

City of Big Bear Lake



March 26, 2009

IMPROVEMENT AGENCY

To All Interested Parties:

This **NOTICE OF FUNDING AVAILABILITY (NOFA)** from the Big Bear Lake Improvement Agency ("Agency") is issued with great anticipation of securing additional interest and commitments from the affordable housing development community for one or more high-quality affordable housing projects consistent with the goals and objectives contained within this NOFA.

At this time, the Agency is eagerly embracing the development of new affordable housing projects as demonstrated through the adoption of new policy directives in the Updated and Amended Agency Implementation Plan, the issuance of this NOFA, and current on-going discussions with affordable housing developers and non-profits about several potential projects in our community. Agency funding is being made available from current and future revenues of the Agency's Low and Moderate Income Housing Fund pursuant to all requirements of the California Community Redevelopment Law.

We trust that you will find the NOFA clear and understandable and will evaluate the merits of affordable housing development in the City of Big Bear Lake. Please visit our website at www.citybigbearlake.com for a variety of reference and informational materials about our community. Be sure to review a number of documents and PowerPoint presentations on the Planning Division and Improvement Agency web pages. Additionally, we are planning a call-in informational conference call on April 10th @ 10:00am for any interested parties to ask questions about the NOFA. The "call-in" information will be posted on the Agency web page. **Proposals are due on June 5th, 2009.**

Please call me with any questions you may have at (909) 866-5831 x 141.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Lyle W. Haynes', is written over the typed name.

Lyle W. Haynes
Director

Big Bear Lake Improvement Agency



BIG BEAR LAKE IMPROVEMENT AGENCY

NOTICE OF FUNDING AVAILABILITY FOR AFFORDABLE HOUSING DEVELOPMENT

Released March 26, 2009

Deadline June 5, 2009

BIG BEAR LAKE IMPROVEMENT AREA

MOONRIDGE IMPROVEMENT PROJECT AREA

IMPROVEMENT AGENCY BOARD MEMBERS

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Rick Herrick - Vice Chair
Bill Jahn - Member
Michael Karp - Member
Darrell Mulvihill - Member

CITY STAFF

Jeff Mathieu - Executive Director
Kathleen Smith – Chief Operations Officer
Lyle Haynes- Redevelopment Director
Katherine E. Jefferies- Agency Secretary

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I. INTRODUCTION

The Big Bear Lake Improvement Agency (“Agency”) is pleased to announce the availability of funds to develop residential and/or mixed-use affordable rental housing within the City of Big Bear Lake (“City”). This Notice of Funding Availability (“NOFA”) is being released to solicit proposals from qualified nonprofit and/or for-profit developers who desire to partner with the Agency and City to implement the community’s redevelopment, land use, and housing goals and policies. A total of **\$14 million** may be available in the Agency’s Low and Moderate Income Housing Fund under this NOFA, subject to Agency Board approvals and leveraging capabilities in the credit market at such time. Through this NOFA, the Agency desires to engage motivated prospective partners and assess their development qualifications based on identified criteria, including, but not limited to:

- Expertise and experience of the development entity and team in designing and constructing similar product types;
- Vision and design for a high quality and marketable residential and/or mixed-use affordable housing project that implements the City’s vision for the community and promotes the community character of Big Bear Lake;
- Economic and financial viability of the proposed project, including marketability and feasibility; and
- Financial and organizational capacity of the team to successfully complete the project, including the ability to secure financing and leverage other funding sources to build the highest quality residential or mixed-use affordable housing project.

BACKGROUND

About Big Bear Lake

The City of Big Bear Lake is located in the southwestern portion of San Bernardino County approximately 100 miles northeast of Los Angeles and 40 miles northeast of the City of San Bernardino. Almost seven square miles in size, the City is a mountain resort community that sits on the edge of a 3,000-acre lake and reservoir that offers recreational amenities to residents and visitors, and serves as the City’s primary economic engine. Please refer to Exhibit A-1 on the following page for a vicinity map. As a four-season resort community, the City’s permanent population is approximately 6,256¹ with a housing stock of 9,528 dwelling units, of which only 27 percent are considered occupied. A large majority of the remaining housing stock are vacation rentals during much of the year, particularly during the winter and summer peak-season months.

