



TO: Honorable City Council
c/o City Clerk, Room 395, City Hall

FROM: Douglas Guthrie, HACLA President & CEO *Douglas Guthrie*

DATE: December 14, 2021

SUBJECT: Report on Strategies for Expanding HACLA's Portfolio of Affordable Housing in Los Angeles

Summary

On January 12, 2021, the Los Angeles City Council adopted Motion 21-0046 (the "Motion"), which requested that the Housing Authority of the City of Los Angeles ("HACLA"), in coordination with the Los Angeles Housing and Community Investment Department (now the Los Angeles Housing Department, or "LAHD"), create a strategy to expand HACLA's acquisition program to 1,500 units by 2022, 5,000 units by 2025, and 10,000 units by 2030. The Motion also requested HACLA to identify funding sources and a strategy for identification and outreach of potential investment partners.

In alignment with the Motion and with HACLA's 25-Year Vision Plan, "Build Hope," HACLA has begun to implement strategies to expand the number of income- and rent-restricted affordable housing units within the City of Los Angeles (the "City"). These strategies include: 1) bolstering HACLA's conventional multifamily acquisition program, 2) leveraging state and federal resources through Homekey for extremely-low income acquisitions, 3) developing new affordable housing on HACLA-owned properties, 4) preserving and extending long-term affordability, and 5) partnering with other public and private entities for affordable housing development, acquisition, and investment, including the expansion of HACLA's housing bond issuance program.

Together these strategies have the potential to increase the supply of affordable housing within the City of Los Angeles by thousands of units between 2022 and 2030. Background and summary information for each strategy is presented below, with a discussion of HACLA's commitment of resources and a near term outreach strategy.

Strategic Approaches to Expand Affordable Housing

1) *HACLA's Conventional Acquisitions Program.*

HACLA originally adopted Policy Guidelines for the Acquisitions of Real Property in February of 2008, which were subsequently amended later in 2008 and in 2020. In October of 2020, HACLA adopted a revised and restated Acquisition and Disposition of Real Property Policy (the "Acquisition Policy").

The purpose of the Acquisition Policy includes: i) the diversification of HACLA's housing portfolio by acquiring properties on the open market or from other governmental entities to increase the supply of affordable housing within the City, ii) the diversification of funding and revenue sources for HACLA, and iii) the pursuit of operational efficiencies while meeting the needs of clients and residents throughout the City. Through the Acquisition Policy, HACLA has identified targeted criteria for acquisitions, including property age and condition, unit count and bedroom types, accessibility requirements, and number of vacant units available, among other factors.

Housing Authority of the City of Los Angeles

In support of this strategy, HACLA tracks both marketed and off-market acquisition opportunities through a subscription real property market database and by cultivating and maintaining relationships with brokers, property owners, and other stakeholders in the multifamily market in Los Angeles. HACLA has created and monitors a large database of properties and routinely tours and conducts financial feasibility analysis on potential acquisitions.

The Acquisition Policy does not include an annual unit target, however, HACLA's Asset Management and Development Services departments engage in goal-setting annually and are focused on acquiring between 100-500 units a year based on availability of equity and debt as well as matching what is available to purchase in the marketplace with HACLA's program priority and criteria.

2) *State-subsidized acquisition of extremely-low income and supportive housing.*

In 2020, the State of California launched the Homekey program ("Homekey") to provide resources for local governments to rapidly acquire properties for interim and permanent supportive housing for people experiencing or at-risk of homelessness. HACLA successfully acquired over 1,000 units of housing in the first round of the program. In September of 2021, the State of California launched a second round of Homekey, with expanded resources for both capital and operational expenses.

Working in concert with LAHD, HACLA began identifying targeted properties and negotiating purchase contracts in early 2021. New construction multifamily properties were prioritized by LAHD in order to maximize the number of vacant units that would be available and to limit the need for costly and time-consuming reconfigurations. On November 5, 2021, the Los Angeles City Council adopted a resolution to provide funding to support the City's matching contribution for the acquisition of 450 units. The Council further directed the Chief Administrative Officer to identify funding for an additional 300 units. HACLA has set an internal goal of acquiring approximately 350 units in addition to the City-funded units, which would bring the total number of units to be acquired in the second round to just over 1,000.

HACLA has secured purchase contracts on seven multifamily properties, and continues to actively identify both multifamily and hotel properties for acquisition under Homekey Round 2. Homekey provides up to \$300,000 per unit in capital subsidy and up to \$16,800 per unit for up to four years of operating support. A total of over \$300 million has been set aside by the State for applications from within Los Angeles County, with a \$10,000 per unit bonus for such applications if submitted prior to February 1, 2022. Applications will continue to be accepted through May of 2022 or until the remaining funding for the second round of the program is allocated.

A third round of Homekey is anticipated to be released in the fall of 2022 to disburse the remaining program funding that was adopted in the State's 2021-2022 budget. HACLA has engaged in preliminary discussions with developers with projects that are likely to be completed during the third round. Depending on a number of factors, including the amounts of per-unit capital and operating funding provided by the California Department of Housing and Community Development ("HCD") and the amount of funding that the City may elect to appropriate for its local match, HACLA anticipates that it may be possible to acquire several hundred additional units during the third round.

