



SOLICITATION FOR INNOVATIVE DEVELOPER, INVESTOR, ACQUISITION AND OTHER PARTNERSHIPS TO EXPAND THE AFFORDABLE HOUSING PORTFOLIO OF THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

I. Summary & Intent of Solicitation

In response to the shortage of housing units that are affordable to extremely low-, very low-, low- and moderate-income households within the City of Los Angeles, the Housing Authority of the City of Los Angeles (“HACLA”) desires to find creative solutions and to leverage its resources to expand its portfolio of housing and other related assets. HACLA seeks proposals for innovative partnerships (“Partnerships”) with for-profit, non-profit, and governmental organizations (“Entity” or “Entities”) that will expand HACLA’s portfolio of affordable multifamily housing units and other assets within the City of Los Angeles (“Proposals”). Through this open-ended Solicitation, Entities may submit Proposals for Partnerships involving one or more projects (“Projects”) that will involve participation by HACLA or a HACLA affiliate or instrumentality (“HACLA Participant”) and may include the use of HACLA Resources (as defined below) as part of a financing plan including private and/or other public resources.

II. Partnership and Project Types

HACLA intends that this Solicitation will be used to identify the following types of Partnerships. HACLA is also receptive to receiving other types of innovative acquisition, development, asset management, investment, and financing Proposals that are not identified in the list below.

- a. Partnerships for the acquisition of multifamily, mixed-use, or other real property Projects, with a focus on acquiring restricted or unrestricted multifamily properties or portfolios of properties with the intent to place rent and income restrictions on the property or functionally manage the property to provide affordable rents for all or a portion of the units, and with a HACLA Participant generally serving as the managing general partner;
- b. Partnerships for investment in affordable and mixed-income multifamily properties, with a HACLA Participant generally serving as the administrative or other controlling general partner, and with social impact, mission-oriented, and other investment Entities providing passive equity investment and generally serving as investor limited partners (“Investment Partnerships”);
- c. Partnerships for the new construction or substantial rehabilitation of affordable or mixed-income Projects (“Development Partnerships”); and
- d. Partnerships for the acquisition and financing of workforce or middle-income housing, generally intended to mean properties with income and rent levels restricted between 80% and 150% of AMI for Los Angeles for the purpose of generating revenue for HACLA to utilize on deeply affordable housing while assisting moderate income households from falling into housing instability, financed in whole or part in accordance with forthcoming amendments to HACLA’s Debt Management Policy and Housing Conduit Bond Policy (“Workforce or Middle Income Housing Partnerships”).

III. HACL A Resources

As used in this Solicitation, HACL A Resources shall include but not be limited to the following:

- a. the investment of non-federal HACL A funds, through loans or equity investments;
- b. the contribution of any HACL A non-federal funds for all or portions of any deposits, due diligence costs, and predevelopment costs;
- c. the issuance of tax-exempt or taxable bonds by HACL A;
- d. the use or contribution of HACL A land or other property through sale or lease;
- e. the contemplated dedication of Project-Based Vouchers (“PBVs”) or other rental subsidy, to the extent available, through a separate competitive award process;
- f. statutory tax exemptions available to HACL A or a HACL A Participant;
- g. guarantees made by HACL A or a HACL A Participant;
- h. professional development, asset management, and property management services provided by HACL A, including management or oversight of construction, demolition, relocation, or environmental remediation; and
- i. other resources or assets owned or controlled by HACL A or a HACL A Participant that are not contemplated herein.

