



Apple Affordable Housing Fund Request for Proposals

March 2020

Apple Inc. (Apple) announced a comprehensive \$2.5 billion plan in November 2019 to help address the housing availability and affordability crisis in California.

Apple's initiative is designed to accelerate and expand new housing production; jump-start long-term developments that would otherwise not be possible; help first-time buyers purchase homes; and support new housing and programs to reduce homelessness.

Apple's commitment includes the \$150 million Apple Affordable Housing Fund to the Housing Trust Silicon Valley (Housing Trust). The fund is intended to support new affordable housing projects. Housing Trust, which has a long history of successful public-private partnerships and deployment of innovative financing for nonprofit developers, will implement the Apple Affordable Housing Fund by making loans to qualified developers to help accelerate affordable housing construction across the Bay Area.

Executive Summary

Apple has entered into a public-private partnership with Housing Trust to launch a new \$150 million affordable housing fund, the Apple Affordable Housing Fund. Using the fund, Housing Trust will deploy new solutions, accelerate construction timelines and house families faster by making loans to qualified developers for affordable housing in the greater Bay Area.¹ The Apple Affordable Housing Fund sets out to accomplish these goals in two ways: by unsticking and accelerating developments that, with added support offered under this Fund, will be "shovel ready" before the end of 2021 and by expanding the types of tools available to developers.

Housing Trust is now requesting proposals for the Apple Affordable Housing Fund, to unstick developments that will be "shovel ready" before the end of 2021. We are seeking proposals that are all but ready to proceed, yet need unique and flexible capital to allow the project to move to the construction phase. Sponsor/Borrowers are encouraged to review the threshold and preference criteria that follows and submit their most compelling proposals.

The Apple Affordable Housing Fund will support a mix of incomes, from individuals and families at the lowest income levels up to 120% of the Area Median income. All units developed using funds from the Apple Affordable Housing Fund will have long-term affordability restrictions.

Additionally, the Apple Affordable Housing Fund is looking to encourage projects that are responsive to the selection preferences detailed below, including transit-oriented projects that incorporate sustainable building methods, efficient use of resources and unique aspects that support residents and the community.

¹ Alameda, Contra Costa, Marin, Monterey, Napa, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma Counties (collectively, the "greater Bay Area").



Proposal submission limit

No more than two (2) proposals may be submitted per sponsor/borrower.

Selection, commitment and loan closing

Proposals will be reviewed for threshold requirements by Housing Trust staff, and eligible proposals will then be reviewed by an affordable housing project selection committee. The selection committee will determine which proposals constitute the appropriate type of affordable housing to move on to consideration for underwriting and review by the credit/loan committee. Loans approved by the credit/loan committee will then move to documentation and closing. Construction on the proposed project must commence no later than December 31, 2021.

Key dates

RFP released, March 2, 2020

Info Session, March 11, 2020 at 1:00pm, pacific standard

Last day for questions, March 20, 2020 by 11:59pm, pacific standard

Proposal Deadline, **March 26, 2020 by 11:59pm, pacific standard**

Notification that Proposal is moving to full underwriting, estimated early May

Notification of Loan Approval, estimated early June

Contact information

Inquiries and questions: applefund@housingtrustsv.org

Website: <https://housingtrustsv.org/programs/developer-funding/applefund/>

About Housing Trust

We believe safe, stable, affordable housing opens the door to better living for everyone in our community. Housing Trust was founded in 2000 as a unique place where public and private resources could come together in creative ways to support housing solutions addressing needs including homeownership, rental housing, and homelessness prevention.

To date, we have invested over \$317 million to create nearly 20,000 homes for the region's workforce, families, seniors and special needs individuals. We are now one of the largest housing trusts in the nation, and the first nonprofit Community Development Financial Institution (CDFI) to receive a Standard & Poor's rating, AA-.

We continue our tradition of building and leveraging our unique public-private partnerships creating affordable housing solutions throughout the greater Bay Area.