The adjacent lake and the surrounding mountains of the San Bernardino National Forest provide an attractive and picturesque setting for residents and visitors of the City. Recreational opportunities are abundant, with skiing, snowboarding, and sledding during winter months, and camping, boating, fishing, and hiking during warmer months.

About the Improvement Areas

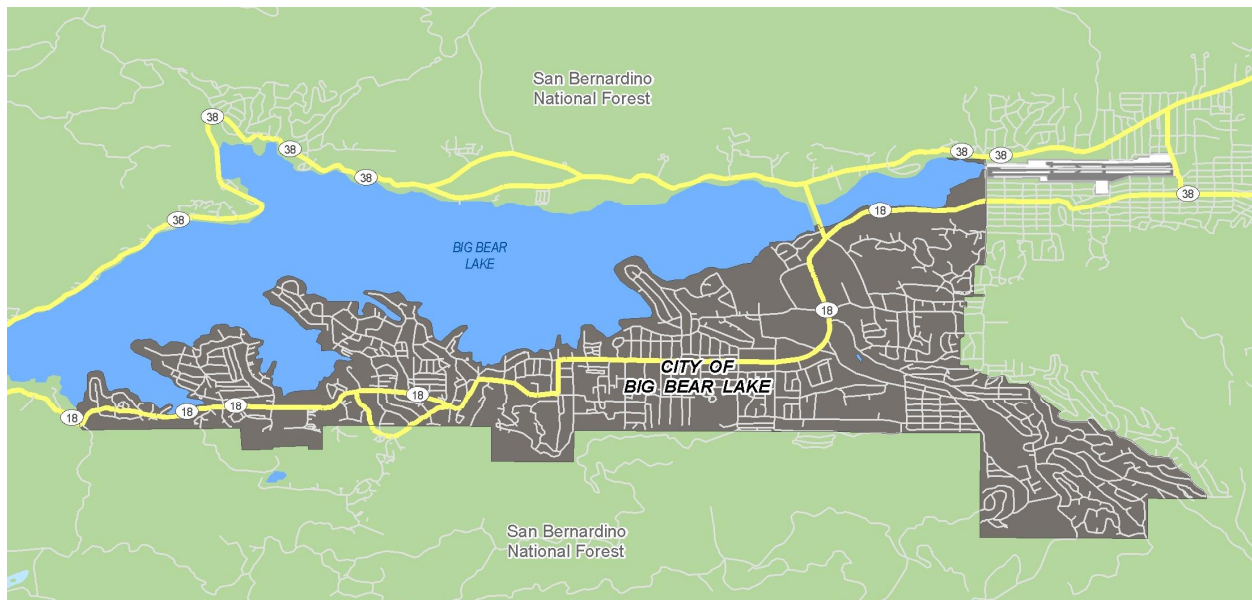
The Big Bear Lake and Moonridge Improvement Areas were both adopted by the City Council in 1983, April and December, respectively. Please refer to Exhibit A-2 on the following page for a map of the Improvement Areas. During the past year and a half, the Improvement Agency has taken deliberate measures to reengage the community in the mission and goals of the Agency and the community benefits of proactive redevelopment and housing initiatives. A series of public presentations have been made to the Improvement Agency at meetings and workshops to provide background about the Agency and to develop strategies for implementing the Agency’s redevelopment and housing programs. The City has also been in the process of completing its 2008-2014 Housing Element Update, including a comprehensive Affordable Housing Workshop held last year by the Agency on March 10, 2008.

¹ Source: Calif. Dept. of Finance, Table E-5. January 1, 2008.

