

# Homekey RFQ Q&A

Posted July 23, 2021

## Submissions

- 1. Question:** Can we submit to be a qualified developer / PM / Service provider but elect not to apply under the upcoming Fall Homekey Request for Proposals (RFP)?

**Answer:** *There is no obligation for qualified teams to apply under the City's Fall Homekey RFP. However the RFP will be limited to teams that are qualified under this Homekey RFQ. If you are even considering participating in Homekey at all in Oakland, we encourage you to submit your team qualifications now so that you are in the pool and that you have the option to apply to the Homekey RFP this fall. You do not have to pursue a project later if nothing works out, but we encourage you to throw in your qualifications now so that you can be a part of the qualified pool.*

- 2. Question:** Do we have to be qualified now with the same team we work with on the Fall NOFA?

**Answer:** *Being qualified now would be best for your team(s), as team qualifications submitted after July 30th will only be reviewed as capacity allows. No teams will be reviewed after September 1st.*

- 3. Question:** Should we be putting in calls to other teams ahead of this?

**Answer:** *Yes, this is encouraged.*

- 4. Question:** If the team you qualify with has to remain as is for the Homekey RFP submittal, can we submit to be qualified with multiple teams? (we've been approached by a potential partner, who we may elect to work with but would also like to qualify independently to leave our options open).

**Answer:** *Yes, this is encouraged*

- 5. Question:** For this year's City of Oakland RFP, is it possible that documents such as appraisals and Phase I's may not be available at the time of application?

**Answer:** *These items will likely be required by the time we apply to the state for Homekey funds, but these items will likely not be required for the RFP. However, the requirements of the future RFP are pending and may change in response to the State's Homekey NOFA.*

6. **Question:** Is there any preference given to sponsors that submit with a specific project/project site in mind? Or is it all the same to just submit company qualifications?

**Answer:** *There is no preference given to sponsors that submit with a specific project in mind. However, we would welcome any project information if you are already thinking about it; this information would also help us to know if there are multiple teams with the same property in mind. Whether or no your team has a project in mind does not change how your team would be qualified.*

7. **Question:** What will be different in how the City responds to (or treats) qualifications received in Round 1 vs. Round 2?

**Answer:** *We are trying to emphasize and encourage submittals by July 30th in order to be placed into Round 1. If you submit your qualifications by July 30th, they will absolutely be reviewed and put into the qualified pool. After July 31st it would be on a rolling basis as staff has capacity. While we still strive to review and qualify submissions between July 31st and September 1st (Round 2), we are prioritizing Round 1 to be in the qualified pool.*

8. **Question:** Do we know what the 100% occupancy target timing for Homekey Round 2 will be?

**Answer:** *We do not know what the State's 100% occupancy timeline is yet and we expect that to be issued with the 2021 Homekey NOFA this fall from the State. We have heard that the State received our feedback that the occupancy target was difficult to meet, and that there may be some softening of this deadline for Round 2 of Homekey but this is still TBD with the Homekey NOFA.*

9. **Question:** We are thinking about responding to the RFQ as a team, however, one of the team members submitted an individual interest form on their own. Is this ok?

**Answer:** *The main intent of this RFQ is to solicit qualifications. The Sponsor Expression of Interest form was created to facilitate team building for interested parties, but only submittals of qualifications will be considered for the qualified sponsor pool from this RFQ.*

*There is no conflict of interest to be on the RFQ as a team and also on one of the interest forms. People can submit under both. However, if an entity is no longer interested in partnering, they can email [hcdinfo@oakland.gov](mailto:hcdinfo@oakland.gov) and let us know they want to remove their name from the Sponsor Expression of Interest to Partner list.*

**10. Question:** If we are an owner/seller and submit a Seller Expression of Interest Form before July 31st, are we in Round 1? Now we wait to be contacted?

**Answer:** *The main point of the RFQ is to get teams to submit their qualifications. The Sponsor Expression of Interest Form and the Seller Expression of Interest Form are both informational. These forms are so that the City of Oakland can facilitate communication and promote team building between Sponsors and Owners/ Sellers. If you want to be in Round 1, you will need to submit your qualifications as a team through the qualifications form by July 30th. Please utilize our lists of Sponsors that will be distributed on our [website](#) to communicate and build teams.*

**11. Question:** For new construction developments, is there a hard deadline by which the building(s) must be ready for occupancy?

