



A partnership among the Apartment Association of Metro Denver, Denver Housing Authority, Downtown Denver Partnership, and the City and County of Denver

REQUEST FOR QUALIFICATIONS

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Introduction

In the State of the City Address, Mayor Hancock called out the need for programmatic tools to increase housing and opportunities for all Denverites. Today, a large percentage of Denver’s population is burdened by the high cost of housing, especially renters who make up the core of our workforce: teachers, nurses, medical technicians, customer service representatives, front-line supervisors and entry-level tech workers on the cutting edge of innovation. As Denver

continues to grow, housing has become less affordable for our workforce families and individuals. In 2017 alone, the cost of housing rose by 9% and, over the past four years, the compounded cost of housing has increased by over thirty percent far outpacing wage growth in a city with very low unemployment and high workforce participation.

Currently in Denver, the largest rental housing inventory exists for the highest income levels while the lowest available inventory exists for low to moderate income individuals and families. The Lower Income Voucher Equity Program (LIVE) will create immediate affordable housing options by connecting vacant market rate units with our workforce and bridge the gap in rent through funds provided by The City and County of Denver (“City”), foundations and employers. LIVE Denver is public-private partnership reflecting the housing responsibility we all share.

The LIVE Denver pilot program targets Residents who earn between 40% (\$23,520 for an individual or \$33,560 for a family of four) to 80% (\$47,040 for an individual or \$67,120 for a family of four) of Area Median Income (AMI). More than 52,000 households in Denver have a household income within this targeted income range. Approximately 13,000 renters within this population are severely burdened by the cost of housing, meaning they pay more than 50% of their income on housing costs, putting them at risk of displacement. Anticipated increased vacancy in market rate rental units at the luxury level provides us with the opportunity to create a unique partnership. Workforce families obtain access to affordable housing. Apartment owners and operators are able to mitigate their risk of vacancy. The City and our funding and employer partners connect high quality housing with workforce families and individuals.

To participate in the program multi-family rental property owners and/or managers must respond to this RFQ by December 13, 2017. RFQ responses received after this date and time will not be considered. LIVE Denver will notify selected respondents of a notice of acceptance and invitation to make a final submission of units and required rents via a Request for Proposals (RFP).

Goal: expand immediate housing affordability for working families.

Program Overview

The LIVE Denver pilot program is a public-private partnership involving the City, Denver Housing Authority, private employers, foundations, the Apartment Association of Metro Denver, apartment building owners and operators and the Downtown Denver Partnership.

Rental Units

The LIVE Denver pilot program Phase 1 targets up to 400 existing vacant market rate rental units. We are seeking 1 bedroom, 2 bedrooms, 3 bedrooms and 4 bedrooms apartment units and single-family homes across Denver to house families and individuals.

To be eligible for the program, units must meet the following criteria:

- Premium units or single family homes of high quality (as commonly understood in the industry) where the property manager or owner is capable of “self-certifying” to the quality of the unit and is in compliance with all Fair Housing laws and local building and zoning laws
- Within the limits of the City and County of Denver
- Submitted units cannot have existing subsidized rents or rent restrictions
 - Rent restricted units are any units that receive any form of government subsidy including, but not limited to, project based vouchers or low income tax credits
- Property owner or manager must submit a minimum of five (5) units per property
- Property owner or manager will commit to waiving the security deposit for each unit submitted

A property owner or manager need not “set aside” particular units in a building for participation in the program. However, if submitted unit is not available at time of lease, the provided unit must be substantially similar to the submitted unit.

Goal: access vacant rental units to provide quality housing for workforce families and individuals.

Workforce Individuals and Families

To participate in the program, families and individuals must have a household income between 40% and 80% of Area Median Income (AMI), and at least one member of the household must be working full-time (at least 36 hours per week).

Examples of qualifying individuals and families:

- Individual must earn between \$23,520 and \$47,040 annually
- Family of four must earn between \$33,560 and \$67,120 annually

Participants pay 35% of their gross household income to the reasonable rent payment for their unit; the LIVE Denver Fund pays the balance.