In May 2008, the Agency updated the 2005-2009 Five Year Implementation Plan for the Improvement Areas. The Plan's Five Year Housing Program identifies "New Multi-Family Housing Development for Lower-Income Households" as a priority of the Agency in complying with the California Community Redevelopment Law's requirements for the creation and rehabilitation of housing affordable to very low, low, and moderate income households, and the expenditure of Low and Moderate Income Housing Funds for such housing. The New Multi-Family Affordable Housing Program specifies that "The Agency will assist the City in facilitating the development of very low and low income housing (up to 80% of area median income) through the provision of funding assistance and staff coordination. Units from 1- to 3-bedrooms will be provided, with emphasis on the 2- and 3-bedroom units. Affordability covenants for 55 years are expected. Priority will be given to 100% affordable projects, although mixed-income projects may also be reviewed." The primary goal of this NOFA is to qualify one or more development teams with whom the Agency can partner to implement this New Multi-Family Affordable Housing Program.

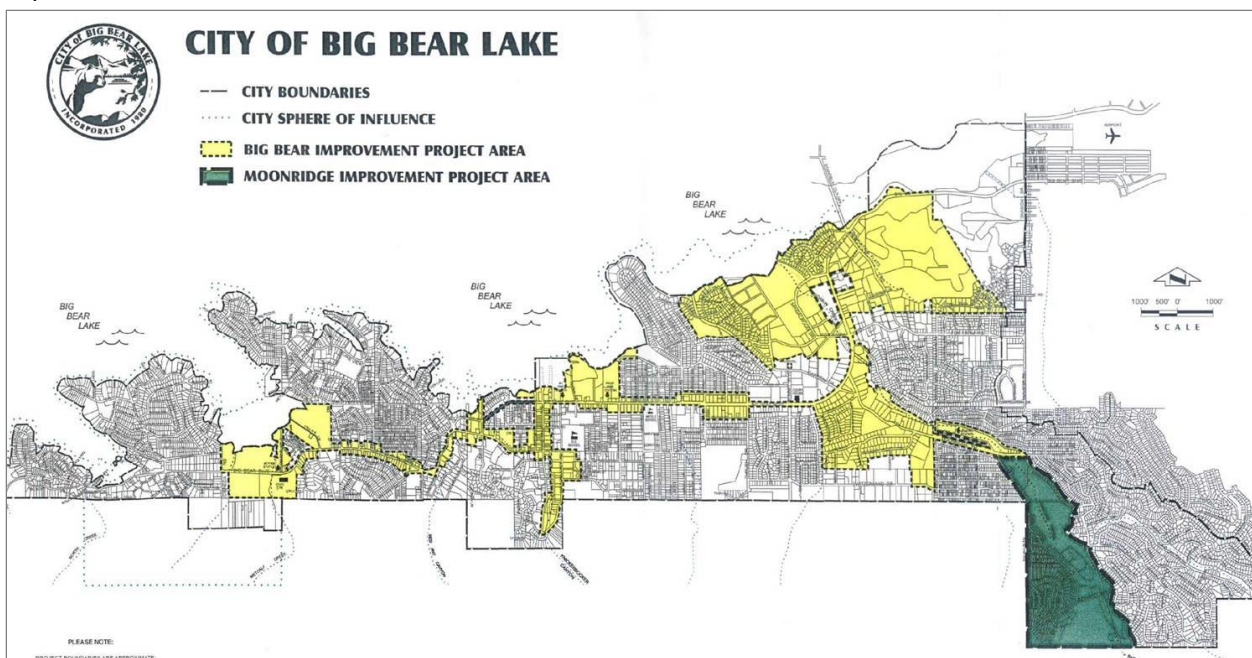
Vicinity Map

Exhibit A-1



Improvement Areas

Exhibit A-2



About the Community’s Housing Needs

In July 2007, the Southern California Association of Governments (SCAG) adopted the City’s 2006-2014 Regional Housing Needs Assessment (RHNA) allocation for four income categories: Very Low (31-50% Area Median Income or AMI), Low (51-80% AMI), Moderate (81-120% AMI), and Above Moderate (>120% AMI). The City’s RHNA allocations for each category are based on the City’s proportionate population distribution across the categories. The Agency is also required to expend Low and Moderate Income Housing Funds over the 2006-2014 period to assist housing for very low and low income households in at least the same proportion as the total number of housing units needed for each of those income groups bears to the total number of units needed for persons of moderate, low, and very low income within the community. Table A-1 below lists the City’s housing units required to meet its RHNA allocations.

*RHNA Allocations (2006-2014)
 City of Big Bear Lake*

Table A-1

	Very Low	Low	Moderate	Above Moderate	Total
RHNA Allocation	113	80	96	206	495
Pop. Distribution	22.8%	16.1%	19.3%	41.8%	100%

Source: SCAG 2007

About the Agency’s Housing Production Needs

In addition to the City’s RHNA allocations, the Agency must meet its affordable housing production needs as required by state redevelopment law. At least 15 percent of all new and substantially rehabilitated units developed within the Big Bear Lake and Moonridge Improvement Areas must be available at affordable housing cost to low or moderate income households. At least 40 percent of these dwelling units must be available at affordable housing cost to very low income households. Based on 2006-2014 projections for new or substantially rehabilitated units in the improvement areas, Table A-2 below shows the City’s and Agency’s combined RHNA and housing production requirements for 2006-2014.