**Answer:** *This will be determined when the State issues its 2021 Homekey NOFA. The City created it's RFQ with flexibility because we aren't sure yet what the NOFA will allow. There may be an ability to have new construction as part of the 2021 Homekey NOFA, however, we expect that there would still be a prioritization of projects that are ready for occupancy within about 8 months or so. We will have to determine this when the NOFA is released; the City's RFP will reflect guidelines from the 2021 HCD Homekey NOFA.*

**12. Question:** Will State HCD secure a CEQA exemption this year as they did last year?

**Answer:** *This is to be determined by the 2021 HCD Homekey NOFA, though we have heard that they will continue the CEQA exemption and the land use streamlining for Homekey 2.0.*

**13. Question:** Must all units in a proposed project serve homeless at 30% AMI or just the units receiving Homekey dollars need to be targeted as such? Would a proposed building with 50% of units at 30% AMI and 50% of units at 60% AMI be acceptable under Homekey?

**Answer:** *Because Homekey units or rooms must serve homeless or formerly homeless households, income and rent levels cannot exceed 30% of Area Median Income (AMI). In the 2020 Homekey round, the State would not allow only partial buildings (e.g. 50% of a building) to be a Homekey project. The final project requirements are to be confirmed when the State issues its Homekey NOFA later this summer.*

**14. Question:** Does the seller need to try to match their property with a sponsor if they are not a sponsor themselves?

**Answer:** *If a seller is already talking to a sponsor, they don't need to put in a Seller Expression of Interest form; the seller could continue talking to their team and encourage them to submit their qualifications for the RFQ. If anyone has a project where they are working with the seller now, we encourage that team to submit qualifications by July 30th so you're in the qualified pool and prepared with a proposal when the City issues its Homekey RFP.*

*If a seller isn't already working with a team but is interested in participating in the Homekey program or offering their property to a team, then they should submit their Seller Expression of Interest Form so that the City can share info on their property to interested sponsors. For the RFP, it will be the sponsors' responsibility to submit the proposal while working with sellers.*

**15. Question:** If a team is looking at multiple different properties, if we submit by July 30th, do we have to determine which property specifically we are going to go with if we do a preliminary proposal?

**Answer:** *Preliminary proposals are welcome, but not required. Right now we are prioritizing qualifications. We just want to know that teams are experienced and meet the minimum qualifications. You can let us know that you are looking at a specific property, but it is not required for this RFQ.*

**16. Question:** At this point in the RFQ, is the team necessarily committed to each other, or just at this point and time, intending to work together?

**Answer:** *At this point, teams are intending to work together. If you are interested in being a team or part of multiple teams (you can submit for multiple teams) you do not have to show an MOU for example at this time. At this point, you are showing how you expect the team to come together.*

**17. Question:** Where can we find the sponsor list of other sponsors who have expressed interest? When will it be released?

**Answer:** *The lists of interested sponsors and sellers will be posted on the City of Oakland Homekey RFQ website:*

*<https://www.oaklandca.gov/topics/city-homekey-rfq>. This list will be updated and released each Friday.*

**18. Question:** Our organization has operated housing and provided wrap-around services, however, we do not currently own our housing. Also, we manage the housing we operate, but we are not a property management company. Does the organization submitting qualifications need to have owned property in the past? If no one in our team owns housing, can we apply as a Team or would members need to apply using the individual interest form?

**Answer:** *We suggest that you reach out to other organizations in your network that might have the ownership, development, and property management experience, in order to apply together to the RFQ as a qualified team. If you don't have any immediate organizations in your network that have the qualifications, perhaps you could ask EBHO (East Bay Housing Organizations) for suggestions of nonprofit developers to potentially partner with. You could also consider submitting the Expression of Interest form for the individual members to indicate your interest in finding partners.*

*Note that the RFQ does not require sponsors to submit a proposed project/property under this RFQ. The intent of the RFQ is to qualify teams in preparation for a Request for Proposals later this fall after the State issues its Homekey program guidelines. For Homekey RFQ, there are specific requirements for ownership and development. We will seek teams that meet all requirements; if your organization is lacking experience in one or more of the categories below, we suggest you look for partners that would bring that experience to your team. Please review the RFQ for all qualification requirements.*

