

APPENDIX A PRELIMINARY SCOPE OF WORK

The successful Proposer's preliminary scope of work is listed below. All required services shall be authorized by Task Order, initiated and developed according to the Task Order Process described in Attachment A-2, of *Appendix D*, MTC Standard Consultant Contract. Task Orders shall include, at a minimum, a detailed description of the work to be performed, a completion date for performance, a maximum payment amount, payment terms (deliverables-based or time-and-materials) and subconsultant participation (if any), in a completed form as shown in Attachment A-2, Task Order Form of *Appendix D*, MTC Standard Consultant Contract, attached hereto and incorporated herein by this reference.

As the Expanded Regional Housing Portfolio and BAHFA are newly created, the Consultant's scope of work will be based largely on the content of the successful Proposal and is expected to evolve in consultation with MTC over the course of the engagement.

MTC has established an initial not to exceed budget of five hundred thousand dollars (\$500,000) for this effort. MTC, ABAG, and BAHFA are actively seeking additional funds to supplement the initial \$500,000 budget for this RFP, however additional funds are not guaranteed. Any additionally secured funding may be available subject to approval of future budgets. If a cost proposal exceeds \$500,000 with respect to the tasks identified in *Appendix A*, Preliminary Scope of Work, the Proposer should propose a prioritized list of services that do not exceed the initial \$500,000 budget.

Proposals may also include descriptions of additional proposed services and pricing beyond those specifically listed in Tasks 1-4 in *Appendix A*, Preliminary Scope of Work. The pricing of any additional proposed services as Task 5 or beyond will not be considered when scoring proposals. However, the substance of any such additional proposed services may be considered in scoring the Proposer's Understanding and Approach to completing the Project in accordance with Section VIII, Proposal Evaluation, Subarticle C, Evaluation Panel and Evaluation Criteria.

Moreover, during the course of any contract resulting from this RFP, MTC may identify supplemental tasks related to the establishment of the Expanded Regional Housing Portfolio and BAHFA to achieve the overall objectives in *Appendix A*, Preliminary Scope of Work. MTC may engage the Consultant to complete any such supplemental tasks at MTC's sole discretion and subject to the availability of funding.

MTC seeks an expert Consultant that can provide in-depth expertise to design the Expanded Regional Housing Portfolio and BAHFA to tackle the Bay Area's housing crisis at scale and begin to deliver on bold regional housing outcomes that advance social and racial equity. The signature effort of the Consultant is to develop an outcomes-driven regional housing strategy ("Business Plan") that:

- Articulates and integrates a strategic, equity-focused framework and corresponding measurable outcomes (Task 2 below),
- Identifies and designs innovative funding and financing tools (Task 3 below), and
- Designs effective structure and operations for BAHFA and the Expanded Regional Housing Portfolio (Task 4 below).

MTC expects the relative weight of the three primary components of the Business Plan to correspond to the following proportions of the overall project budget:

Areas of Work	Share of Budget
Develop a Strategic, Equity-Focused Framework (Task 2)	10-20%
Identify and Design the Funding Program (Task 3)	55-65%
Recommend a Design for the Structure and Operations of the Expanded Regional Housing Portfolio and BAHFA (Task 4)	20-30%

Creating this Business Plan will require close collaboration with Bay Area Metro staff and policymakers, local jurisdictions, and external stakeholders. The Consultant will essentially serve as an extension of Bay Area Metro staff during the contract period.

Because of the breadth and depth of the Business Plan Preliminary Scope of Work, it is anticipated that successful teams of Proposers will include experts in strategic planning for programs and policies that advance social and racial equity, organizational development in the public sector, housing finance, asset management, public finance, bond counsel, and tax and administrative law.

Proposals shall include, but not be limited to, a description of how the Proposer would accomplish the tasks listed below.

Task 1 – Project Kick-Off Meeting

Consultant will meet with MTC staff for a project kick-off meeting. The agenda, prepared by the consultant, will include review and discussion of: 1) project objectives, 2) proposed project approach and parameters, 3) work plan and schedule, 4) roles and relationships, 5) communication protocols, and 6) project management plan, which Consultant shall incorporate into a formal Project Management Plan submitted to MTC.

Task 1 Deliverables:

- 1.1 Kick-off Meeting with agenda
- 1.2 Project Management Plan

Task 2 – Develop a Strategic, Equity-Focused Framework

Task 2 will involve developing a strategic, equity-focused framework (the “Equity Framework”) that operationalizes the policy vision for the Expanded Regional Housing Portfolio into clear goals, objectives, and measurable outcomes. It is critical that the Equity Framework centers the guiding principles approved by MTC and ABAG policymakers and detailed in Section I, Subarticle B, Project Description, notably the focus on the 3Ps and the explicit centering of social and racial equity. The Equity Framework should also align with the MTC-ABAG Equity Platform, available here: <https://mtc.ca.gov/about-mtc/what-mtc/mtc-abag-equity-platform>. The Equity Framework should consider how the Equity Framework can also be advanced through county and local governments, given that AB 1487 dictates that 80 percent of the revenue from a future regional ballot measure (and 50 percent from a commercial linkage fee) will return to the county or city of origin.

