



**CITY OF LAKE FOREST
AND
LAKE FOREST HOUSING AUTHORITY**

**NOTICE OF FUNDING AVAILABILITY
FOR AFFORDABLE HOUSING DEVELOPMENT**



Released: Wednesday, June 21, 2017

Deadline: Wednesday, July 19, 2017 by 4:00PM

Sources of Financial Assistance:

Housing Authority's Low and Moderate Income Housing Asset Fund
City's Affordable Housing Trust Fund/Development In-Lieu Fees

Introduction

The City of Lake Forest (“City”) and the Lake Forest Housing Authority (“Authority”), collectively referred to as the “Public Agencies,” are pleased to announce the availability of funding to develop one or more affordable housing projects in the City of Lake Forest. The Public Agencies are seeking community development partners to acquire, develop, rehabilitate or preserve housing affordable to lower income households within the community, with a focus on affordable housing for veterans.

This Notice of Funding Availability (“NOFA”) is being released and circulated to solicit Statements of Qualifications from qualified nonprofit and/or for-profit developers who desire to partner with the Public Agencies to carry out local affordable housing, community development, and land use goals. More than \$3.7 million may be available for one or more projects that meet the local goals and selection criteria outlined in this NOFA, subject to formal approval of the Public Agencies. A description of the funding sources is provided in later sections of this NOFA.

Through this NOFA, the Public Agencies are seeking to engage prospective community partners and assess their development qualifications based on selected criteria, including, but not limited to:

- Expertise and experience of the development entity and team in designing and constructing high quality affordable housing projects
- Vision and design for a market-feasible affordable housing project that implements the City’s vision for the community and promotes the community character of Lake Forest;
- Economic viability and financial strength of the proposed project, including marketability and feasibility;
- Experience and ability to creatively negotiate an affordable housing agreement, or other appropriate development agreement, that provides the greatest return on investment to the City; and
- Financial and organizational capacity of the team to successfully complete the project, including the ability to secure financing and leverage other funding sources to build the highest quality housing project.

The Public Agencies are particularly interested in prospective community partners who have experience with and are able to develop an affordable housing project to assist veterans who qualify for affordable housing. We encourage all applicants under this NOFA to explore capital funding opportunities under the County of Orange, State of California or Federal programs.