Participant Escrowed Savings Account

LIVE Denver will set aside 5% of the monthly rent payment to an escrow savings account on behalf of each participating family or individual. Upon exiting the program, the participant will receive all funds saved minus any unpaid liens.

Program Administration

The Denver Housing Authority (“DHA”) in partnership with the City will administer LIVE Denver:

- Resident application and screening process
- Unit selection process
- All applicable agreements
- Subsidized portion of rent payment to property owners and managers

Leasing Process

LIVE Denver will pre-screen all participants through an on-line application.

Participants will apply for submitted units through each Property Owner's or Manager's standard leasing process.

In the event a Property Owner or Manager rejects multiple qualified families or individuals referred by LIVE Denver, the Program Administrator will reserve the right to inquire as to the cause of denial and such inquiries may be subject to the Colorado Open Records Act.

Lease Agreement

The Property Owner or Manager and the Resident will execute the property's standard application and lease. LIVE Denver will provide an addendum that must be signed by the Resident and the Property Owner or Manager.

Participating Property Owners or Managers and Residents in LIVE Denver will be subject to the standard rights and obligations under Colorado and City and County of Denver law.

No special rights, privileges, obligations or exemptions shall apply.

See Exhibit A- Lease Addendum

Resident Delinquency or Loss

In the event a LIVE Denver Resident does not pay his/her portion of the rent and the Property Owner or Manager chooses to pursue an eviction action, the Property Owner or Manager must notify the Program Administrator in writing upon the notice of eviction provided to the Resident.

In the event a LIVE Denver Resident voluntarily vacates the unit, the Property Owner or Manager will notify the Program Administrator upon submission of a notice to vacate by the Resident.

Upon notification from the Property Owner or Manager in either instance, the Program Administrator will make all reasonable efforts to match prospective Residents to the available unit (based on household composition) within 60 days of notification.

Goal: The reasonable market rent analysis is simple, clear, and publicly defensible.

Reasonable Market Rents (RMR)

LIVE Denver will utilize a national third-party rent-reasonableness evaluation service to determine the RMR for the units submitted. The RMR represents the maximum contract rent paid for each unit.

Assessment Process:

1. Unit and property descriptions are submitted in response to this RFQ.
2. Unit and property data are logged into third-party database.
3. Third-party database compares the unit description (interior and exterior amenities and rent) to three other comparable units with similar rents with the same interior and exterior amenities within a half-mile radius.

See Exhibit B Submission Form for a listing of interior and exterior amenities considered.

4. Third-party database takes the average of the rents of the three comparable units to produce a monthly RMR.
5. Third party database takes into an account the Response Rental Rate, which is the current rental rate and value of any discount offered on units submitted in response to this RFQ.
6. The Response Rental Rate will be compared to the RMR, and the property manager will be offered the lower of the two rents. (See Table 1)
7. The RMR is the maximum monthly rent the LIVE Program will provide a subsidy to in making the unit affordable to workforce families.
8. The RMR for all submitted units will be provided to the applicant as part of the invitation to submit an RFP.

Table 1. Reasonable Market Rent “RMR” Assessment Example

2 BR Unit RMR Analysis		Comparable Unit #1	Comparable Unit #2	Comparable Unit #3
Current Listing Rent of Unit Offer	\$2,500	\$2,400	\$2,000	\$2,200
Reasonable Market Rent (RMR)	\$2,250	An Affective Average of Comparable Units = \$2,200		
Lower of Listing Rent or RMR Maximum Allowable Rent	\$2,250			
L.I.V.E Denver Discount to Listing Rent (Offered Monthly Concession)	\$250			
LIVE Denver - Discount Percent	10%			
L.I.V.E Denver – Offered Rent	\$2,200*			
	*Offered Rent to the property owner/manager will be made via Request for Proposals (RFP)			

Rent Payments to Property Owners or Managers

The value of the rent buy-down is calculated as the LIVE Denver offered rent minus the Resident’s payment of 35% of the Resident’s household income. The table below demonstrates sample calculations to varied AMI.

