

## **30% AMI Deeply Affordable Housing Fund Solicitation Notice**

The City of Saint Paul is accepting applications **March 31, 2022** through **April 21, 2022**.

### **Goal:**

Offer the City's American Rescue Plan Act (ARPA) funding through a 30% AMI Deeply Affordable Housing Fund solicitation to developers to facilitate the creation of multifamily rental housing that includes units affordable to households at or below the 30% Area Median Income (AMI) level. Funding will be used to deepen affordability in projects and to facilitate the closing of projects within 2022.

### **Background:**

In response to current pandemic and resulting economic crisis, Congress passed the American Rescue Plan Act (ARPA) of 2021. As a part of this legislation, the City of Saint Paul (City) received an allocation of State and Local Fiscal Recovery Funds to support our immediate response to the COVID-19 public health emergency, and its negative economic impacts, while laying the groundwork for our ongoing efforts to rebuild. Saint Paul will make investments to be responsive to the many needs of our community with a focus on several key priorities, including housing.

The City of Saint Paul created the 30% AMI Deeply Affordable Housing Fund with its ARPA allocation in order to expand housing supply for extremely low-income residents. The City is soliciting applications to fund eligible developments located within the boundaries of Saint Paul. This current solicitation is the first to be released for the 30% AMI Deeply Affordable Housing Fund. The City anticipates issuing future solicitations for a wider range of eligible projects at a later date.

### **Eligible Projects:**

Projects must meet all the following Eligible Project Criteria in order to be considered.

- Anticipated closing date no later than the end of 2022.
- New construction multi-family rental projects located in Saint Paul, with a total of 4 units or more.
- At least 10% of the units are rent and income restricted to households earning 30% AMI or below.
- At least 40% of the units are rent and income restricted at or below 60% AMI.
- Applicants must commit to substantial, long-term affordability for a minimum of 30 years.

### **Scoring Criteria:**

Applications must be received by the deadline and meet all Eligible Project Criteria to be considered and scored. Applications will be evaluated and scored by an internal committee. Priority will be given to those projects that score higher, using the following criteria and point system:

Criteria	Points
<p>1. <u>Long Term Affordability</u>  Applicants must commit to long-term affordability for a minimum of 30 years. Ten points will be awarded to projects that extend the duration of affordability for 40 or more years.</p> <p>a. The owner agrees to extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 40 years.</p>	10 points
<p>2. <u>Deeply Affordable Unit Production</u>  Percent of housing units in the project serving households at or below 30% Area Median Income.</p> <p>a. 10% – 14.9% of units</p> <p>b. 15% – 19.9% of units</p> <p>c. 20% or more of units</p>	10 points 15 points 20 points
<p>3. <u>Per Unit Subsidy</u>  Points will be awarded to projects with a lower per-unit ARPA subsidy request.</p> <p>a. Under \$50,000 ARPA subsidy per unit</p> <p>b. \$50,00 – \$100,000 ARPA subsidy per unit</p> <p>c. \$100,001 – \$150,000 ARPA subsidy per unit</p> <p>d. \$150,001 – \$170,000 ARPA subsidy per unit</p>	20 points 15 points 10 points 5 points
<p>4. <u>No further Subsidy</u>  Points will be awarded to projects which are fully funded other than the inclusion of the ARPA funds.</p> <p>a. No further subsidy required</p>	10 points
<p>5. <u>Intermediary Costs (Soft Costs)</u>  Points will be awarded to projects on a sliding scale of intermediary costs, as defined by Minnesota Housing, based on percentage of total project costs.</p> <p>a. 0.0 to 15% intermediary costs</p> <p>b. 15.1 to 20% intermediary costs</p> <p>c. 20.1 to 25% intermediary costs</p> <p>d. 25.1 to 30% intermediary costs</p>	10 points 5 points 3 points 1 point
<b>Total Points Possible</b>	<b>70 points</b>

The internal scoring committee will use these scoring criteria to make project recommendations. Final selections and amount of ARPA award is subject to underwriting procedures and guidelines and to City of Saint Paul Council or HRA Board approval.