Statement of Qualifications

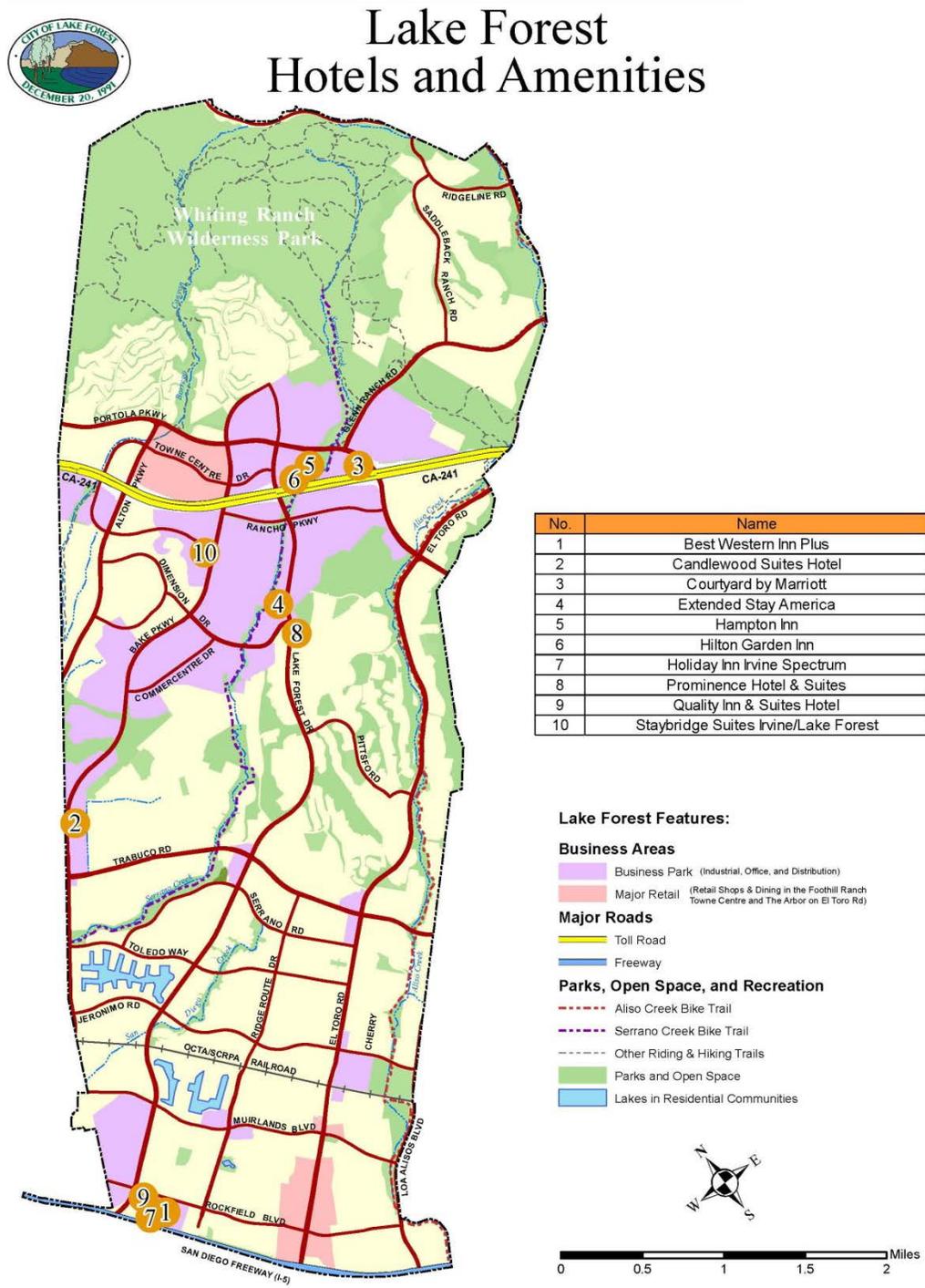
All Statement of Qualifications shall be submitted by no later than 4:00 PM on Wednesday, July 19, 2017. Late Statement of Qualifications will not be accepted. The Public Agencies reserve the right to waive any irregularity, informality, or technicality in the Statement of Qualifications if determined to be in the Public Agencies' best interest. The issuance of and response to this NOFA is not a guarantee of award of funds or that the Public Agencies will proceed with a project. There is no reimbursement for costs associated with responding to this NOFA.

About Lake Forest

Located approximately midway between San Diego and Los Angeles and bounded by the cities of Mission Viejo to the southeast, Laguna Woods and Laguna Hills to the southwest, Irvine to the west and unincorporated Orange County to the north and northeast, the City of Lake Forest is a diverse community of homes, businesses and parks within Orange County. Several of the largest planned communities primarily consist of single-family and multi-family development. Families within the community are benefitted by a strong business center that meets part of the service and employment needs of the area.

With a budget philosophy that embodies fiscal responsibility and long-term sustainability, the City lives within its means and continues to make investments to improve the overall quality of life for the community. Figure 1 on the following page illustrates the location and amenities in the community.

**Figure 1.
 Location Map**



Community Housing Needs

Since its incorporation in 1991, Lake Forest has grown from a population of about 56,000 to over 84,931 residents today. The City's Housing Element Update for the 2013-2021 planning period was adopted in July, 2014, and is in compliance with state law. The Housing Element provides a comprehensive demographic community profile of the City, including, population, age, race/ethnicity, income, housing tenure, and employment. The following is a summary of information relating to Lake Forest's community housing needs. For detailed statistical information about the community's demographic profile and housing needs, a copy of the City's Housing Element Update can be found at <http://www.lakeforestca.gov/documentcenter/view/385>.