Table 2. SAMPLE Calculations:

Unit Size	1 BR	2BR	3BR
Response - Rental Rate Submitted by Property Manager	\$1,450	\$2,500	\$2,650
RMR Analysis	\$1,300	\$2,250	\$2,500
RFP Rent Offered by LIVE Program	\$1,300	\$2,250	\$2,500
Resident AMI 80%			
Resident Payment	\$1,200	\$1,763	\$2,198
LIVE Denver Payment	\$100	\$487	\$302
Resident AMI 60%			
Resident Payment	\$1,078	\$1,322	\$1,648
LIVE Denver Payment	\$222	\$928	\$852
Resident AMI 40%			
Resident Payment	\$719	\$882	\$1,099
LIVE Denver Payment	\$581	\$1,368	\$1,401

Upfront Payment

Property Owners or Managers have the option of receiving up to six (6) months of upfront payments or traditional monthly rent payments.

In the event of a vacated unit, by eviction or voluntary vacancy, the Property Owners or Managers will **not** be obligated to reimburse LIVE Denver for lost rent.

Initial Timeline

- **November 28, 2017** – RFQ Issued
- **December 15, 2017** – Deadline for submission of responses to the Request for Qualifications
- **January 5, 2017** – Release of Request for Proposals (RFP), with the determined Reasonable Market Rents (defined below) for the units offered in the RFQ, to the selected property owners and managers
- **January 12, 2017** – Deadline for responses to the RFP with final units offered and required rents.

Responding to this RFQ

RFQ response will be considered complete upon on-line submission of units and affidavit.

Unit Submission – Response Rental Rate

Complete the Unit Submission Form online at www.livedenver.org. One form must be submitted for each property.

- A minimum of five units per property is required.
- A community with multiple buildings may scatter the five or more units throughout the community.
- All units submitted may float throughout the property – and the same rent may be offered - as long as the units are substantially similar in floor plan and amenities.

A Response Rental Rate must be indicated.

Affidavit

Responders to this RFQ must verify the units submitted are not currently under rent restrictions of any kind, including, but not limited to, a covenant on the land or building for affordability, Low Income Housing Tax Credits or Project Based Vouchers from DHA or the Colorado Department of Local Affairs. If a building has some rent restricted units, units not covered by the restriction may be submitted for consideration. The affidavit in Exhibit C – attesting to the submission of units without rent restrictions - must be signed by all responders to the RFQ.

See Exhibit C

Exhibit A – Lease Addendum

Lower Income Voucher Equity (LIVE) Denver Lease Addendum

Date _____

Property Owner/Manager _____

Household Resident(s) _____

Street Address _____ Apt. Number _____

Denver, CO, Zip _____

As participants in LIVE Denver, the household meets these two qualifications: 1. Total household wage income is between 40% and 80% Area Median Income (“AMI”) (*see qualifying wage income chart below*); 2. One head of household is employed on a fulltime basis (at least 35 hours/week).

This LIVE Denver Addendum (“Addendum”) shall attach to and be made part of the Apartment Lease Contract (“Lease”) between Property Owners or Managers and Resident. To the extent of any conflict between the terms of the Lease and this Addendum, the governing contract is the Lease. For any disputes between the Property Owners or Managers and Resident about the Lease, refer to the City of Denver Residential Property Owners or Managers Resident Guide for guidance and city resources.

