

Request for Proposals



City of Minneapolis
Community Planning and Economic Development

**Inclusionary Housing Policy and Long Term Affordable Homeownership
Program Design**
February 6, 2019

Proposals Due by: March 6, 2019

February 1, 2019

To whom it may concern:

Attached is a Request for Proposal for **Inclusionary Housing Policy and Long Term Affordable Homeownership Program Design** services. These services are needed for the department of Community Planning and Economic Development in the City of Minneapolis. Please consider submitting a proposal for providing these services if your firm meets the qualifications and is available. Please review the RFP for details. **Note that responses may be submitted for one or both scopes of work included in this RFP.**

Proposals are due by March 6, 2019. A pre-proposal conference will be held at Crown Roller Mill Suite 200, 105 5th Avenue South, Minneapolis, MN 55403 on February 21, 2019 at 11:00 am. A dial in number can be provided upon request.

Thank you for your consideration.

Sincerely,

Andrea Brennan, Director of Housing Policy and Development
Community Planning and Economic Development

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REQUEST FOR PROPOSALS FOR

Inclusionary Housing Policy and Long Term Affordable Homeownership Program Design

- I. INVITATION:** It is the intention of the City to solicit proposals for two scopes of work. **Respondents may apply for one or both scopes of work.**

Scope 1: Inclusionary Housing Policy: Developing a comprehensive inclusionary housing policy.

Scope 2: Long Term Affordable Homeownership Program Design: Analyzing long term affordable homeownership program resale formula options and program design.

The City of Minneapolis (hereinafter referred to as the City) makes this Request for Proposals (hereinafter referred to as the RFP) in order to select one or two qualified Consulting Firm(s) (hereinafter referred to as the Consultant) for providing **Inclusionary Housing Policy and Long Term Affordable Homeownership Program Design** (hereinafter called the Project). The Project is generally described in the “Scope of Services” (Attachment A and B), contained within this RFP, including descriptions of roles, responsibilities and relationship of the Consultant, City, and other parties involved in the Project. Additional context about Inclusionary Zoning is provided as Attachment G.

- II. PRE-PROPOSAL CONFERENCE:** A pre-proposal conference will be held at Crown Roller Mill Suite 200, 105 5th Avenue South, Minneapolis, MN 55403 on February 21, 2019 at 11:00 am. A dial in number can be provided upon request.

- III. PROPOSAL DUE DATE and LOCATION:** The Consultant shall submit **an electronic copy** of their proposals to the City of Minneapolis through e-mail to MplsHomes@minneapolismn.gov

The submittal shall be made at or before **4:00 P.M. (Minneapolis Time), on Wednesday, March 6, 2019.**

NOTE: Late Proposals may not be accepted.

- IV. PROPOSAL FORMAT:** The Consultant shall provide the appropriate information in sufficient detail to demonstrate that the evaluation criteria has been satisfied as specified in the Section titled “EVALUATION OF PROPOSALS”.

To allow for easier comparison of proposals during evaluation, proposals should contain the following sections and appendices and be arranged in consecutive order.

1. Executive Summary - The Executive Summary should include a clear statement of the Consultant’s understanding of the RFP including a brief summary of the Scope of Work. Include, at a minimum, an outline of the contents of the proposal, an identification of the proposed project team, a description of the responsibilities of the project team, and a summary of the proposed services.
2. Scope of Services - Describe in detail how services will be provided. Include a detailed listing and description of tasks and deliverables.
3. Experience and Capacity - Describe background and related experience demonstrating ability to provide required services. Indicate if company expansion is required to provide service. Attachment C can be used to list some or all of this information.

4. References - List references from contracts similar in size and scope. Attachment D can be used to list some or all of this information.
5. Personnel Listing - Show involved individuals with resumes and specific applicable experience. Sub-consultants should also be listed, including the identification of any that are certified in the City of Minneapolis Small & Underutilized Business Program.
6. Cost/Fees - Indicate proposed cost of service including a description of how costs were determined; hourly rates; direct costs and payment billing schedule; list of charges per classification of employee; cost breakdown for each year of service. Attachment E can be used to list some or all of this information.