## Funding

**19. Question:** If we identify property and want to purchase how do we get the matching funds?

**Answer:** *The State (HCD) will likely offer an operating subsidy and City of Oakland may offer a limited operating subsidy. We expect to have to put in some capital subsidy (how we will use our HOME \$) and Homekey definitely will include capital subsidy from the state. They have indicated they would offer some operating subsidy again but at this time we are not sure how much. By the time we issue the Request for Proposals after the State puts out its NOFA, we will know what we can offer on both fronts so that people can put together a project proposal and budget. We are committed to working with selected teams on this.*

**20. Question:** What's the status of City's PLHA (Permanent Local Housing Allocation) NOFA?

**Answer:** *The PLHA NOFA has not been issued yet. We are still working through the administration about how to draw the funds from the State and coordinating with the County on how these funds would be administered. If the program develops in time for the funds to be available for commitment for the Homekey NOFA, then we would issue the PLHA solicitation with the Homekey RFP.*

**21. Question:** Will Oakland Housing Authority (OHA) offer Emergency Housing Vouchers (EHV's) to Homekey projects?

**Answer:** *The Emergency Housing Voucher (EHV) allocation from the OHA will be administered through the County Continuum of Care and the administration of those vouchers are in the works. While it won't be offered directly to Homekey projects, EHV's are prioritized for Project Roomkey exits, so it's very much the population that we would support for Homekey projects. EHV's are tenant based as required by HUD, but it's an important tool for finding permanent exits for those leaving Project Roomkey.*

**22. Question:** Will there be any City (or County) funding available for provision of on-site supportive services?

**Answer:** *The availability of operating subsidy is going to be a limiting factor but we are committed to working with teams on figuring this out. If you have ideas or access to operating support for a project proposal, it would strengthen your Homekey RFP application this fall. By the time the State Homekey NOFA comes out, we may be able to point to the Permanent Local Housing Subsidy for a limited number of units.*

**23. Question:** Will the City provide a match similar to the last round? What amount is to be expected? Is it going to be more difficult for projects to find funding? Or are we expecting that through the various subsidies and matches, that there would be adequate funding to do a project?

**Answer:** *We anticipate that there will be some match requirements similar to last year, to be determined by the State's Homekey NOFA. We expect that the City of Oakland will move forward on co-applications to the State (which we will select through the RFP process once the state issues it's NOFA) with projects based on how much funding we have. The limiting factor will be how much matching capital subsidy we will have to offer for our projects, as well as what kind of operating subsidy the State will offer as well. We will hope to provide some capital match similar to last year, and we will look to the State for how much that match needs to be on a per unit basis.*

**24. Question:** Can you please confirm how the equity split will take place between Sponsor and the city? If a property ends up being underwritten at, let's say, \$16M, would the city contribute \$8M and the Sponsor \$8M? From there, is the Sponsor free to source any debt they would want to pursue and would own the asset 100% with the city having no limited partnership interest? In essence, the \$8M contributed by the city would simply be a grant, correct?

**Answer:** *The City would be a funder and not part of the ownership structure of the property. However, the City would issue Homekey and matching funds through a grant to the sponsor, and would record a deed of trust and regulatory agreement against the property. While other debt can be sourced, the regulatory agreement will not be subordinated.*

**25. Question:** Given the hotel prices are going up as owners are fully up to speed on Homekey, and know about past purchases, will there be higher grant allocation per room so that such a property and needed rehab will be possible? This is important to know in terms of how high to go for a bid price.

**Answer:** *At this point all we have is what Homekey match was required last year. You could look at that as a reference and back into what range you might be able to bid. We strongly recommend that you provide feedback to HCD Homekey staff via this [website](#) if you haven't already, to highlight how hotel prices are going up etc.*

**26. Question:** We would like to explore building affordable housing on a City site. There are two options - modular and standard housing tax credit deal. Would both of these be eligible for Homekey?