The population of Lake Forest is relatively affluent with a median household income of \$91,254 in 2015 inflation-adjusted dollars. This is specific to all households in Lake Forest, regardless of household size. The 2011-2015 American Community Survey (ACS) reported Lake Forest's median household income was 19% greater than that of Orange County (\$76,509) and 48% greater than California as a whole (\$61,818).

Housing needs are influenced by the age characteristics of the population. Different age groups require different accommodations based on lifestyle, family type, income level, and housing preference. Certain groups have greater difficulty in finding decent, affordable housing due to special circumstances including employment and income, family characteristics, disability, or other conditions. As a result, some Lake Forest residents may experience a higher prevalence of overpayment, overcrowding, or other housing problems.

- Persons with Disabilities - Between 2011 and 2015, the ACS estimates 5,744 persons with disabilities among the City's noninstitutionalized population.
- Elderly – The ACS documented 4,732 households in Lake Forest where the householder was 65 or older between 2011 and 2015. A significant majority of these householders owned their homes (85%). The ACS also reported that approximately 582 (6.7%) of Lake Forest's 8,748 seniors were below the poverty level.
- Veterans – According to the 2011-2015 ACS 5-year estimates, there are 122,998 veterans living in Orange County, with 3,651 in Lake Forest (includes zip codes 92630 and 92610). Of the 3,651 Lake Forest veterans, 93.3% are male and 6.7% are female. According to the ACS 2014 figures, the median income for Lake Forest male veterans is \$56,905 and the median income for Lake Forest female veterans is \$21,806. Assuming a one-person household, the male veterans would fall in the low-income category and the female veterans would fall in the extremely-low income category.
- Homeless Persons – The County of Orange Housing and Community Services Department and the OC Partnership undertake an annual estimate of the

County’s homeless population. The most recent point-in-time survey conducted on January 28, 2017, estimated that there were 4,792 incidents of homelessness in Orange County, which include unsheltered and sheltered homeless persons. Of those, 357 are unsheltered veterans. The percent change from 2015 to 2017 is an increase of 7.6%. Estimates at the City-level will be available at the end of June 2017.

Overview of Housing Goals as outlined in the City’s Housing Element

The Public Agencies want to ensure diverse and balanced housing opportunities within the community. The goals that guide local housing policies and actions include:

- **Goal 1:** Adequate housing to meet the existing and future needs of Lake Forest residents.
- **Goal 2:** Maintenance and enhancement of the quality of existing residential neighborhoods.
- **Goal 3:** Increased opportunity for home ownership.
- **Goal 4:** Promote equal opportunity for all residents to reside in housing of their choice.

Funding Sources

The NOFA includes funds from two separate sources – the Authority’s Low and Moderate Income Housing Asset Fund and the City’s Affordable Housing Trust Fund.

All income limitations are derived from the published FY 2017 Housing and Community Development Department’s Income Limits Summary as shown in Table 1 below.

Table 1: FY 2017 HCD Income Limits for Orange County

Income Limit Category (Based on \$88,000 Orange County AMI for a 4-person HH)	Household Size				
	1	2	3	4	5
Extremely Low Income (30% AMI)	\$21,950	\$25,050	\$28,200	\$31,300	\$33,850
Very Low Income (50% AMI)	\$36,550	\$41,750	\$46,950	\$52,150	\$56,350
Low Income (80% AMI)	\$58,450	\$66,800	\$75,150	\$83,450	\$90,150

The following briefly summarizes each funding source and related expenditure requirements.

Low and Moderate Income Housing Asset Fund

The Low and Moderate Income Housing Asset Fund (“Housing Asset Fund”) houses all former redevelopment agency housing assets and is subject to expenditure requirements detailed in Health and Safety Code (“HSC”) Section 34176.1. The Authority oversees expenditure of the Housing Asset Fund and there is currently \$314,883 available for project funding through this NOFA. The Authority anticipates that additional Housing Asset Fund monies may become available in the future, but are not currently available or part of this NOFA. A preference will be given to development teams that include this funding source as part of the Statement of Qualifications.

