

## Office of Housing and Community Development

### REQUEST FOR PROPOSALS Affordable Rental Housing Development October 2015

The Office of Housing and Community Development (OHCD) is soliciting proposals to finance the development of rental units designed to serve low- and moderate-income households, using funding from the Philadelphia Housing Trust Fund (HTF), federal HOME and Community Development Block Grant funds. This Request for Proposals (RFP) is designed to assist in providing gap financing for rental projects that will seek Low Income Housing Tax Credits (LIHTC), including Preservation Credits, from the Pennsylvania Housing Finance Agency (PHFA) in its year 2016 Cycle. PHFA's deadline to submit LIHTC applications is March 4, 2016. The City is also soliciting proposals for affordable rental projects seeking Four Percent Tax Credits from PHFA.

Please note that any proposal that received a commitment or conditional commitment of HTF, HOME or CDBG funds for LIHTC rental development from OHCD in the past and that has not been awarded LIHTC by PHFA **MUST** submit a new proposal in response to this RFP. Only proposals received in response to this RFP will be considered for City support for Four Percent Credits and for Nine Percent Credits in the 2016 PHFA tax credit round.

**Please note that any development with an existing commitment of a Four Percent or Nine Percent tax credit award from PHFA is NOT eligible for financing under this RFP.**

In addition, the City has set aside CDBG resources to fund the development of the commercial/retail portion of Mixed-Use projects seeking Low Income Housing Tax Credits. To be eligible for this financing, the project must be located on or near commercial corridors. **Upon completion of the project, the vacancy rate on the block may not exceed 20 percent.** Eligible properties may have a vacant property on one side, but not both sides.

In an effort to maximize scarce affordable housing resources, the City will be coordinating this RFP with Philadelphia Housing Authority's RFP for public housing operating subsidy under its Annual Contributions Contract (ACC) for projects seeking Four Percent and Nine Percent Low Income Housing Tax Credits.

Proposals received in response to this RFP will be reviewed by an interagency group comprised of representatives of the Office of Housing and Community Development, the Commerce Department, the Philadelphia Redevelopment Authority (PRA), the Office of Supportive Housing, the Philadelphia City Planning Commission and the Philadelphia Housing Authority. Proposals submitted to the RFP should be generally consistent with the Rental Selection Criteria, Appendix pp. 45-51 in the *Year 41 Consolidated Plan*, is available at [www.phila.gov/ohcd](http://www.phila.gov/ohcd).

CDBG and HOME funds are available to for-profit developers and nonprofit developers. Housing Trust Fund earnings are available only to nonprofit developers. Since Low Income Housing Tax Credit developments are structured as for-profit entities, nonprofit entities seeking HTF earnings are eligible only if they meet the HTF partnership requirements and other HTF requirements detailed in Attachment A. The City reserves the right to award funding to developments using the mix of funding sources, including ACCs, it deems most appropriate for the development and to meet the overall goals of the City's affordable housing program.

## General Program Requirements

### Eligible Applicants

Applicants must be for-profit or nonprofit organizations or partnerships. While LIHTC projects are structured as for-profit partnerships in order to syndicate tax credit proceeds, the controlling entity of the partnership must be an eligible nonprofit entity in order to qualify for HTF earnings. Other types of entities are eligible for CDBG or HOME funds, as applicable. CDBG funds cannot be used for new construction developments by a for-profit developer.

### Eligible Activities

The goal of the RFP is to identify projects that will create rental housing opportunities for low- or moderate-income households. Household incomes must also be consistent with the requirements of the LIHTC program, and/or ACC's as applicable.

Under this RFP, gap financing will be provided for the development of eligible projects. Both rehabilitation and new construction housing developments are eligible under this RFP. HTF dollars (but not HOME or CDBG) may be used to support internal rent subsidies to ensure affordability at 30% of median income or below. Projects seeking to preserve existing rental housing that propose to seek Preservation Credits from PHFA are eligible for support through this RFP. In addition, mixed-use development projects seeking Low Income Housing Tax Credits are eligible under this RFP.

