



# PARTNERSHIP OBJECTIVES & CRITERIA



Building Community. Inspiring Change.





Housing Catalyst strives to increase the availability of affordable housing throughout Northern Colorado.

One way we do this is by partnering with others. Housing Catalyst brings many benefits to these partnerships, including fee waivers, low interest rate financing, tax exemption, affordable housing development, property management, and human services expertise.

Housing Catalyst will review requests with regard to our mission and prudently consider whether participation will strengthen a project without weakening our ability to further our core work.

For those wishing to apply for a partnership with us, below is a list of the minimum criteria used for evaluation. Applications will be reviewed for potential partnerships with public, private, and/or nonprofit entities, as well as for housing development opportunities.

If the initial proposal meets minimum threshold criteria, and if Housing Catalyst has the capacity to become a partner in the proposed project, the applicant will later be asked to submit a full proposal for consideration by the Board of Commissioners.



# THRESHOLD CRITERIA

- The project must be located in Northern Colorado.
- The project must be consistent with Housing Catalyst's Mission.
- The project will serve households earning no more than 80% of the AMI.
- Where possible, the proposed partnership with Housing Catalyst deepens the affordability level of the units or provides a greater number of affordable units than would be possible without the partnership.
- The project either creates new affordable housing or preserves or sustains existing affordable housing at risk of being lost or adversely affected.
- The applicant has site control defined by CHFA policy (see CHFA policy PDF).
- The applicant is an experienced developer of affordable housing with demonstrated capacity to successfully construct/renovate the Project and place it in service (see Developer Capacity Requirements).

## General Guidance and Considerations

- Whether a proposed project includes households that earn 30-50% of Area Median Income (AMI) on rental projects, or 60% and below AMI for homeownership projects
- Projects in which all or a portion of the units are designed to serve special needs population, such as elderly or persons with disabilities, may receive special consideration
- Early coordination is important. Housing Catalyst prefers to be involved in a project at the beginning to ensure the level of quality expected of its projects and partners. Early coordination can also help maximize or preserve local resources utilized by all affordable housing developers, such as CDBG, HOME, Private Activity Bonds, etc.
- To further protect and utilize local resources wisely, Housing Catalyst prefers to work with partners with a local footprint. For instance, we prefer a project with local nonprofit ownership or a local developer whose developer fees are used to further affordable housing in Northern Colorado.







## Partnership Criteria include but are not limited to:

### Mission & Affordability

- How Housing Catalyst resources will increase benefit to low-income households, through an increased number of affordable units, lower housing costs, or both, and/or access to support services
- Market information as determined by Housing Catalyst showing demand for the proposed project
  - Including demonstration of how project will not directly compete for resources or market with an active Housing Catalyst project
- Long-term affordability, with a preference for projects that achieve permanent affordability
- The project's proximity to employment, transportation, schools, retail, and recreation

### Partnership Structure and Deal Terms

- Opportunity for Housing Catalyst ownership, and/or buy-out options after 20-30 year affordability period
- The extent to which Housing Catalyst will share in the developer fee
- Housing Catalyst's role in the long-term management of the project, including the opportunity to earn a reasonable management fee
- Degree and nature of risk for Housing Catalyst
- Degree to which Housing Catalyst's ownership interest is commensurate with the financial benefits it brings to the project

### Applicant Capacity

- Demonstrated development capacity, experience, and commitment to the targeted population, per the Developer Capacity Requirements listed.



# DEVELOPER CAPACITY REQUIREMENTS

The developer must have the organizational capacity to implement the project. Developer capacity will be evaluated on information demonstrating experience and skills as provided in the funding application.

## 1. Experience

Considerations include, but may not be limited to, the following skills of the developer and development team.

- Recent, similar, successful experience
- Similar project location, size, and scope
- Years of experience developing affordable housing
- Managing affordable rental projects
- Using multiple funding sources
- Staffing
- Previous working history with the Housing Catalyst Development Department

## 2. Skills

Considerations include, but may not be limited to, the following skills of a developer and the development team:

- Project management
- Market analysis
- Site selection and control
- Property management
- Planning and construction
- Design, architecture, engineering
- Legal and accounting
- Federal funding rules
- Other funding source rules

## 3. Fiscal Soundness

The applicant will be asked to provide evidence of financial ability to implement the project.

Applicants will be required to provide proof of commitments from other funding sources, current financial statements and proof of sufficient reserves or a line of credit available, if necessary, to complete the project. In addition, the applicant must clearly indicate the expected financial role of Housing Catalyst, including the following information:

