making up only 9.3% of the total budget.