Work produced as part of Tasks 3 and 4 (below) should be developed, assessed, and refined based on the Equity Framework.

The Equity Framework will include, but is not limited to the four components outlined below, which should be informed by engagement with external stakeholders:

1. Clear goals, objectives and measurable outcomes for the Expanded Regional Housing Portfolio and BAHFA that affirmatively address racial and social inequities;
2. A set of specific metrics to evaluate success in meeting the goals, objectives, and outcomes, including quantitative and qualitative community, program, and policy data;
3. Criteria and/or guiding questions to assess who will benefit or be burdened by different activities, including examining the potential unintended consequences and developing strategies to mitigate unintended negative consequences; and
4. Proposed approach(es) to working with local jurisdictions that will receive a direct allocation from a future regional ballot measure that balances the need to meet regional equity metrics while respecting some variation in local priorities.

Task 2 Deliverables:

- 2.1 In consultation with MTC staff, produce an engagement strategy to facilitate stakeholder feedback on the formation of the Equity Framework. The engagement strategy must include meetings with stakeholders representing all 3Ps, including at least one meeting with lower-income tenants from communities of color.
- 2.2 Produce a written Equity Framework that incorporates the four components listed above.
- 2.3 Produce a slide presentation that summarizes the Equity Framework.

Task 3 – Identify and Design the Funding Program

Task 3 will involve an assessment of which finance tools, functions and authorities are available, appropriate, and optimal to include within the Expanded Regional Housing Portfolio. Through the deliverables associated with Task 3, the Business Plan will identify and explore in greater depth the key funding and finance strategies (“Funding Program”) that can best meet the goals and objectives outlined in the Equity Framework and develop tools to implement those strategies. The Funding Program should be viewed as the implementation plan for the Equity Framework that incorporates the 3Ps. The Funding Program should be action-oriented to facilitate implementation swiftly upon receipt of resources. As a new authority, BAHFA has the opportunity to pursue innovative funding and finance strategies that meet unmet needs in the region, unlock new opportunities, and advance equity in a more systematic and affirmative way.

The Funding Program should be phased to account for various fiscal scenarios, including current resources, potential small- or moderate-scale additional resources (including non-capital funding), and a future ballot measure that will generate significant revenue.

Successful Proposers will have expertise in designing new protection, preservation and production funding and finance tools. All suggested activities should be vetted as appropriate by experienced legal counsel with expertise in public finance, tax-related issues (such as tax-exempt bond financing) and/or administrative law. The Funding Program will be developed in consultation with the BAHFA Advisory

Committee, MTC and ABAG policymakers, and other external stakeholders. The Funding Program must conform to BAHFA's authorizing legislation as well as the legal and policy obligations of other Bay Area Metro tools such as ACFA and BayREN to the extent that they are included. Emphasis should be placed on meeting the outcomes identified in the Equity Framework and incorporate all 3Ps.

The Funding Program must incorporate the following five elements and key considerations across the 3Ps and across the full range of Bay Area affordable housing needs, from permanent supportive housing to housing affordable to moderate-income households (up to 120% of area median income):

1. Financing Analysis. The Financing Analysis should reference and build upon existing work created by regional stakeholders that describe local, regional, state and federal funding programs and financing authorities currently in use and/or available in the Bay Area. The Consultant should focus the majority of the Financing Analysis on succinctly identifying gaps and insufficiencies in the existing affordable housing finance ecosystem that the Expanded Regional Housing Portfolio and the tools available to BAHFA could fill, and should include:
 - a) Capital funding for new production, preservation of existing affordable housing, and acquisition and rehabilitation of market-rate housing or other adaptive reuse or conversion projects for affordable housing;
 - b) Operating subsidy programs; and
 - c) Tenant and low-income homeowner protection programs, including mortgage and rental assistance, foreclosure prevention, and legal assistance.
2. Funding Program Recommendations. Identify how BAHFA and other regional housing portfolio tools can best fund and finance housing production, preservation, and tenant protections. Develop recommendations that are complementary to and not duplicative of existing resources, and which direct funds where they are most needed. Emphasis should be placed on meeting the gaps and inefficiencies identified in the Financing Analysis and meeting the outcomes identified in the Equity Framework.

The Consultant Team is encouraged to explore innovative financing options beyond typical private activity bond/Low Income Housing Tax Credit (LIHTC) funding structures such as:

- a) Use of Project Revenue, 501c3, and essential governmental services bonds;
 - b) Loan guaranties;
 - c) Mixed-income models that cross-subsidize to serve extremely low-income households;
 - d) Enterprise-level financing for both organizations and jurisdictions;
 - e) Self-sustaining pooled resources similar to those created by the New York City Housing Development Corporation; and
 - f) Leveraging opportunities during periods of real estate market valuation decreases.
3. Funding Program Implementation Tools. Develop underwriting guidelines and other documentation (term sheets, etc.) for loans, grants, loan guarantees, and other financing tools recommended in the Funding Program. Working with Bay Area Metro staff and other stakeholders, the Consultant should design these implementation tools to ensure efficient deployment of resources and facilitate leveraging of additional funds as efficiently as possible, while also advancing regional goals. The implementation tools should include draft guidelines for funds transferred to county and city governments for local administration.