IV. Evaluation Criteria

Proposals will be evaluated with respect to the following criteria:

- a. Types and amounts of HACL A resources involved in the Proposal, with greater preference given to Proposals that most efficiently leverage HACL A Resources, and with preference given to Proposals that demonstrate greater financing commitments from other public or private sources;
- b. Creation of income- and rent-restricted units, with greater preference given to Proposals that provide deeper affordability and that provide a greater number of restricted units;
- c. Efficiency of HACL A resources and capacity, with greater preference given to Proposals that net stable, positive income for HACL A or provide for unique opportunities for HACL A to gain capacity;
- d. Experience of Entity, with greater preference given to Entities that demonstrate a successful track record of investment and execution on similar Proposals or Projects;
- e. Ability to provide housing for residents utilizing Housing Choice Vouchers (“HCVs”), with greater preference given to Proposals that limit rents to HCV Payment Standard net rents, below market rents, and/or rents restricted to levels affordable for households earning between 30% and 50% of Area Median Income (“AMI”) for Los Angeles;
- f. Time period for the creation of restricted units, with greater preference given to Proposals that can deliver units more quickly following the closing of the Project or the completion of construction, as applicable;
- g. Environmental and resource stewardship, with greater preference given to Proposals that evidence principles of green design, high efficiency standards, proximity to high frequency public transit infrastructure, or other similar and relevant factors, as applicable;
- h. HACL A’s role in asset and property management, with greater preference given to Proposals that provide HACL A with greater input or decision making control on asset management, and with greater preference given to Proposals that provide an option for HACL A to provide property management services;

- i. Location of the Proposal, with greater weight given to proposals that diversify the locations of HACLA's residential portfolio, and with greater preference given to Proposals located in higher opportunity areas as indicated on the TCAC/HCD Opportunity Map, or on another similar map if the TCAC/HCD Opportunity Map is not published for a given year;
- j. Duration of affordability, with greater preference given to Proposals that provide longer affordability agreements;
- k. Housing stability for existing residents, with greater preference given to Proposals that do not require relocation of any existing tenants;
- l. Accessible affordable housing units, with greater preference given to Proposals that exceed the City of Los Angeles's minimum requirement of five percent (5%) units with features accessible to persons with mobility disabilities and two percent (2%) of units with features accessible to persons with vision and hearing disabilities; and
- m. Long term affordability and control, with greater preference given to Proposals that provide HACLA with the ability to control an asset over a longer term, including but not limited to rights of first refusal, buy/sell provisions, or other similar enforceable options.
- n. "Good-faith" efforts by Entities to help HACLA achieve Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Labor Surplus Area Firms (LSA) participation when possible, as required by 2 CFR Section 200.321, as well as comply with HACLA's Section 3 Policy and Compliance Plan.

V. Required Proposal Information

All Proposals shall include the items set forth in subsection a) below except for proposals solely for Investment Partnerships, which need only submit items i. through xiv. Specific types of proposals shall be required to submit additional information as set forth in subsection b) and/or the following subsections, as applicable. Notwithstanding the foregoing, HACLA reserves the right to request any other information deemed necessary for HACLA's review and evaluation of the Proposal. Together, all such information shall be defined for the purposes of this Solicitation as the "Required Proposal Information."

- a. The following information shall be required for all Proposals:
 - i. the name of the Entity;
 - ii. the names and addresses of any Projects associated with the Entity and the Proposal;
 - iii. the names of the owners of the Entity and the percentage ownership interests of each;
 - iv. The name, phone number, and email of a designated contact person for the Entity;
 - v. Financial statements for the Entity and disclosure of affiliated Entities;
 - vi. A narrative description of the Proposal and any Projects associated therewith, including information describing the experience of the Entity, the history of the Project, the benefits of the Partnership to HACLA, and any other pertinent information;
 - vii. The proposed role and percentage ownership interest of HACLA or a HACLA Participant within the Partnership, and the proposed percentage ownership interest of every other legal entity within the Partnership;
 - viii. All proposed participation by a.) HACLA or a HACLA Participant, b.) the other Partners, c.) and any third party, in the following: any developer fee, issuer fee,