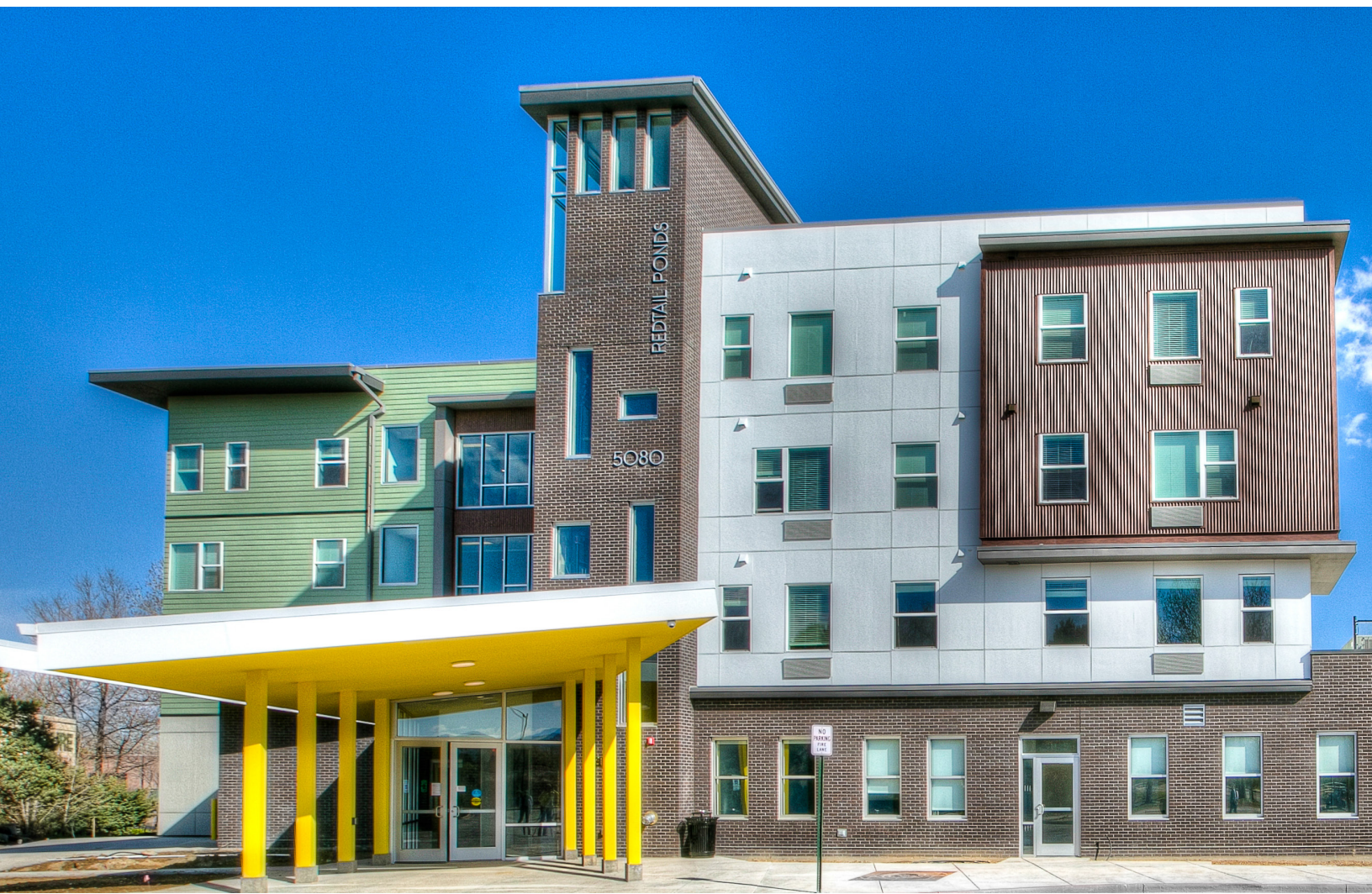
- Applicant must show a list of LIHTC developments closed over the past 3 years along with investor references for each. The applicant may also be required to provide financial statements to demonstrate financial capacity.
- Applicant must demonstrate a financial need for the partnership by providing the assumed sources and uses with and without the benefits provided by the partnership with Housing Catalyst and the basic assumptions including:
  - the assumed value in perm debt the tax exemption will bring (holding all things equal) and how that value was calculated
  - the assumed value of property taxes as stabilized
  - the assumed value of the sales and use tax exemption (holding all things equal) and how the valuation of sales and use tax was calculated.



# ANTICIPATED PARTNERSHIP TERMS

The following are the anticipated partnership terms for Housing Catalyst's participation as a class B special limited partner in a LIHTC partnership to develop an affordable housing project:

- An upfront facilitation fee to be negotiated between the partners
- Housing Catalyst is appropriately indemnified and held harmless from actions by the other partners.
- Specifics on property tax exemption and possible sales and use tax exemption
  - Property tax exemption must not be used solely to increase the applicant's profit margin. In general, the exemptions should not lower the deferred developer fee below 25% or as reasonably determined by Housing Catalyst staff.
- The applicant agrees to pay Housing Catalyst's out of pocket expenses including, but not limited to, consultants, legal counsel, and other miscellaneous costs regardless of whether the partnership closes.
- An on-going facilitation fee to be paid annually in the amount of \$100 per unit escalating at 3% per year.
- Expectations for right of first refusal and end of compliance exemption
- The proposal, by itself or in combination with other Housing Catalyst property tax exempt partnerships, must not have an unreasonable impact to the property tax base for affected taxing districts. The applicant will provide a summary of the anticipated property tax reduction associated with a given proposal including sales and use tax and special assessment.
- The applicant must demonstrate that it has explored other funding sources or other mechanisms to deepen the affordability, or meet the needs of the property or project, prior to submitting a proposal for property tax exempt partnership.