*Affordable Housing Production Needs (7/04 - 6/14)
 City of Big Bear Lake*

Table A-2

	Very Low	Low	Moderate	Above Moderate	Total
Agency Production	1	25		0	26
RHNA Allocation	113	80	96	206	495

Source: SCAG 2007; May 2008 Updated & Amended Five Year Implementation Plan

Through this NOFA, the Agency is seeking to implement the New Multi-Family Affordable Housing Program and proactively facilitate new affordable housing construction that will assist the City and Agency in meeting the City’s RHNA allocations and Agency’s long-term (beyond 2014) aggregate production requirements. It is important to note that only new or substantially rehabilitated units developed within the improvement areas can be counted as full credit towards the Agency’s production needs. New or substantially rehabilitated units developed outside of the improvements areas but within the City boundaries are counted as half credit. One criterion for developer selection under this NOFA is therefore the location of the proposed project inside or outside of the Big Bear Lake and Moonridge Improvement Areas. A variety of other criteria, however, will also be considered as described in the following sections.

II. SELECTION CRITERIA

To provide both the Agency and prospective developers flexibility in partnering to design and develop quality projects with the highest level of community benefit, this NOFA does not identify specific development sites or focus areas for which the Agency will prioritize funding. Instead, a spectrum of criteria is provided to ensure that the Agency partners with the most qualified development teams who are committed to benefitting the community. As such, based on a prospective developer's qualifications and experience, the Agency may wish to collaboratively move forward with a single developer under an Exclusive Negotiating Agreement (ENA) or other appropriate agreement to identify candidate sites for development. Likewise, the Agency may wish to move forward with a developer or multiple developers who have identified sites and perhaps have site control and enter into an ENA, Affordable Housing Agreement, or other appropriate agreements to cooperatively design and craft a financing strategy for a quality project or projects.

Criteria for developer selection under this NOFA are outlined below. The following criteria are not in order of priority and do not limit Agency consideration of other factors that are relevant and appropriate to this NOFA.

DEVELOPER QUALIFICATIONS

Qualified development teams should possess relevant individual and collective expertise and project experience, including the securing and leveraging of funding (e.g., equity, loans, grants, tax credits), predevelopment activities (e.g., due diligence, acquisition, design, pro forma analysis), entitlement processing (e.g., CEQA, local design guidelines and development standards, local approval process), and development/construction management.