Threshold Criteria

To be considered for selection, proposals must meet the following minimum threshold requirements that demonstrate an overall sense of urgency, commitment and competency in affordable housing development and management:

Sponsor/Borrower type: Sponsor/Borrower will include nonprofit and mission-aligned for-profit affordable housing developers or single-purpose entities whose collective missions are to increase and preserve affordable housing in the communities they serve and, by so doing, revitalize their communities.

Sponsor/Borrower track record: Sponsor/Borrower must demonstrate experience with comparable projects, capacity, and the ability to deliver and maintain excellent housing developments for the community in California. To be considered for selection, the lead developer itself or in partnership with other codevelopers must:

- Have an established track record of developing and operating affordable housing of the same type, size, and complexity as the proposed project including successful completion of affordable housing development from community engagement through project design, entitlements, financing, construction and occupancy.
- Demonstrate the financial strength to carry out the project through predevelopment, acquisition, construction, lease-up, and compliance periods.
- Demonstrate a proven track record of completing projects on budget and on time.
- Sponsor/Borrower, and all affiliated borrowers, must be in good standing with Housing Trust.

Sponsor/Borrower capacity: In addition to a strong track record, sponsor/borrower must have the capacity to successfully complete a proposed project.

- Demonstrated capacity to develop the proposed project with complex financing structures within established budget parameters and within constrained timeframes.
- Demonstrate that sponsor/borrower has adequate project management staff and expertise relative to their total portfolio under development.

Project readiness: Must demonstrate the project is “shovel ready” as defined as being under construction or beginning rehabilitation, by December 31, 2021. This may be demonstrated through site control, zoning and entitlement approvals, building permit approvals, environmental readiness, financing commitments to date, final construction budget and readiness to enter a construction contract.

Affordability restrictions: All projects must commit to rental restrictions of at least 20 years from project completion for all proposed affordable units with affordable units making up at least 75% of the total project units.



Project Location: Project must be located in one of the following greater Bay Area Counties: Alameda, Contra Costa, Marin, Monterey, Napa, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma.

Additionally, proposals will **not** meet threshold criteria if they:

- Are outside of the greater Bay Area
- Are not well served by transit (see Selection Preferences for more detail)
- Cannot demonstrate readiness to be under construction no later than December 31, 2021
- Do not employ sustainable building methods (see Selection Preferences for more detail)
- Are the first comparable project undertaken by the sponsor/borrower
- If the sponsor/borrower is a partnership or limited liability company that has not been documented
- Do not create any net new affordable housing units

Selection Preferences

Proposals meeting all Threshold Criteria will be revised holistically based on the selection preferences outlined below. Each of the Selection Preferences below will be reviewed by the selection committee and will help guide final project selection.

Transit-oriented: Apple Affordable Housing Fund seeks to encourage projects that are well served by high quality transit. Projects incorporating a transit focus will be prioritized. Projects better served by transit are preferable to projects that are not well served by transit. Projects that are more than 1/2 mile from a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop are not eligible.

Advanced readiness: The Apple Affordable Housing Fund seeks to encourage projects that will be under construction ahead of the shovel ready deadline. Preference will be given to projects that will be under construction by March 1, 2021.

Cost per unit and square foot: The Apple Affordable Housing Fund seeks to encourage cost efficiency. Total development cost (TDC) per unit and per square foot and, for projects with a mix of uses, total residential development cost per unit and per square foot will be evaluated.

Apple Affordable Housing Fund loan per unit and square foot: The Apple Affordable Housing Fund seeks to encourage efficient use of this resource. TDC per unit will be evaluated relative to the Apple Affordable Housing Fund loan amount and the project per square foot amount. For projects with a mix of uses, total residential development cost per unit and per square foot and relative to the Apple Affordable Housing Fund loan amount will be evaluated.



Sustainable building methods: The Apple Affordable Housing Fund seeks to encourage sustainable building and energy efficiency. Proposals should include a narrative description of programs for which the project will meet minimum requirements (LEED, Green Communities, etc.) plus a description of any other features related to sustainability, energy efficiency and water efficiency.