V. EVALUATION OF PROPOSALS – SELECTION OF CONSULTANT: Proposals will be reviewed by an Evaluation Panel made up of representatives of the City of Minneapolis, Department of Community Planning and Economic Development and other City staff assistance as they might require. The Evaluation Panel will select a "short list" of qualified Consultants who will be formally interviewed as part of the final selection, as deemed necessary by the City. Evaluations will be based on the required criteria listed in the Section titled "PROPOSAL FORMAT", and the following:

- A. Quality, thoroughness, and clarity of proposal.
- B. Qualifications and experience of staff (includes a review of references).
- C. How well the Scope of Services offered meets department objectives.
- D. Financial responsibility and capacity of company including whether or not the company, any affiliates, subsidiaries, officers or directors have filed for federal bankruptcy protection within seven years of the date of this RFP.
- E. Organization and management approach and involvement for a successful project.
- F. Cost of services proposed.
- G. Insurance coverage as defined for the services.

A formal Presentation/Interview may be requested of the "short list" Consultant/s. Specifically, the City requests that the Consultant's Project Manager assigned to the proposed project team lead the Presentation and that actual members of the project team (including any sub-consultants) participate in the formal presentation/interview.

The Presentation/Interview of the "short listed" Consultant's will consist of the following elements:

1. Discussion of the Consultant's approach to providing services for this Project based upon the Scope of Services described herein.
2. Overview of the Consultant's experience as related to the Scope of Services, including qualifications and experience of assigned staff.

The Evaluation Panel will schedule and arrange for the presentations.

VI. SCHEDULE: The following is a listing of key Proposal and Project milestones:

RFP Release	Wednesday, February 6, 2019
Pre-Proposal Conference	Thursday, February 21, 2019
Questions on RFP Due by	Monday, February 25, 2019
Responses to Questions posted by	Friday, March 1, 2019
Proposals due by	4:00 PM on Wednesday, March 6, 2019
Estimated Consultant selection	March 22, 2019

Estimated services start date	April 1, 2019
Estimated services end date	December 31, 2019

VII. CONTRACT: The contracting parties will be the City of Minneapolis and the Consultant selected to provide the services as described herein. The selected proposal, along with the RFP and any counter proposal will be incorporated into a formal agreement after negotiations. It is the intent of the City to award a single contract for a term of three (3) years with the option to extend the contract, on an annual basis, at the sole option of the City, for two (2) additional years.

VIII. DEPARTMENT CONTACT/REQUESTS FOR CLARIFICATION: The Consultant’s primary interface with the City will be with the Contract Manager who will act as the City’s designated representative for the Project. Prospective responders shall direct inquiries/questions *in writing only* to:

Inclusionary Housing Policy Contract Manager: Andrea.Brennan@minneapolismn.gov

Long Term Affordable Program Design Contract Manager: Roxanne.Kimball@minneapolismn.gov

All questions are due no later than **4:00 pm on Monday, February 25, 2019**. Responses to the questions will be e-mailed to interested parties by 4:00 pm on Friday, March 1, 2019.

The Contract Manager is the only individual who can be contacted regarding the Project before proposals are submitted. The Contract Manager cannot vary the terms of the RFP.

IX. REJECTION OF PROPOSALS: The City reserves the right to reject any proposal.

ATTACHMENT A

Scope 1: Inclusionary Housing Policy

It is the intent of this document to outline a general description of the Project, the extent of services required, and the relationship of this Project to other work, and the agencies or other parties that will interact with the Consultant. The contents of this document are considered representative of the Project as a whole, but are by no means conclusive.

Purpose: Assist the City in developing a comprehensive inclusionary housing policy and its impact on the production of affordable rental housing in Minneapolis.

Scope of Work

- I. Analyze the interim [Inclusionary Zoning ordinance](#) adopted December 7, 2018 and develop recommendations for additional policy elements, including, but not limited to:
 - A. Threshold size of projects subject to the policy.
 - B. Effective date or dates.
 - C. Assess potential compliance alternatives such as off-site production, and/or dedication of existing units, if alternative compliance is permitted.
 - D. Whether to allow any exemptions from the policy.
 - E. Details on the legal mechanisms for preserving affordability.
 - F. Any proposed changes to the standards (i.e. for location and design) for affordable units compared with market rate units currently articulated in the Unified Housing Policy.
 - G. Additional standards around project size threshold (e.g. how to treat contiguous parcels).
 - H. Recommendations on how the program will provide and implement subsidy options, including streamlining subsidy approval process and compliance requirements to be compatible with and run concurrent with land use approval process; and minimize cost increase or other impacts to project feasibility.
 - I. Assessment of staff resource needs.