FINANCIAL CAPACITY & CAPABILITY

Qualified development teams should compellingly demonstrate their current ability to secure and leverage equity, lending, and/or other public and private funding sources for predevelopment/development of a quality project.



PROJECT VISION & DESIGN

Qualified development teams should possess a clear understanding of the City's/Agency's vision, goals, and policies for infill housing development, and the ability to locate, design, finance, and build a project that is in alignment with the City's/Agency's vision, goals, and policies, including, but not limited to: the 2020 General Plan, the 2000-2005 Housing Element and proposed 2008-2014 Housing Element Update, the 2005-2009 Updated & Amended Five Year Implementation Plan, and the Village Specific Plan. Additionally, design elements must ensure that the project "fits" with and honors the alpine character of Big Bear Lake.



(Relevant documents are available for download at www.citybigbearlake.com/cityGovt/planning.html and www.citybigbearlake.com/services/improvementAgency.html.)

NEIGHBORHOOD COMPATIBILITY

Project design and scope must account for local conditions and preferences, including the maximum use of "green" building and conservation techniques, and be located in appropriate urbanized areas suitable for the proposed uses and density. Additionally, care should be taken relative to project grading to ensure maximum use of the existing topography and minimizing the removal of mature, healthy pine trees.



PROJECT READINESS

Qualified development teams should demonstrate sufficient financial and organizational capacity to carry out predevelopment and development activities under a reasonable timeframe and construction schedule. While not a prerequisite of this NOFA, site control also indicates project readiness and is desirable.



PROJECT ELIGIBILITY

Qualified project proposals should include the new construction of very low and low income rental housing. Projects should be at least 10 units in size, although a high quality project of less than 10 units may be considered. Mixed-use projects (e.g., residential with ground-floor retail) are eligible, though the majority of the project should be residential. Additionally, for-sale projects may be considered, but the prioritized focus is on rental projects. Only the affordable housing portion of a project is eligible for funding assistance under this NOFA. While not required under this NOFA, site location within the Improvement Areas is desirable.



AFFORDABILITY

The May 2008 Updated & Amended Five Year Implementation Plan provides: “The Agency will assist the City in facilitating the development of very low and low income housing (up to 80% of area median income) through the provision of funding assistance and staff coordination. Units from 1- to 3-bedrooms will be provided, with emphasis on the 2- and 3-bedroom units. Affordability covenants for 55 years are expected. Priority will be given to 100% affordable projects, although mixed-income projects may also be reviewed.”



ECONOMICS

Qualified project proposals should demonstrate market viability and economic feasibility, and provide a sound a financing plan for securing and leveraging various public and private funding sources.



COMMUNITY BENEFIT

Qualified project proposals should include elements or features that offer additional community benefits and amenities, such as community resource centers, parks, public plazas, public art, sustainability/green building elements, LEED certification, etc.



III. SUBMITTAL REQUIREMENTS

Five (5) complete sets of submittals should be submitted to the Agency by no later than **Friday, June 5, 2009 at 4:00 P.M.** One electronic copy of the submittals should be included on a CD-ROM or other electronic storage device. Postmarks will not be accepted. Submittals should be mailed or delivered to:

Big Bear Lake Improvement Agency
ATTN: Lyle Haynes, Redevelopment Director
39707 Big Bear Boulevard
PO Box 10000
Big Bear Lake, CA 92315
(909) 866-5831, ext. 141

Submittals should contain the following contents and be tabbed and organized accordingly.

COVER LETTER

A cover letter introducing the development team, describing the project proposal, and identifying a primary contact for the development team (name, title, address, e-mail, phone).