3) *Housing Development on HACLA-Owned Properties.*

HACLA has also committed to increasing the City's supply of affordable housing by adding more housing to HACLA-owned properties throughout the City. HACLA is currently in the middle of a multi-phase process to redevelop the Jordan Downs public housing community, resulting in a one-for-one replacement of the previously existing public housing units on the site, and the addition of more than 800 more housing units, consisting of a range of affordable rental and a small number of market-rate and homeownership units. All 1,569 units should be online by 2030.

Likewise, HACLA is well underway in the redevelopment of Rose Hill Courts; a 100-unit affordable housing project on five acres in East Los Angeles. The redevelopment will net 185 new deeply affordable units, a community center and significant outdoor and service space. The full build out is anticipated to be completed in 2026.

In addition to projects currently under construction, HACLA is in the process of planning for the redevelopment of Rancho San Pedro, a 21-acre public housing site, which will begin in 2023, and will result in a full replacement of public housing units (478 units) and a net gain of somewhere between 900 and 1,100 additional housing units at various levels of affordability. The entire redevelopment is anticipated to take approximately 15 years. Most recently, HACLA began initial resident outreach to plan for the redevelopment of William Mead Homes, an 18-acre site north of Downtown Los Angeles currently improved with 416 public housing units. The number of units on that site in the future will be determined through this planning process over the coming years with the residents of William Mead and community stakeholders. However, HACLA is committed to one-for-one replacement at William Mead and the development of additional affordable housing on the site, consistent with its approach at Jordan Downs, Rose Hills and Rancho San Pedro.

Finally, HACLA has begun to explore the potential to develop housing on other HACLA-owned, non-public housing sites. HACLA currently leases property to the City of Los Angeles for a Bridge Home Shelter that presents a possible opportunity in the future for a more permanent approach to develop respite care, transitional housing or permanent affordable housing. HACLA will begin planning studies on at least two sites (Independence Square and Canoga Park Place) in 2022, which are expected to net at least 100 units of housing. The Authority is also in the process of designing and constructing a parking structure for employee and visitor parking adjacent to its main office at 2600 Wilshire that would allow the structure to easily transition to housing. The built-in premise of the "parking-to-housing" design relies on the assumption that less space for cars will be needed in the future as public modes of transportation are incentivized and adopted by employees as their primary commute choice and the world of work shifts to reduce daily parking needs. Lastly, HACLA is working with the City of Los Angeles on an acquisition strategy for state-owned property in El Sereno and intends to purchase multiple single-family properties for rehabilitation and re-leasing as affordable housing. Many of these properties have enough room for construction of ADU's and HACLA would utilize these opportunities to double the available units on the properties it acquires. The goal is to layer project-based vouchers into these "self-developments" and rely wholly on commercial debt or bonds and equity from HACLA.

Together, these developments along with our larger public housing redevelopment platform have the potential to generate easily over one thousand additional units of affordable housing within the City over the period from 2022 through 2030.

4) *Preserving and Extending Long-Term Affordability.*

In parallel to developing a pipeline of *new* affordable units, HACLA is also pursuing opportunities to preserve and extend existing affordable housing. This effort primarily takes shape through the purchase and resyndication of older redeveloped sites at least 15-years into their existing tax credit compliance period. HACLA typically upgrades the units, deepens their affordability through subsidy layering and extends their covenanted affordability terms in addition to putting them under public ownership. This strategy engages as a safety net approach; ensuring that the system is a closed loop. Breathing extended useful life and deeper affordability into units already in the City's active affordable housing count shores up unit losses due to covenant terminations or lapses in capital investment.

A current example of this approach is HACLA's reinvestment in Pueblo Del Sol, a 377-unit redevelopment site in East Los Angeles. HACLA exercised an option to purchase the property and is currently undertaking an in-place rehabilitation of the units and community space, instituting resident leadership in a new Resident Advisory Council, extending the covenants for affordability, and changing the terms to deepen the Area Median Incomes served. HACLA will continue this approach on similar project types throughout the City over the next five to ten years.

5) *Innovative Partnerships Solicitation & Housing Bond Issuance*

In August of 2021, the HACLA BOC adopted a solicitation for innovative partnerships for affordable housing acquisition, development, and investment within the City ("Solicitation"). The Solicitation recognizes that HACLA has a variety of specialized resources – including access to debt and equity capital; in-house development, finance, and acquisitions expertise; land; statutory property tax exemptions; asset management capacity; access to rental subsidy; and the authority to issue taxable and tax-exempt bonds – that may be leveraged in combination with private capital and relationships to create or preserve affordable housing. The Solicitation is attached to this memorandum for reference as Attachment 1.

The Solicitation sets forth several priorities and preferences for HACLA partnerships, including the number of affordable units created, the efficiency of the use of HACLA's resources, the location of new units in higher-resource and higher-opportunity areas of the City, and other criteria. Public and private entities are invited through the Solicitation to submit partnership proposals to HACLA. HACLA is not obligated to consider proposals, and any proposal must obtain the approval of the HACLA BOC to move forward.