Housing Asset Funds may be used on a variety of project development costs, but may not be used for maintenance or operation activities. No more than 20% of the available funds may be spent on households earning 60% to 80% (Low Income) of the Area Median Income (“AMI”) and at least 30% of the funds must be spent on rental households earning 30% (Extremely Low) or less of the AMI. All affordable housing units developed with this funding source must be income restricted for at least 15-years for mutual self-help units, 45-years for home ownership units and 55-years for rental units.

Affordable Housing Trust Fund/Developer In-Lieu Fees

Between 2008-2015, the City entered into Development Agreements with nine land owners for several new housing developments in the city. The Agreements include Affordable Housing Implementation Plans that are consistent with the City’s goal to incorporate a minimum of 15% affordable units in new developments. Given the specific housing development’s site size, product type, and land constraints, some of the landowners are required to pay the In-Lieu Fees versus constructing the affordable housing units on site. Consequently, the specific Development Agreements specify whether affordable housing would be onsite or if the developer would pay the in-lieu fees. The City currently has \$3,486,214 of In-Lieu Fees available to fund affordable housing projects as part of this NOFA. The City is anticipating that additional In-Lieu Fees may be collected in the future, but are not included as part of this NOFA.

In-Lieu Funds may be spent on households earning 120% (Moderate Income) of the AMI or less. All affordable housing units developed with this funding source must be income restricted for at least 30-years. This funding source is less restrictive than the Housing Asset Funds; however, preference will be given to development teams that incorporate Housing Asset Funds. Table 2 summarizes available funds in each funding source, applicable expenditure limitations, and the applicable covenant period.

Table 2: Funding Limitations and Restrictions

CITY IN-LIEU FEES	AUTHORITY LMIHAF
AVAILABLE FUNDS	
\$3,486,214	\$314,883
AFFORDABILITY	
Up to 120% AMI	Up to 80% AMI (preference for 30% AMI)
COVENANT PERIOD	
30 Years	15 Yrs - Mutual Self-Help 45 Yrs - Ownership 55 Yrs - Rental

SELECTION CRITERIA

The Public Agencies do not own land currently identified for affordable housing purposes. Consequently, this NOFA does not identify specific development sites or focus areas for which funding would be prioritized. Instead, a spectrum of criteria is provided to ensure that the Public Agencies partner with the most qualified development teams who are committed to benefitting the community. As such, based on a prospective developer's



qualifications and experience, the Public Agencies may wish to collaboratively move forward with a single developer under an Exclusive Negotiating Agreement (ENA) or other appropriate agreement to identify candidate sites for development. Likewise, the Public Agencies may wish to move forward with a developer or multiple developers who have identified sites and perhaps have site control and enter into an ENA, Affordable Housing Agreement, or other appropriate agreements to cooperatively design and craft a financing strategy for a quality project or projects.

Criteria for developer selection under this NOFA are outlined below. The following criteria are not in order of priority and do not limit the Public Agencies consideration of other factors that are relevant and appropriate to this NOFA.

Development Team Qualifications

Qualified development teams should possess relevant expertise and project experience, including project funding and financing, predevelopment activities (e.g. due diligence, acquisition, design, pro forma analysis), entitlement processing (e.g. CEQA, local design guidelines and development standards, development and construction management, and, if applicable, property management. Qualified development teams should also possess a working understanding of state laws governing the dissolution of redevelopment agencies, including legislation affecting the expenditure of housing funds, monitoring requirements and disposition of former redevelopment agency assets.

Financial Capacity & Capability

Qualified development teams should demonstrate an ability to secure and leverage equity, lending, tax credits, and/or other public and private funding sources for predevelopment and development of a high-quality project (e.g. equity, loans, grants, tax credits).

Alignment with Community Goals

Qualified development teams should have a clear grasp of the City's vision, goals, and policies for housing and economic development, and possess the ability to execute the development of a veterans affordable housing project that is aligned with the vision, goals, and policies set forth in the 2013-2021 Housing Element. As stated in this NOFA, the Public Agencies are seeking community development partners that can demonstrate experience in affordable housing. Development teams may visit the City's web site for more information at www.lakeforestca.gov.