STATEMENT OF QUALIFICATIONS

A Statement of Qualifications containing a detailed profile of the development team, including:

- **Biographies:** Résumés, areas of expertise, project experience, and detailed roles of each key member of the development team. Provide contact information for each team member.
- **Development Entity:** Indicate the type of legal entity with whom the Agency would contract (e.g., individual, corporation, partnership) and whether the entity is different than a parent corporation. If so, describe the parent company relationship and decision-making authority of the development team including those involving financial commitments and performance guarantees.
- **Projects and References:** Provide a description of recent development projects (e.g., scope, location, construction value, price/rent ranges, development team) that involved public-private partnerships. Provide references for public partners, including contact information (name, title, agency, address, phone, e-mail).
- **Qualifications:** Provide documentation that the development team is qualified to undertake and complete the proposed project, including:
 - Experience with the product type proposed;
 - Access to financing and funding sources commensurate with the type of project proposed; and
 - Proven track record of high quality design and development.

STATEMENT OF FINANCIAL CAPABILITY

Documentation demonstrating the development team's financial capability to undertake and complete the proposed project, including:

- **Financial Reports:** In a separate envelope clearly marked "STATEMENT OF FINANCIAL CAPABILITY," provide copies of annual reports, financial rating reports, audited financial statements, and other documentation of the development team's financial capacity and performance during the past three years.
- **Banking References:** Provide at least three banking references for the development team and/or financial partner(s), including contact information and projects financed.

PROJECT PROPOSAL

If a project site has been identified (site control not necessary), the submittal should include the development team's project proposal, including:

- Project Description: A narrative summary of the project proposal, including location features and key project elements and amenities.
- Design: Site plans, elevations, and floor plans.
- Community Benefit: A description of how the proposed location and project design will achieve the City's redevelopment, land use, and housing goals and policies for the community, including community benefit.

FINANCING PLAN

A financing plan containing the following elements:

- Market Study: An analysis of project marketability, including local and regional market absorption of the proposed product type.
- Financial Pro Forma Analyses: Detailed financial pro forma analyses of the project proposal, including gap analyses and operating budgets.
- Assumptions: Descriptions of the assumptions used in assembling the financial models, including construction costs, prevailing wage, operating revenues, funding types and sources, and proposed financing (e.g., bridge, mezzanine, permanent).

SCHEDULE

A preliminary schedule of predevelopment and development activities, including due diligence, acquisition, project design and entitlement, construction timelines, and project completion.

SITE CONTROL

If the development team has legal site control of the proposed project site, the submittal should include appropriate documentation of such (e.g., deeds, contracts, correspondence). If available, copies of title reports and Phase I and Phase II Environmental Site Assessments should also be included.

IV. SELECTION PROCESS AND SCHEDULE

SELECTION PROCESS

Submittals will be reviewed by Agency staff based on the criteria described in Section II of this NOFA. During the review process, Agency staff may contact the development team to request additional information or documents that may be pertinent to the selection criteria. Based on the review process, Agency staff may request interviews with one or more development teams. Interviews may be conducted by Agency staff or a selection committee. Upon completion of the review process, including any interviews, Agency staff will make recommendations for the selection of one or more development teams to the Agency Board of Directors.

SCHEDULE

The tentative schedule for this NOFA process is as follows and is subject to change.

Milestone	Timeline
NOFA Release	Thursday, March 26, 2009
Conference Call/Informational Meeting	Friday, April 10, 2009 at 10 A.M.
Submittal Deadline	Friday, June 5, 2009 by 4 P.M.
Staff Review and Recommendation to Agency Board of Directors	Monday, June 8, 2009 – Friday, June 26, 2009

Five (5) complete sets of submittals should be submitted to the Agency by no later than **Friday, June 5, 2009 at 4:00 P.M.** One electronic copy of the submittals should be included on a CD-ROM or other electronic storage device. Postmarks will not be accepted. If the proposed project will be competing for tax credits or other competitive funding sources, the Agency must receive a complete submittal within an appropriate timeframe relative to the funding application deadline and process. All submittals should be mailed or delivered to:

Big Bear Lake Improvement Agency
ATTN: Lyle Haynes, Redevelopment Director
39707 Big Bear Boulevard
PO Box 10000
Big Bear Lake, CA 92315
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