- II. Design a program that is ready for implementation at the effective date. This program design will include the following components, as well as other components determined by staff to be necessary to implement the program:
 - A. Develop coordination strategy across City departments and divisions to implement land use, subsidy and compliance activities efficiently and effectively within a reasonable timeframe.
 - B. Create an administrative manual with all relevant internal procedures related to running the inclusionary program for use by program administrators. These include:
 - i. Setting prices for affordable units
 - ii. Establishing criteria and process for alternative compliance
 - iii. Ensuring fair marketing
 - iv. Income certifying prospective renters/buyers
 - v. Selecting homebuyers and tenants
 - vi. Managing resales of homeownership units
 - C. Develop a system for monitoring and stewardship of the units produced by the program.
 - D. Develop a system to work with developers to ensure compliance. This includes:
 - i. Creating materials to communicate requirements
 - ii. Reviewing development proposals
 - iii. Determining timing of alternative compliance
 - iv. Determining the amount of subsidy available to projects
 - v. Ensuring that affordable units are built before or concurrently with market rate units

- E. Develop efficient subsidy implementation process that runs concurrent with land use approval process.
- F. Develop a plan for refining the program over time through periodic review.

III. Develop Annual Report

- A. Develop annual report template and analysis components to satisfy the following City Council direction: provide an annual report starting in the fourth quarter of 2019 which assesses the impact of the inclusionary zoning policy on the production of affordable rental housing in Minneapolis, including specific data on the number of units approved and created and at the targeted affordability levels, and recommend consideration of any policy amendments based on changed market conditions for the financing and construction of rental housing.

IV. Stakeholder Meetings

- A. Convene stakeholder meetings and interviews with developers, lenders, housing advocates, and other stakeholders

ATTACHMENT B

Scope 2: Long Term Affordable Homeownership Program Design

It is the intent of this document to outline a general description of the Project, the extent of services required, and the relationship of this Project to other work, and the agencies or other parties that will interact with the Consultant. The contents of this document are considered representative of the Project as a whole, but are by no means conclusive.

Purpose: The City of Minneapolis is seeking the assistance of a consultant to analyze long term affordable homeownership program resale formula options. Three general project types are defined further below:

- 1-4 unit homes financed through an annual Request for Proposals through the Minneapolis Homes program
- 10+ unit residential developments that do not receive City financing and include an affordability requirement due to inclusionary zoning policy (currently being developed)
- 10+ unit residential developments that receive City financing through the Affordable Housing Trust Fund

Scope of Work

1) Information Gathering

Conduct at least three focus group discussions with City-defined stakeholders, a market study, and literature review to clarify/verify:

- Challenges in the current City of Minneapolis real estate market for potential buyers
- New construction and existing building real estate market trends within the nine different geographically defined Minneapolis communities
- Impact of real estate market trends on people of color and indigenous households, who experience disparities in homeownership rates and are at risk of displacement
- Opportunity areas related to resale restrictions for owner-occupied properties
- Options for resale restriction formulas and analysis of administration needs, to include appraisal based, index based, and cooperative ownership restrictions

2) Target Market and Pricing

Review implications of establishing target pricing for 30% AMI, 50% AMI, 60% AMI, and 80% AMI households within different Minneapolis communities. Clarify a methodology for establishing an affordable price for each income level and examine the implication of financing need when compared to the real estate market of the different Minneapolis communities.

3) Resale Formula Analysis

Analyze resale restriction formulas identified in the information gathering stage within an appreciating, stable, and depreciating market in the Minneapolis communities. Clarify the:

- Balance of wealth creation and affordability preservation
- Administration needs during affordability term and upon each resale
- Effect of affordability preservation in comparison to unrestricted market sales

- Consideration of how a city-sponsored model could complement or compete with two existing long term affordable homeownership models in the City of Minneapolis: Twin Cities Habitat for Humanity and City of Lakes Community Land Trust

4) Recommendations

Create deliverables that include a summary of findings and recommendations for next steps, including the following:

- Written report explaining methodology, data pulled, and key findings regarding resale formulas, information gathering review, pricing methodologies, and affordable design options
- Electronic submission of any accessible spreadsheets that can be used to test other assumptions or program manuals or guidelines gathered that can be used to craft a final policy
- 2-page executive summary
- Presentation with visuals that can be shared with elected officials, community members, staff, and funders
- Memorandum clarifying decisions made and next steps

ATTACHMENT C

Experience and Capacity

Provide information on your firm including background and experience demonstrating ability to provide required services. Your description should be limited to two pages and should include:

1. A company history
2. Relevant previous experience with public sector entities
3. Company Size (number of employees, annual revenue, office locations, etc.)
4. A representative client list
5. The main attributes that differentiate your company from your competitors

In the table below, provide information regarding the team that would be assigned to this Project:

1. **Name** - List the name of all individuals who will be involved in delivering Project related services to the City. Include employees of the consultant as well as individuals who may perform work on behalf for the Consultant as a sub-contractor.
2. **Role** - List the role(s) the individual will play in supporting the Project.
3. **Experience** - Describe the experience the individual has in delivering services related to the Project.
4. **Education** - List any relevant education (e.g. degrees, professional certifications, etc.) the individual has and that would be beneficial to the overall success of the Project.
5. **Number (#) of Clients Currently Assigned** - List the number of clients the individual is currently assigned.
6. **Location** - Include the primary office location where the individual works/provides services for the Consultant.