1. **PARTIES AND ASSIGNMENT:** The Lease is between LIVE Denver signed Resident and Property Owners or Managers. The Resident may not assign or sublet this Lease.
2. **RENT - PAYMENT:** As a participant in LIVE Denver, the Resident shall pay \$ _____ per month for rent, payable on the _____ day of every month without demand during the Lease term and per the specifications of the Lease. LIVE Denver shall pay \$ _____ to the Property Owners or Managers on _____ day of every month, or six months in advance, or to an escrow account as determined by the contract agreement between LIVE Denver the Property Owners or Managers.
3. **SECURITY DEPOSIT:** Property Owners or Managers agrees to waive the security deposit and may make a claim against the LIVE Denver Fund in the event of damage beyond normal wear and tear. Such damage is limited to the value of two months rent or \$ _____. Any claim against the LIVE Denver Fund shall not hinder, impede, waive or otherwise interfere with the rights granted under law to the Property Owners or Managers and the Resident for any damage beyond normal wear and tear.

4. **TERMS OF LEASE AND LIVE DENVER PROGRAM:** Resident participation in LIVE Denver is for a two (2) year term. This term in no way impedes, interferes, restricts or expands the term of occupancy in the Lease between the Property Owner or Manager and the Resident. The Resident’s participation in LIVE Denver is a term separate and apart from the term of the Lease.

5. **TERMINATION OF LEASE AND PARTICPATION IN LIVE DENVER PROGRAM:** Termination of the Lease by the Property Owner or Manager or Resident shall follow the applicable law. LIVE Denver encourages all parties to review the Residential Landlord and Tenant Guide for guidance and city resources for resolving disputes. A termination of the Lease shall not result in the automatic termination of participation for the Property Owner or Manager or Resident in LIVE Denver. LIVE Denver shall evaluate the cause of Lease termination by the Property Owner or Manager or Resident and will make a determination on the continued or discontinued participation by the Property Owner or Manager or Resident in LIVE Denver.

6. **EXECUTION:** The signatories to this Addendum acknowledge they have been duly informed of all rights and obligations under LIVE Denver.

Executed this _____ day of _____, _____.

Resident: (All Residents must sign)

X _____

X _____

X _____

X _____

Property Owner or Manager:

X _____

Exhibit B – Unit Submission Form

Please use the submission form at www.livedenver.org to submit qualifying units.

Note: If submitting units across multiple properties, you must submit a separate form for each property. A minimum of five (5) units per property is preferred.

Contact Person – Name	
Contact Person – Phone Number	
Contact Person – Email	
Property Name:	
Property Address:	
How many TOTAL units are located at this property?	
Is this Is this property a Single Family Home?	
How many units are you offering at this property address?	
Total number of 1-bedroom units offered:	
Average square footage of 1-bedroom units:	
Response Rental Rate [monthly] for Unit (including any discounts offered)	
Total number of 2-bedroom units offered:	
Average square footage of 2-bedroom units:	
Response Rental Rate [monthly] for Unit (including any discounts offered)	

Total number of 3-bedroom units offered:	
Average square footage of 3-bedroom units:	
Response Rental Rate [monthly] for Unit (including any discounts offered)	
Total number of 4-bedroom units offered:	
Average square footage of 4-bedroom units:	
Response Rental Rate [monthly] for Unit (including any discounts offered)	
The offered units are available:	
Was the property constructed within the last 5 years?	
If the property was not constructed within the last 5 years, please indicate the date of the most recent unit renovation:	
Unit Interior Amenities <i>(please check all that apply)</i>	In Unit W/D Dishwasher Microwave
Unit Exterior Amenities <i>(Please check all that apply)</i>	Gated Community or Doorman Parking Available On-Site Balcony/Deck/Patio or Porch

Exhibit C - Affidavit

I, _____, verify that the units submitted herein are not currently under a rent restriction of any kind, including but not limited to, a covenant on the land or building for affordability, Low Income Housing Tax Credits, (LIHTC), or Project Based Vouchers from the Denver Housing Authority or the Colorado Department of Local Affairs. Where a building has a designated number of current rent restricted units, I attest that the units submitted herein are not covered by a restriction of any kind.

I, _____, attest to the best of my knowledge and belief that all statements herein are true and accurate.

(Print Name)

(Title)

Date _____

Exhibit D - Diagram of Program Administration

LIVE DENVER **Diagram of Program Administration and Payment**