The solicitation anticipates several likely categories for partnerships: i) the acquisition of unrestricted multifamily properties or portfolios, where HACLA would serve as the managing general partner, deliver a tax exemption, and maintain a long-term interest in the property; ii) partnerships for the development of new affordable housing, where HACLA resources would invest resources in strategically important projects to close gaps and/or provide for greater affordability; iii) partnerships for investment in affordable housing, with HACLA serving as a sponsor and leveraging equity investments from outside mission-oriented investors; and iv) expanding HACLA's role in bond issuance, including for workforce or middle-income housing acquisitions and other affordable housing acquisition and development projects.

Since releasing the Solicitation in August, HACLA has participated in numerous discussions with potential partners who are actively assembling partnership opportunities. HACLA has not defined a targeted number of units to be acquired under the program. HACLA anticipates that participation in the Solicitation will increase

over time, and that it has the potential to generate HACLA interests in the range of the low hundreds of units per year over time.

HACLA is also working to establish the guidelines and authorities to issue bonds for workforce housing developments. Through these bond issuances, HACLA believes it can steward the development of housing for the missing middle by supporting units for households up to 150% AMI. HACLA will be taking up these policies in January 2022 and hopes to roll out this program alongside our Solicitation.

HACLA Funding Strategies and Resource Support

In support of the above strategies, HACLA has dedicated extensive human and financial resources summarized below.

HACLA has committed over \$5 million dollars to support acquisition activities, including for refundable and nonrefundable deposits to secure the execution of purchase contracts; engaging vendors to conduct due diligence investigations, including accessibility analyses and construction monitoring; legal, consulting, and other related fees to support deal structuring and execution; and subordinate debt and equity financing for multifamily property purchases. This fund is anticipated to revolve as the properties acquired pay back into the equity pool out of operating income. Most properties are expected to return their portion of the fund within five years of operation.

In mid-2021, the HACLA BOC authorized the addition of two staff positions within the Agency to support development and acquisitions activities. As of November 2021, both positions have been filled.

HACLA has similarly committed to expanding its bond issuance activities. In 2021, HACLA reconfigured its bond unit into a broader Capital & Debt Unit, with the creation of a new Capital & Debt Officer position, and the hiring of an Assistant Project Manager for Capital & Debt. HACLA has also allocated funds to support legal and consulting fees in furtherance of the unit's work. HACLA has already issued mortgage-backed bonds on many of its assets and anticipates utilizing its bonding authority to continue to provide competitively lower long-term capital debt on its new acquisitions and developments. With a A+ rating, HACLA is able to easily market and competitively price its bonds and was notable to be the only issuer of new affordable housing bonds nationally during the 2nd quarter of 2020 when investment markets were extremely uncertain.

In recognition of the need to obtain low-cost and fast-acting capital as a competitive advantage for multifamily acquisitions, HACLA has, through the Capital & Debt unit, arranged and negotiated a new revolving line of credit with a borrowing capacity of \$100 million ("LOC"). The LOC may be used for a variety of acquisition purposes and is intended to provide low-cost capital to facilitate fast closing on strategically important properties and partnerships. Funds borrowed under the LOC are secured through a general obligation of HACLA, and must be taken out with long-term financing, such as a bond or conventional mortgage, in the near term. HACLA is preparing to close on the LOC in December of 2021.

Finally, HACLA has committed to providing up to 650 project-based Section 8 vouchers to support units through the second round of Homekey. HACLA will soon be issuing Notices of Funding Availability for these vouchers. The project-based contracts will provide long-term rental support to maintain the financial feasibility of Homekey projects.

Identification and Outreach

HACLA has begun undertaking several actions to identify and reach out to potential partners to expand HACLA’s acquisition program, including reaching out to equity investors, developers, and lenders who expressed interest in working with HACLA as well as posting the Solicitation on LA-BAVN. HACLA has also begun to maintain a list of interested parties and trade associations, including in the development, equity investment, banking, and bond underwriting fields, and just started to explore identifying foundations that may be interested in partnering with and investing in HACLA acquisitions.

In the first quarter of 2022, HACLA will prepare a public release to highlight and publicize the Solicitation including through its website, social media platforms, and targeted mailings, and will prepare a strategy to publicly recognize and advertise these partners’ participation in the program.

A Look Ahead

Based on the currently identified approaches and projects, the following chart shows HACLA’s projected progress towards meeting the City’s goals for acquiring or developing new affordable housing by 2030.

Housing Type	Year (unit goal)		
	2022 (1,500 units)	2025 (5,000 units)	2030 (10,000 units)
Conventional Acquisition	100	600	1,000
Homekey Acquisition	1,000	2,000	2,000
HACLA-owned Property Development	161	850	2,054
Preserving Affordability	201	377	600
Innovative Partnerships	100	500	1,000
Anticipated Total Units	1,562	4,372	6,654

Attachment 1: HACLA Partnerships Solicitation



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