Name	Role	Experience	Education	# of Clients	Location
1.					
2.					
3.					
4.					
5.					

ATTACHMENT D

References

In the table below provide the following information for up to five clients:

1. **Client (Organization) Name** - List the name of the client.
2. **Client Contact** - Include the contact's name, telephone number and email address.
3. **Project Scope** - Describe the scope of the Project.
4. **Services Provided** - Provide a brief description of the services provided.
5. **Project Cost** - Provide the total cost of the Project. Indicate whether the cost is the actual cost to deliver the Project or an estimated cost to deliver the Project.
6. **Sector** – List the specific sector (e.g. Private, Public, Non-Profit, etc.) the client operated.

Client Name	Client Contact	Project Scope	Services Provided	Project Cost	Sector
1.					
2.					
3.					
4.					
5.					

ATTACHMENT E

Estimated Project Costs and Fees

Indicate the expected cost to deliver the following services. Indicate your company's maximum billing rate applicable for all service categories selected for the duration of the project.

Note that consultants may provide an estimated cost for one or both scopes of work.

Scope 1: Inclusionary Housing Policy

Project Phase	Estimated Cost	Maximum Hourly Billing Rate
Develop Policy Recommendations		
Program Design		
Annual Report Template		
Stakeholder Meetings		

Scope 2: Long Term Affordable Homeownership Program Design

Service Description	Estimated Cost	Maximum Hourly Billing Rate
Information Gathering		
Target Market and Pricing		
Resale Formula Analysis		
Policy Recommendations		

ATTACHMENT F

Work Samples

Please provide examples of work products including but not limited to the following:

1. Policy recommendation
 - a. Written report summarizing findings
 - b. Presentation to stakeholders
 - c. Executive summary

2. Community engagement
 - a. Presentation to community members
 - b. Community engagement design and implementation strategy

ATTACHMENT G

Minneapolis Inclusionary Zoning Policy Background

On December 7, 2018, the Minneapolis City Council approved amendments to the Minneapolis Zoning Code to allow for [Inclusionary Housing](#). The City Council directed the Department of Community Planning and Economic Development to develop [a comprehensive inclusionary housing policy](#) for adoption in 2019. Effective January 1, 2019, Inclusionary Housing is required for new residential development projects that either (1) seek a rezoning from a zoning district that does not allow multiple-family residential to one that does; or (2) a residential development project that seeks to increase the allowed development capacity (measured in floor area) by greater than 60% of what would otherwise be allowed.

The affordability requirements of the ordinance, if they apply, are found in the [Unified Housing Policy](#) (see Section II.2). The referenced section is also cut and pasted here:

2. Affordable Housing Requirements relating to City Inclusionary Zoning Ordinance

Any residential project that is subject to the Minneapolis Code of Ordinances, Title 20, Article XIV (the “Interim Inclusionary Zoning Ordinance”) must meet the affordable housing requirements of this section.

- a. Residential rental projects shall be subject to one of the following:
 - i. At least 10% of the units shall be affordable to and occupied by households with an income at or below 60% of the AMI. Projects that meet this affordable housing standard are not eligible for City financial assistance.
 - ii. At least 20% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI. Projects that meet this affordable housing standard are eligible to apply for City financial assistance.
 - iii. The minimum affordability shall be 20 years if no City financial assistance is provided. The minimum affordability period shall be 30 years if City financial assistance is provided or the project is on land purchased from the City.
- b. Residential ownership projects: ownership projects will be exempt from affordable housing requirements for the Interim Inclusionary Zoning Ordinance.
- c. Student housing projects will be exempt from the affordable housing requirements for the Interim Inclusionary Zoning Ordinance. Student housing is defined as a project located on a college campus, or a project owned and operated by a college to provide housing for enrolled students, or a project within ½ mile of the boundary line of a college campus of at least 10,000 students where the City’s Director of Community Planning and Development determines that greater than 60% the units in the building are expected to be leased to undergraduate or graduate students because of the design, location or tenancy restrictions.