Construction innovation: The Apple Affordable Housing Fund seeks to encourage projects that employ innovative construction methods. Proposals should include a description of any such innovations, including, but not limited to, modular and prefab construction.

Unique partnerships to support residents and the community: The Apple Affordable Housing Fund seeks to encourage projects that employ unique collaborations to provide services or other benefits to nurture residents and the community. For example, projects with partnerships that provide support for emancipated youth, job training, parenting skills, etc., are preferable.

Mix of affordability: The Apple Affordable Housing Fund seeks to encourage housing for those across a range of incomes. The Apple Affordable Housing Fund will accept projects that will increase housing production and address the wide range of housing affordability needs in the greater Bay Area. Affordable housing projects that include a market rate component may be considered. Projects that have a higher percentage share of affordable units are preferable and projects that include a higher percentage of ELI, VLI and LI units are also preferable. In order to be responsive to the needs of individuals among multiple income strata, the Apple Affordable Housing Fund will provide funding to projects that will provide low income and/or moderate-income housing units, defined as:

ELI - “extremely low income” (at or below 30% of the Area Median Income, or AMI) under federal and California income limits for the locality in which such projects are located

VLI - “very low income” (31-50% of AMI) under federal and California income limits for the locality in which such projects are located

LI - “lower income” (at or below 80% of AMI) under federal and California income limits for the locality in which such projects are located

Moderate - “moderate income” (81 – 120% of AMI) under federal and California income limits for the locality in which such projects are located

Market Rate - Market rate units are those that do not have any affordability restrictions

Net new creation of affordable units: The Apple Affordable Housing Fund seeks to encourage projects that add new units of affordable housing.



Maximizing development: The Apple Affordable Housing Fund seeks to encourage efficient development that maximizes a site’s housing creation potential.

Anti-displacement: The Apple Affordable Housing Fund seeks to address the pressures of displacement being felt most acutely by the most vulnerable members of our population.

Efficient use of Apple Affordable Housing Fund resources: The Apple Affordable Housing Fund seeks to create affordable units by filling financing gaps for the maximum number of affordable projects over time. Proposals requesting a term less than the maximum 20 years are preferable.

Apple Affordable Housing Fund Loan Term Criteria

We anticipate that each project will have different capital requirements and intend for the lending criteria to be used as a guideline and not a prescription.

To provide for maximum flexibility, each sponsor/borrower must describe how the loan will be repaid and to include a demonstration of this repayment capability in their 20-year operating proforma. Interest only payments will be required during the construction phase (up to 24 months) and must convert to amortizing payments or residual receipts during the permanent phase. A feasible and reasonable take out financing source must be identified.

Terms should be within the following range:

Loan Type	Construction to permanent, construction bridge or construction converting to gap financing
Loan Amount	Up to \$10,000,000
Amortization	Up to 20 years, longer amortization periods can be considered if take out source is identified
Term	Up to 20 years
LTV	Flexible - Apple Fund can assist projects with subordinate debt in order to achieve up to 95% LTV combined. We may consider over 95% LTV on a case by case basis.
Interest Rate	2%
Interest Reserve	Required during the construction phase of the loan
Security	Deed of trust on subject property
Loan Fees	1% Origination Fee
Application Fee	\$15,000 due upon notification that proposal has been selected to move forward to underwriting and Application Fee will be applied to the Origination Fee upon closing



Note, that upon review, Housing Trust may propose additional loan terms including recourse and/or guaranties. The sponsor/borrower may choose to accept these additional loan terms or withdraw their proposal. Housing Trust reserves the right to lower the loan amount being requested.

Submission Instructions

The project proposal and any supporting documents will be submitted electronically.

Housing Trust reserves the right to request additional information from the Sponsor/Borrower during the project review period. Please note, Housing Trust may ask that the existing appraisal be reissued to Housing Trust. Any requests will be sent to the primary contact person listed for the application and will have a deadline for the response.