4. Donations. As necessary, develop guidance materials describing mechanics of and specific legal or regulatory considerations for accepting donations, which may include:
 - a) Land donations from public and private sources, including land subject to the Surplus Land Act;
 - b) Grants from private interests including private companies and philanthropy;
 - c) State and federal government funding; and
 - d) Below-market loans.
5. Revenue Analysis. BAHFA's authorizing legislation explicitly identifies types of revenue it has the authority to generate, including through ballot measures as well as a commercial linkage fee. The Consultant will produce a Revenue Analysis that includes:
 - a) A phasing plan for the Funding Program that encompasses pre-ballot strategies and long-term funding opportunities subsequent to a successful ballot measure and/or appropriations;
 - b) Clear articulation regarding the limits of general obligation bond funding relative to the 3Ps and/or functions of the regional housing portfolio, such as the provision of technical assistance and funding for non-capital programs like tenant protections. Develop strategies to generate sufficient revenue for all relevant programs and uses, including non-capital uses; and
 - c) Strategies that will lead to financial self-sustainability for BAHFA.

Task 3 Deliverables:

- 3.1 In consultation with MTC staff, produce an engagement strategy to ensure that local government staff and 3Ps stakeholders can provide input on the design of the Funding Program.
- 3.2 Produce a written Financing Analysis as described above.
- 3.3 Produce written Funding Program Recommendations as described above.
- 3.4 Produce Funding Program Implementation Tools as described above.
- 3.5 As necessary, produce guidance materials regarding donations as described above.
- 3.6 Produce a written Revenue Analysis as described above.
- 3.7 Produce a written Funding Plan that incorporates the deliverables from Tasks 3.2 to 3.6 and includes recommendations for a phased approach that accounts for various fiscal scenarios.
- 3.8 Produce a slide presentation summarizing the recommended Funding Program, including the five components from Tasks 3.2 to 3.6

Task 4 – Recommend a Design for the Structure and Operations of the Expanded Regional Housing Portfolio and BAHFA

The Business Plan will outline the structure and operations needed to realize the vision outlined in the Equity Framework and carry out the diverse programs and activities of the Expanded Regional Housing Portfolio, including staffing, reporting and compliance, community engagement, and strategies for sustainability. It is critical that this plan prepares BAHFA with the capacities and structures necessary for it to successfully manage significant funds raised through a future regional ballot measure and other sources.

The Consultant shall identify the following components of a successful and sustainable operating structure for BAHFA, including:

1. Programmatic support for developing Bay Area Metro's role regarding tenant protections. Programs related to the "protections" category of the 3Ps will differ significantly from financing programs related to production and preservation. Such programs may include, but not be limited to, mortgage and rental assistance, foreclosure prevention, know-your-rights and other education/outreach activities, legal assistance, and homelessness prevention systems and services. The Consultant shall work with Bay Area Metro staff, with input from policymakers and external stakeholders, to identify and design the most appropriate value-add protection and other non-capital programs to include in the Expanded Regional Housing Portfolio;
2. Technical staffing needs (e.g., underwriting, compliance, asset management, financial operations, technical assistance, etc.);
3. Necessary staffing levels for each phase of the phased Funding Program (e.g., pre- and post-ballot measure);
4. Assessment of areas of work best outsourced rather than assumed in-house;
5. Parameters and organizational infrastructure required to meet community engagement requirements and cultivate ongoing partnerships with regional stakeholders;
6. Organizational infrastructure required for BAHFA to best position itself to receive grants and other funding from state, federal, and private sources;
7. BAHFA compliance obligations for reporting, monitoring, and audits, including BAHFA's oversight role of funds distributed to other grant-making and financing entities (e.g., city and county governments), with recommendations for efficiencies. Explore pros and cons, as well as recommended staffing and structure required, for BAHFA to support local jurisdictions with their compliance obligations, whether through directly assuming local jurisdiction compliance responsibilities or some other method;
8. Recommendations to ensure BAHFA's seamless integration into and with other existing authorities and functions of MTC and ABAG;
9. An annual staffing and operations budget both pre and post revenue generating ballot measure and/or appropriations; and
10. Strategies to facilitate financial sustainability.

Task 4 Deliverables:

- 4.1 Produce written recommendations for the structure and operations of the Expanded Regional Housing Portfolio and BAHFA, including the ten components described above.
- 4.2 Produce a slide presentation summarizing the structure and operations recommendations

Other Tasks – TBD

Additional tasks related to the establishment of the Expanded Regional Housing Portfolio and BAHFA above may be included during the term of the contract.