# PROCESS

Each project must follow the approved process to move forward with a Partnership Request. It will be the responsibility of the Executive Team to ultimately carry forward a recommendation to the Board of Commissioners based on the information provided by the applicant.

## Early Consultation

Affordable housing owners, developers, and organizations interested in partnering with Housing Catalyst should first meet with its Chief Executive Officer and Chief Real Estate Officer to provide a summary of the proposed project. If the initial proposal meets minimum threshold criteria, and if Housing Catalyst has the capacity to become a partner in the proposed project, the applicant will later be asked to submit a full proposal for consideration by the Board of Commissioners.

**Housing Catalyst may consider information provided by an applicant in evaluating the applicant's proposal and may independently obtain any additional information from any source concerning the applicant or the applicant's proposal that Housing Catalyst may deem relevant to its evaluation of the applicant's proposal in Housing Catalyst's sole and absolute discretion. Please be aware that any information submitted by an applicant or independently obtained by Housing Catalyst may be considered a public record available for review by anyone who requests it including the media. Housing Catalyst may accept or reject any proposal in its sole and absolute discretion. The application process is not a competitive process. Each project will be evaluated on its individual merits. By beginning the process of considering a proposal Housing Catalyst is not making any commitment whatsoever to proceed through Housing Catalyst's entire process and may terminate the process and reject the application at any point in the process. Housing Catalyst may amend, modify, waive, add to, or supplement any of its adopted criteria at any time in its sole and absolute discretion.**

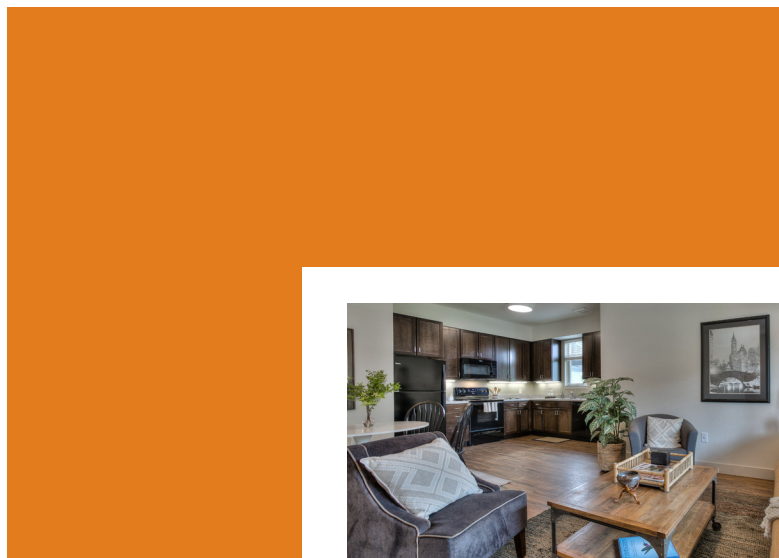
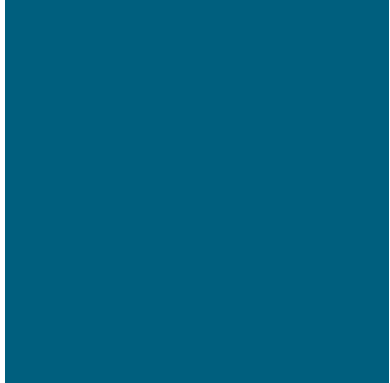
## Application Requirements

- ☐ A detailed explanation of the reasons the applicant is seeking a partnership with Housing Catalyst and the benefits that a partnership will provide to the region.
- ☐ A description of Project with emphasis on the ways the Project meets the Threshold Criteria for partnership with Housing Catalyst (described above) including unit mix, income restrictions, and populations served
- ☐ Selected information from the LIHTC application to CHFA
- ☐ Any schedule or timing issues related to closing the partnership, including when a decision is needed and why
- ☐ A proposed organization chart
- ☐ Resumes for all key team members (such as owner/ developer, accountants, legal counsel, etc.).
- ☐ A list of closed LIHTC transactions within the past three years where the applicant was the guarantor and references with contact information for the investor of the past three deals
- ☐ An estimate of the anticipated property and sales and use tax (as applicable) reduction associated with the proposal
- ☐ Appraisal or other valuations for the project if the applicant owns the land and/or improvements and associated liabilities that will be paid off upon partnership closing
- ☐ Other due diligence documents as requested

## LOI for Partnership (upon LIHTC Award)

- Housing Catalyst's attorneys will draft a term sheet that will establish expectations for the SLP inclusion. This term sheet will include indemnifications, fees, right of first refusal, and other items for negotiation.
- The amended and restated partnership agreement will include an addendum that establishes Housing Catalyst as the SLP and outlines the terms of the partnership. This addendum will be executed along with the A&R LPA.





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