- underwriting fee, asset management fee, project administration fee, other ongoing fee, ongoing cash flow or residual receipt distributions, distribution upon liquidation, sale or refinance, or other Partnership or Project economics;
- ix. The types and amounts of all HACLA Resources involved in the Proposal;
 - x. Identification of any other financial, organizational, third-party resources to be used in the Partnership, whether committed or proposed;
 - xi. Explicit terms for return requirements for proposer as well as all resources proposer will be committing to the project(s) or program over what period of time, and any terms associated with those resources;
 - xii. Proposed terms outlining the rights of the HACLA Participant and of the other Partners to dispose of any property included in the Partnership, including any right of first refusal, buy/sell provision, or other similar provision, and the timelines for exercising such rights;
 - xiii. Any guarantees to be made by a HACLA or a HACLA Participant;
 - xiv. Any required time frames for action by HACLA or a HACLA Participant, or during which HACLA or a HACLA Participant would, if it were to join the Partnership, be bound by the action of the Partnership, including anticipated timelines for any deposits going hard, any timelines for due diligence, and any contingencies;
 - xv. The proposed organizational chart for the Partnership;
 - xvi. The location and County Assessor's parcel number of any Project encompassed by the Proposal;
 - xvii. Any third party due diligence reports obtained by the Entity for the Proposal or Project, as applicable, which may include without limitation, a Phase I Environmental Site Assessment, a zoning and permitting report, an appraisal, a termite or other pest inspection, a physical or capital needs assessment, a disability and accessibility analysis, a survey, a title report, a seismic or geotechnical report, and any other relevant reports.
 - xviii. Any known or projected immediate, short-term, and long-term capital needs or other capital improvements associated with the Project, and the amounts and timing of each;
 - xix. The number of housing units by bedroom type and affordability level (including any unrestricted market rate units) included in the Proposal;
 - xx. The proposed limitation on rent increases for any existing residents, if applicable to any Project in the Proposal;
 - xxi. The type and amount of retail, commercial, community, or other nonresidential spaces included in the Proposal;
 - xxii. Any services to be provided without cost to residents of a Project;
 - xxiii. Any recreational or other amenities to be provided for the use of residents of a Project or for the general public;
 - xxiv. Any contributions to be made by the Project to any public infrastructure or service;
 - xxv. The duration of any affordability restrictions for any Project;
 - xxvi. The anticipated time frame for the sale, refinancing or development of any Project; and
 - xxvii. A set of financial projections and assumptions for the Partnership and for any Project in Microsoft Excel format, with all formulas included, that includes at a minimum the following components: a table of sources and uses, including the amounts, providers, and terms of all anticipated non-HACLA senior and

subordinate debt and equity financing sources, and the types and amount of all reserve accounts to be established and held for the Project; a pro forma and, if applicable, historical rent schedule; a pro forma and, if applicable, historical profit and loss statement, including operating budget assumptions; a projected construction or rehabilitation budget, if applicable; and annual cash flow projection from the acquisition date through the projected first year at which any Partner may trigger refinancing or disposition of a Project (the "Financial Pro Forma").

- b. For any Proposal involving the development or substantial rehabilitation of a Project:
 - i. A statement indicating that no current resident will be displaced as a result of the development or rehabilitation of the Project, or if displacement is unavoidable, what the temporary or permanent relocation plan would entail and cost;
 - ii. The zoning of the Project and the permitting and entitlement status for all proposed construction and substantial rehabilitation work;
 - iii. An estimate of the costs of all construction and rehabilitation work, including, if possible, a draft schedule of values;
 - iv. A list of any engaged or anticipated contractors, consultants, and vendors;
 - v. A site plan, building plans, a landscape plan, and renderings, to the extent available;
 - vi. The anticipated duration of the construction and lease-up periods; and
 - vii. A conceptual relocation plan if any existing residents will need to be relocated temporarily or permanently.

- c. For any Proposal involving the acquisition of an operating Project:
 - i. A statement indicating that no current resident will be displaced as a result of the acquisition;
 - ii. The Financial Pro Forma must include data from three years of historical financial statements, or, if the Project has operated for fewer than three years, operating statements for the Project since its completion; and
 - iii. A rent roll summary indicating the number of currently occupied units, all rent and all fees paid by the tenants within each unit, and the beginning and ending dates of each lease in effect at the Project.