**Answer:** *For new construction, we are remaining flexible until the Homekey NOFA is issued. However, we expect that even if new construction is allowed, there would still be an accelerated timeline required to occupancy, which would likely limit new construction to modular or other rapid construction methods that could result in occupancy in less than a year of award. We put the sites in the RFQ so that teams can do some preliminary assessment in advance of an RFP, but again we need guidance from the State Homekey NOFA before knowing what's possible.*

*It is unlikely that a project could pursue a typical tax credit and bond project structure and schedule while meeting Homekey deadlines, but this will be determined by the State Homekey NOFA. There has been lots of CDLAC/TCAC advocacy to the State to allow Homekey to be eligible for tax credits in the future as part of a recapitalization strategy; this is another area of advocacy that would benefit from sponsor participation.*

**27. Question:** Are there any Insurance or Bonds required of a developer on the Homekey projects?

**Answer:** *Please see the attached Exhibit A for example insurance requirements. These are for reference and may change under the Homekey RFP.*

## Exhibit A: Typical City of Oakland Insurance Requirements for Sponsors (for reference only)

### I. Insurance Coverage Requirements

Borrower must procure, prior to Loan closing, and keep in force for the term of this Agreement, at Borrower's own cost and expense, the following policies of insurance or certificates or binders as necessary to represent that coverage as specified below is in place with companies doing business in California and acceptable to Lender. If requested, Borrower must provide Lender with copies of all insurance policies. The insurance must at a minimum include:

A. Commercial General Liability insurance, shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, Bodily Injury, Broad Form Property Damage, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract); Contractual Liability; XCU; and Owners and Contractor Protective Liability. Pollution Liability coverage is required if Loan proceeds are used for the remediation of Hazardous Materials. The CGL policy must contain a severability of interest clause or cross liability clause or the equivalent thereof. If such CGL insurance contains a general aggregate limit, it shall apply separately to this Agreement.

i. Coverage afforded on behalf of Lender shall be primary insurance and any other insurance available to Lender under any other policies shall be excess insurance (over the insurance required by this Agreement).

ii. Limits of liability: Borrower must maintain commercial general liability (CGL) and, if necessary, commercial umbrella insurance with a limit of not less than \$2,000,000 each occurrence. If such CGL insurance contains a general aggregate limit, it must apply separately to this project.

B. Automobile Liability Insurance. Borrower shall maintain automobile liability insurance for bodily injury and property damage liability with a limit of not less than \$1,000,000 each accident. Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos). Coverage shall be at least as broad as Insurance Services Office Form Number CA 00 01.

C. Worker's Compensation insurance as required by the laws of the State of California. Statutory coverage may include Employers Liability coverage with limits not

less than \$1,000,000. Borrower certifies that it is aware of the provisions of section 3700 of the California Labor Code, which require every employer to provide Workers' Compensation coverage, or to undertake self-insurance in accordance with the provisions of that Code. Borrower and its contractors must comply with the provisions of section 3700 of the California Labor Code before commencing performance of the work under this Agreement and thereafter as required by that code.

D. Professional Liability/Errors and Omissions insurance as appropriate for design/build operations with limits not less than \$2,000,000 each claim. If the professional liability/errors and omissions insurance is written on a claims made form:

i. The retroactive date must be shown and must be before the date of the contract or the beginning of work.

ii. Insurance must be maintained and evidence of insurance must be provided for at least three (3) years after completion of this Agreement.

iii. If coverage is cancelled or non-renewed and not replaced with another claims made policy form with a retroactive date prior to the Agreement effective date, Borrower must purchase extended period coverage for a minimum of three (3) years after completion of work.

E. Builders Risk/Course of Construction Insurance (CP 10 30) covering all risks of loss in an amount equal to the completed value form with no coinsurance penalty provisions and in an amount equal to the initial contract sum, subject to subsequent modification of the contract sum. The insurance shall apply on a replacement cost basis. The insurance shall name as insured the City of Oakland, the Borrower, and all subcontractors in the work. The insurance shall cover the entire work at the site identified herein including reasonable compensation for architectural services, engineering costs, financing costs, legal fees (soft costs) and expenses made necessary by an insured loss. Insured property shall include portions of the work located away from the site but intended for use at the site and shall also cover portions of the work in transit. The policy shall cover the cost of removing debris, including demolition as may be made legally necessary by the operation of any law, ordinance or regulation. The insurance shall be maintained in effect until the Project has been accepted as substantially complete. The insurer shall waive all rights of subrogation against the City.