**Additional Review Criteria:**

Projects must be able to provide evidence of project schedule and anticipated 2022 closing date. This includes documentation of site control; commitment letters from lenders and/or investors; and architectural and/or schematic drawings.

City of Saint Paul staff will use the existing Process for Analyzing Projects Requesting Saint Paul Housing and Redevelopment Authority (HRA) Assistance (as revised August 2020) to review and assess development proposals. Projects must satisfy analysis that includes, but is not limited to:

- Gap analysis;
- Assessment of sources and uses;
- Identification of public purpose;
- Assessment of proposal’s consistency with city goals, comprehensive plan, zoning code, any existing redevelopment plans, and land disposition policy;
- Project feasibility assessment; and
- Evaluation of developer’s financial capacity and experience.

Staff will also look at how the proposed project aligns with the 30% AMI Deeply Affordable Housing Fund goals and eligibility including that proposed funding is used for the production of 30% AMI units and whether the proposed project meets the applicable ARPA requirements, including federal regulations and guidance.

**Underwriting Guidelines:**

Responses must demonstrate the following:

- Costs are allowable under ARPA funding requirements;
- Project costs are reasonable;
- Other sources of project financing commitments, including amounts and terms;
- To the extent required, that the City’s ARPA funds are not substituted for non-Federal financial support;
- The project is financially feasible;
- Subsidy requests are reasonable and necessary; and
- To the extent practicable, that City’s ARPA funds are disbursed on a pro rata basis with other financing provided to the project.

**Specific Funding Requirements:**

Some or all of the payments under any resulting contracts or executed agreements will be made from federal funds obtained by the City through the American Rescue Plan Act of 2021 (Public Law 117-2 and amendments thereto), Catalog of Federal Domestic Assistance (CFDA) No. 21.207 and Federal Award Identification Number SLFRP0236 (“American Rescue Plan”, “ARPA”). Therefore, successful Responder(s) must agree to comply with the American Rescue Plan Act, as amended, as well as the rules of any regulatory body under the American Rescue Plan Act.

**Solicitation Timeline:**

Solicitation Process	Date
Solicitation Open	March 31, 2022
Solicitation Closes	April 21, 2022 (4:30 p.m.)
Application Review	April 22, 2022 – May 6, 2022
Recommendation, subject to final approval by the City	May 9, 2022

**Application Process:**

Applicants must submit both a **30% AMI Deeply Affordable Housing Fund Application** and a **Request for Assistance from the Housing and Redevelopment Authority of the City of Saint Paul Application** and all associated attachments to be considered. No application fee is required. Application materials must be submitted via email to [erika.byrd@ci.stpaul.mn.us](mailto:erika.byrd@ci.stpaul.mn.us) by 4:30 p.m. on April 21, 2022.

**Summary of Application Material Required:**

- 1) [Deeply Affordable Housing Fund Application](#) and attachments
  - Commitment letters from lenders and/or investors
  - Evidence of site control
  
- 2) [Request for Assistance from the Housing and Redevelopment Authority of the City of Saint Paul Application](#) and attachments including
  - Attachment A - Addendum to Application
    - Project Description
    - Development and Financing Team
    - Project Schedule
    - Financial Analysis/underwriting Report
    - Financial Statements
    - Detailed Project Budget
    - Sources and Uses of Funds Statement
    - Terms and Conditions of Sources of Funds
    - Architectural Drawings, Sworn Construction Cost Statement, Bids and Specifications, Site Improvement Plans, Scope of Work
    - Operating Expense Projections
    - 15 Year Pro Forma Projections
    - Neighborhood Support Statement
    - Market Feasibility Analysis/Plan
    - Detailed Housing Unit Breakdown
    - Occupancy/fill Projections
    - Tenant Data
    - Support Services Statement
    - Statement of Resident Participation; Cooperative Housing
  - Attachment B - Initial Application Fee & Acknowledgement of Compliance Documents (1<sup>st</sup> Developer Letter). Note: fee is \$0 for 30% AMI Deeply Affordable Housing Fund.

**Contact Person:**

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