- d. For any Proposal contemplating a request for the dedication of PBVs or other rental subsidy under a separate competitive award process, to the extent such resources are available:
 - i. Separate Financial Pro Formas for the Project with PBVs or other rental subsidy and without PBVs or other rental subsidy, showing the financial impact of the contemplated PBVs or other rental subsidy, and any difference in the contemplated income and rent restriction levels and number of units to be restricted as a result of the contemplated PBVs or other rental subsidy.

- e. All Required Information shall be kept confidential by HACLA during any negotiation of the terms of the Partnership and the negotiation of any letters of intent and purchase sale agreements for any Project. However, for the avoidance of doubt, the terms of the Partnership and the Project acquisition agreements shall be presented to the HACLA BOC prior to the execution of any Partnership Agreement or Project acquisition, and such

terms shall at that time be presented publicly at a HACLA BOC meeting. Financial statements of Entities submitting Proposals will be kept confidential by HACLA to the extent permitted by law.

VI. Process, General Requirements, and Responsibility for Preparation of Proposals

- a. This Solicitation shall take effect immediately upon posting following the adoption of the resolution authorizing the Solicitation by the HACLA BOC.
- b. This Solicitation shall not have a prescribed closing date for the submission of Proposals. Proposals will be received, reviewed, and evaluated on a continuous basis, until such time, if at all, as HACLA elects to close the Solicitation.
- c. Upon the determination that the Required Proposal Information, as set forth herein, has been submitted to HACLA in complete form by an Entity, HACLA shall conduct an initial evaluation of the Proposal with respect to the Evaluation Criteria and may conduct negotiation with the Entity to determine whether any changes to the Partnership or the Project might be agreed upon that would result in a more favorable evaluation. Such negotiation may continue until a Proposal is presented to the HACLA BOC.
- d. No agreement or contract for any Proposal or commitment of HACLA funds or other resources may be entered into by HACLA until the form and terms of such have been authorized and approved by the HACLA BOC.
- e. Should any Proposal trigger the need for HACLA to comply with further state or federal procurement or other requirements such activities shall be undertaken in full compliance with all such requirements and nothing contained herein should be understood or construed as a waiver of such requirements. The HACLA and its BOC are not required to consider, approve, or act on any Proposal that is submitted to HACLA. All costs associated with the preparation of any Proposal shall be borne solely by the Entity submitting the Proposal. HACLA will provide no reimbursement or compensation for any such expenses.
- f. In accordance with the requirements of the Housing Opportunities Through Modernization Act ("HOTMA") and the HACLA Section 8 Administrative Plan, unless a Project is associated with a HACLA initiative to improve, develop, or replace a public housing property or site and HACLA has an ownership interest in or control of the property or site, HACLA cannot award PBVs non-competitively. Submitting a Proposal through this solicitation with a contemplated number of PBVs does not constitute a submission for a requested dedication of PBVs. All such submissions will be made through a separate competitive process, and any approval of a Project or Partnership under this Solicitation will be independent of a request for PBVs.
- g. HACLA is committed to equal opportunity for all persons and Entities submitting Proposals for its consideration under this Solicitation. HACLA shall not discriminate against any person or Entity submitting a Proposal because of race, color, religion, sex, sexual orientation, gender identity, or national origin ("Equal Opportunity"). HACLA shall not consider any Proposal under this Solicitation unless the Entity submitting the Proposal shall have likewise certified its commitment to Equal Opportunity in its employment and contracting practices. HACLA will require all successful proposers to comply with all applicable State and Federal anti-discrimination laws concerning the development and operation of housing.
- h. Proposals submitted under this Solicitation may be subject to additional requirements under other policies adopted by the HACLA BOC, and nothing in this Solicitation shall be interpreted to waive or relieve any Entity or Proposal from any such requirement.

End of Solicitation