F. Property Insurance on an all risk coverage basis to the extent of full replacement value of the premises for the duration of the term of the Loan. Coverage amount may be

adjusted for fluctuation in replacement values. This coverage is required upon completion of construction of the Project, or upon closing of this Loan if the Project is a rehabilitation project.

G. Loss of Rents Insurance Coverage in the amount of 75% of scheduled annual gross rents.

## II. Terms, Conditions, and Endorsements

The insurance required by this Agreement must be endorsed and have all the following conditions:

A. Insured Status (Additional Insured): Borrower shall provide insured status naming the City of Oakland, its council members, directors, officers, agents, employees and volunteers as insureds under the Commercial General Liability policy. General Liability coverage can be provided in the form of an endorsement to Borrower's insurance (at least as broad as ISO Form CG 20 10 (11/85) or both CG 20 10 and CG 20 37 forms, if later revisions used). If Borrower submits the ACORD Insurance Certificate, the insured status endorsement must be set forth on an ISO form CG 20 10 (or equivalent). A STATEMENT OF ADDITIONAL INSURED STATUS ON THE ACORD INSURANCE CERTIFICATE FORM IS INSUFFICIENT AND WILL BE REJECTED AS PROOF OF MEETING THIS REQUIREMENT.

B. Loss Payee: Borrower must ensure that the City of Oakland, its Councilmembers, directors, officers, agents, employees and volunteers are named as Loss Payee in the Builders' Risk Insurance and Property Insurance. Borrower shall provide appropriate Loss Payee endorsement as proof of meeting this requirement.

C. Cancellation Notice: 30-day prior written notice of termination or material change in coverage and 10-day prior written notice of cancellation for non-payment.

D. The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the contractor, its employees, agents and subcontractors.

E. Cross-liability coverage as provided under standard ISO forms' separation of insureds clause.

F. Certificate holder is to be the same person and address as indicated in the "Notices" section of this Agreement.

G. Insurer must carry an A.M. Best Rating of A VII, or better.

### III. Replacement of Coverage

In the case of the breach of any of the insurance provisions of this Agreement, Lender may, at Lender's option, take out and maintain at the expense of Borrower such insurance in the name of Borrower as is required pursuant to this Agreement, and may deduct the cost of taking out and maintaining such insurance from any sums which may be found or become due to Borrower under this Agreement.

### IV. Insurance Interpretation

All endorsements, certificates, forms, coverage and limits of liability referred to herein shall have the meaning given such terms by the Insurance Services Office (ISO) as of the date of this Agreement.

### V. Proof of Insurance

Borrower will be required to provide proof of all insurance required for the Loan prior to execution of the Loan Agreement, including copies of Borrower's insurance policies, if and when requested. Failure to provide the insurance proof requested or failure to do so in a timely manner shall constitute ground for rescission of the Loan Agreement award.

### VI. Subcontractors

Should Borrower subcontract out the work required under this Agreement, they shall include all subcontractors as insureds under its policies or shall maintain separate certificates and endorsements for each subcontractor. As an alternative, Borrower may require all subcontractors to provide at their own expense evidence of all the required coverages listed in this Exhibit. If this option is exercised, both Lender and Borrower shall be named as additional insured under the subcontractor's General Liability policy. All coverages for subcontractors shall be subject to all the requirements stated herein. Lender reserves the right to perform an insurance audit during the course of the project to verify compliance with requirements.

### VII. Deductibles and Self-Insured Retentions

Any deductible or self-insured retentions must be declared to and approved by Lender. At the option of Lender, either: the insurer shall reduce or eliminate such deductible or

self-insured retentions as respects Lender, its Councilmembers, directors, officers, agents, employees and volunteers; or Borrower shall provide a financial guarantee satisfactory to Lender guaranteeing payment of losses and related investigations, claim administration and defense expenses.

VIII. Waiver of Subrogation

Borrower waives all rights against the City of Oakland and its Councilmembers, officers, directors, employees and volunteers for recovery of damages to the extent these damages are covered by the forms of insurance coverage required above.

IX. Evaluation of Adequacy of Coverage

Lender maintains the right to modify, delete, alter or change these requirements, with reasonable notice, upon not less than ninety (90) days prior written notice.