



## **SPECIAL LIMITED PARTNERSHIP DEVELOPMENT PARTICIPATION POLICY**

### **1.0 INTRODUCTION**

This policy is designed to provide guidance to private and non-profit affordable housing developers (“Developers”) regarding the procedure that the Maiker Housing Partners (“MAIKER”) will use to evaluate Special Limited Partnership (SLP) development participation proposals from Developers.

MAIKER’s mission is to provide quality and safe affordable housing for low-income residents of Adams County. The Maiker Board of Commissioners (“Board”) has expanded this mission to include the promotion of adequate and affordable housing, economic opportunity and a suitable living environment free from discrimination.

Consequently, MAIKER will consider unsolicited participation proposals for the development of affordable and/or low-income housing. The application process is not a competitive process and each project will be evaluated on individual merits. However, MAIKER reserves the right to accept or reject any proposals and to revise, change, modify or eliminate this policy at anytime, in its sole and absolute discretion.

### **2.0 BACKGROUND**

Enacted in 2001 and updated in 2016, the Colorado Revised Statutes (C.R.S) 29-4-226 provides, in relevant part, that the portion of a project that is occupied by persons of low income and is owned by or leased to an entity: (I) that is wholly owned by an authority; (II) in which an authority has an ownership interest; or (III) in which an entity wholly owned by an authority has an ownership interest, is exempt from special assessments. Private and public sector developers have expressed an interest in MAIKER partnering with them in order to take advantage of this exemption. Because MAIKER has limited staff and financial resources, it is necessary to establish the procedures and criteria that MAIKER staff will use to evaluate and recommend proposals submitted by Developers to the MAIKER Board.

### **3.0 PROPOSAL SELECTION CRITERIA**

- a) The proposed project must meet the following threshold criteria to be considered:
  - 1) Submission of a completed application and application processing fee;
  - 2) Located within Adams County;
  - 3) The proposed project with proposed affordability is not financially viable without MAIKER’s participation. MAIKER will not participate in the project merely to increase the Developer’s profit margin;

- 4) The proposed project includes affordable low-income units serving households earning less than 60% of the area medium income (AMI).
  - 5) No environmental or legal impediments are present that could delay or terminate the project.
- b) The proposed project will be evaluated on the following required elements:
- 1) Consistency with the mission of MAIKER;
  - 2) Preference will be given to projects with at least 40 units.
  - 3) A percentage of proposed construction or rehabilitation of affordable and/or low-income units will serve households earning less than 60% of AMI;
  - 4) The affordable and/or low-income units must remain affordable and/or low-income for an extended period of time;
  - 5) The Developer's Fee and any other compensation must be reasonable given the project financials and will be evaluated based on its economic relationship to the other financial aspects of the project.
  - 6) Project underwriting evidences cost reasonableness and sustainability.
  - 7) There is market demand for the proposed project.
  - 8) The Developer has capacity and is experienced.
- c) Other Criteria and information provided by the applicant that will be considered in the evaluation:
- 1) A non-profit entity is the general partner or managing member;
  - 2) The project includes households that earn between 30% and 50% of Area Median Income (AMI);
  - 3) Potential affect on LIHTC program and/or other public funds included in the project;
  - 4) Preference for neighborhood locations that do not concentrate low-income families;
  - 5) Quantifiably increases the economic diversity of a neighborhood;
  - 6) Inclusion of low income units with three (3) or more bedrooms;
  - 7) Provides units for Section 8 tenants; and
  - 8) Increases benefit to low-income households in Adams County, through an increased number of affordable units, lower housing costs, and/or access to support services.
  - 9) Political support by local municipality and financial support from other local, state, and federal agencies or programs.
  - 10) Proximity to employment, transportation, schools, retail, and recreation.
  - 11) The project serves an under-served, special needs population such as persons with disabilities or other special needs and provides necessary services for that population.
  - 12) The financial and non-financial benefit MAIKER receives from a partnership is commensurate with the financial benefits it brings to the project.
  - 13) The commitment of funds from the State of Colorado, County or local municipality or anticipation to apply for such funds and amounts

- 14) Potential role of MAIKER in the long-term management of the project, including the opportunity to earn a reasonable management fee.
- 15) Opportunity for ownership by MAIKER at inception or in the future, such as at the end of a 15-year LIHTC compliance period.
- 16) Degree and nature of risk for MAIKER in the partnership. Generally, all liabilities and debt should be non-recourse to MAIKER.