Project Readiness & Economic Viability

Qualified development teams should demonstrate the financial and organizational capacity to carry out predevelopment and development activities within reasonable timeframes of a performance schedule. A firm understanding of the development process and requirements in Lake Forest indicates project readiness.

Project Eligibility & Affordability

Responses should demonstrate the development teams work with affordable housing projects that incorporate a variety of funding sources and affordability levels consistent with both the Housing Asset Fund and In-Lieu Fund as previously described in the

Funding Sources section, if such funds are required for the project. Mixed use and mixed income projects are eligible, but only the affordable housing portion of the project is eligible for financial assistance through this NOFA.

Community Benefit

Qualified project proposals should include onsite and/or offsite improvements with features that offer additional community benefits and amenities, such as community centers, playgrounds, parks, public gathering spaces, connectivity to walking/biking trails, etc.



SUBMITTAL REQUIREMENTS

Five (5) hardcopy sets of Statement of Qualifications should be submitted by no later than **4:00 p.m. on Wednesday, July 19, 2017**. One electronic copy should also be provided on a portable storage device or via electronic transmittal (e.g., e-mail, Dropbox). Postmarks will not be accepted.

Submittals should be mailed or delivered to:

City of Lake Forest
ATTN: Amanda Wicker, Management Analyst
25550 Commercentre Dr., Suite 100
Lake Forest, CA 92630

Letter of Interest

A letter of interest introducing the development team, identifying the project manager, potential development partners and service providers, and a primary contact person for the development team, including name, title, address, e-mail, and phone.

Statement of Qualifications

A Statement of Qualifications containing a detailed profile of the development team, including, but not limited to:

- 1) overview of development entity;
- 2) identification/description of equity partners;
- 3) biographies of team members, including roles/assignments;

- 4) profiles of recent relevant projects completed in the past 5 years (e.g., scope, location, construction value, price/rent ranges, funding sources, development team), with public agency references and staff contact information; and
- 5) documentation of the team's financial capacity and ability to undertake the proposed project.

Conceptual Project Proposal

A conceptual project proposal, including, but not limited to:

- 1) a project description with a narrative summary of the project proposal, including potential locations, if known (site control is not required), and project elements/amenities;
- 2) a summary of the team's design concept, including preliminary site plans, elevations, and renderings, if available; and
- 3) a description of how the project will meet the community's housing needs and the City's community development goals.

Schedule

A sample schedule of predevelopment and development activities, including due diligence, acquisition, project design and entitlement, CEQA, permitting, construction, and project completion.

SELECTION PROCESS & SCHEDULE

Statement of Qualifications will be reviewed and evaluated by staff and consultant representatives (“Evaluation Committee”) based on the selection criteria described in this NOFA. During the evaluation process, staff and/or consultants may contact the development team to request additional information or documents pertinent to the selection criteria and submittal requirements. Based on its review, the Evaluation Committee will provide its recommendations to the Public Agencies for their final approval.

Schedule

The tentative schedule for this NOFA process is provided below. The City will be hosting an informational conference call on Thursday, June 29, 2017 at 3:30 P.M. to provide an overview of this NOFA and answer clarifying questions from prospective development teams. To participate in the conference call, please send an e-mail to awicker@lakeforestca.gov with contact information (name, title, company, phone number, e-mail address) for representatives from your organization that will participate on the call. An e-mail with dial-in instructions will be sent to the participants. For procedural or administrative questions about the NOFA process and schedule, please call Tara Matthews at (714) 316-2111. For more substantive, technical questions about the information contained in this NOFA, please plan on participating on the informational conference call.

Milestone	Tentative Dates
NOFA Release	Wednesday, June 21, 2017
Informational Conference Call	Thursday, June 29, 2017, at 3:30 PM
Submittal Deadline	Wednesday, July 19, 2017, at 4:00PM
Development Team Evaluation	Monday, July 24, 2017 to Friday, August 4, 2017
Presentation to Housing Authority Board	Tuesday, August 15, 2017