#### 4.0 PROCEDURE FOR PARTNER SELECTION

- a) Developer must submit a "Development Participation Proposal". **This proposal must be emailed to [skunshier@Maikerhp.org](mailto:skunshier@Maikerhp.org).** The proposal shall include submission of the following information and documents:
  - 1) Detailed explanation of the proposed project which includes, but is not limited to, total number of units, address, rehabilitation or new construction, and number of phases;
  - 2) Unit mix, income restrictions, rental rates, and utility allowances;
  - 3) Explanation of which utilities will be paid by the tenant and not included in rent;
  - 4) Proposed site plan, building plans and unit floor plans for the proposed project (for new construction);
  - 5) Overview of all project amenities and in-unit amenities;
  - 6) Information supporting market demand, such as a third party market study;
  - 7) First year stabilized operating revenues and expenses;
  - 8) Detailed 15 year operating pro forma, including projections of capital accounts;
  - 9) Development budget showing all hard costs, soft costs, transaction costs, financing costs, developer fees, reserves and total development cost.
  - 10) Development schedule;
  - 11) Overview of financing components, including, types, terms and amounts of loans, and all other sources and uses;
  - 12) Permanent Sources and Uses;
  - 13) Commitment Letters and/or Terms Sheets for proposed Sources;
  - 14) Explanation of Developer compensation, indicating the total developer fee, deferred developer fee, and any other compensation the Developer may be receiving in connection with the project;
  - 15) Statement regarding whether Developer, or its related entities, are involved or have reason to believe they will be involved in litigation;
  - 16) Schedule number(s) and real estate tax assessment for last two years for the property to be developed, as well as a calculation of what the future tax liability would be upon completion of the project;
  - 17) List of all partners including but not limited to Developer, architect, contractor, legal, accountant, property manager, and financing partners. Any interests the Developer may have in other partners should be identified.
  - 18) Explanation of any Minority and Women Owned (MBE/WBE) goals for such partners and employment opportunities for minority, women and/or low-income people.

- 19) Statement as to what extent Developer expects MAIKER will share in developer fees.
  - 20) Statement as to what extent and on what basic terms Developer would be willing to consider providing MAIKER the opportunity to a) act as Property Manager of the project, and b) acquire the property at some point in the future, such as at the end of a tax credit compliance period.
  - 21) Resume of proposed property management group to manage the property if not MAIKER.
- b) Upon submission of a Development Participation Proposal, Developer must pay a nominal non-refundable Application fee in the amount of \$2,000, to reimburse the MAIKER cost required to review and analyze the proposal. Developer will be credited one-half of the \$2,000 Application fee if 1) MAIKER participates as Special Limited Partner and 2) project has sufficient funding to close.
  - c) MAIKER staff will perform initial review and evaluation of the participation proposal. Based on the above criteria, staff will make a determination to decline the proposal, negotiate the proposal, or forward the proposal for committee and Board consideration.
  - d) If staff views the project favorably, staff will consult with the Executive Director and MAIKER's Development Committee prior to making a recommendation to the Board.
  - e) Staff will also determine if any additional review or input is desired from any other related and/or impacted entity and consult with that entity prior to making a recommendation to the Board of Commissioners.

## **5.0 BOARD APPROVAL**

- a) Staff shall recommend participation proposals to the Board for approval.
- b) Staff will negotiate the final deal terms for Board approval.
- a) Board approval shall be requested and granted prior to execution of documents.
- b) Upon Board approval to proceed, staff will complete due diligence including, but not limited to obtaining the following information:
  - 1) Written narrative and diagram explaining the proposed partnership structure that includes MAIKER;
  - 2) By-laws and Articles of Incorporation of the development entity;
  - 3) Certificate of Good Standing;
  - 4) Tax credit preliminary reservation letter, if applicable;
  - 5) Other information pertaining to completing the project.