Only projects that expect to submit applications for Low Income Housing Tax Credits in the March 2016 round (including Preservation Credits and Four Percent Credits) are eligible to apply to this RFP. Applicants should familiarize themselves with PHFA's requirements and submit applications to this RFP that are eligible for funding from PHFA. The proposal submitted to PHFA should be consistent with the proposal submitted to this RFP in location, number of units, development entity, income mix and financing. The City reserves the right to withdraw its commitment of financing to a project submitted to PHFA that is inconsistent with the proposal submitted in response to this RFP.

### Design Consideration

Developers are encouraged to incorporate sustainable design and construction techniques and maximize energy efficiency and indoor air quality in both new construction and renovation projects. Strategies may include:

- Energy audits and modeling (EnergyWorks)
- Construction & Demolition Waste Recycling (can be a cost saver)
- "Green Lease" language to overcome split incentive
- Certification or consistency under LEED, EnergyStar, Enterprise Green Communities or other third party rating system

### Accessibility, Special Needs and Visitability

A minimum of 10% of the total number of units must be accessible to individuals with mobility impairments and a minimum of 4% must be accessible to individuals with sensory impairments. A minimum of 10% of the total number of units must be made available to individuals with Special Needs. Please be advised that elderly persons are not considered Special Needs for purposes of this requirement. All referrals for Special Needs units are required to come from the Deputy Mayor for Health and Opportunities Supportive Housing Clearinghouse. The City strongly encourages all new

construction units to be visitable. Visitability is a requirement for HTF-funded new construction developments. See Attachments A and B for specific HTF visitability requirements.

### **Readiness to Proceed**

Priority will be given to projects that are ready to go and can spend funding upon approval of LIHTC from PHFA. Projects that will not have site control as required by PHFA for its LIHTC RFP will be ranked significantly lower and will not be funded. The purpose of this RFP is not to develop a pipeline of projects that will need gap financing in the future.

### **Leveraging**

Priority will be given to projects that highly leverage the City's gap financing. Projects that leverage higher amounts will be ranked higher.

## **Proposal Format**

Applicants must submit an unbound original and six (6) copies of the proposal. Proposals should be limited to twenty (20) pages of double-spaced text, excluding the required forms and exhibits. Qualified applications must include the following sections, which should be clearly identified and submitted in the following order:

### 1) Project Summary

Provide a short summary of the project on the Project Summary form (Exhibit A). Include the project name, developer, project location, number of units, number of accessible, special needs and visitable units, total project costs, and amount of CDBG, HOME and/or HTF subsidy requested.

### 2) Project Description

Describe the type of project and scope of activity being proposed, indicating:

- Type of housing being developed (new construction or rehabilitation)
- Population to be served by this development, including an estimate of the number of housing units to be rented to each of the following income groups:
  - Household income <30% of area median.
  - Household income >30% and <80% of area median.
  - Household income >80% and <115% of area median.

Applicants **MUST** provide estimates based on these income categories. If the project proposes to serve households with incomes less than 30% of area median, the applicant must explain how these households will afford tax credit rents and describe any rental reserves, rental assistance, etc., to be provided.

- If the project proposes to serve a population with special housing needs, describe the services to be offered to the residents and the funding sources for these services.
- Street address, zip code and police district of each property in the project.
- Current ownership of each property.
- Current zoning, use and occupancy status of each property.
- Site control, including documentation of options to lease or buy.

- Description of completed properties (house type, square footage, number of bedrooms and bathrooms, parking, lot size, etc.) Please provide renderings, site plans and floor plans if available.
- Green and/or sustainable elements.
- For Mixed-Use projects, describe plans for the commercial portion of the project and the market analysis undertaken to inform the commercial use.

### 3) Neighborhood Context and Location

Is the project consistent with any existing neighborhood plan? Is the project located in one of the City's placed-based neighborhood priorities (see Attachment C)? Does the project support past private or public investment in the community? Is the project part of a phased approach to housing and community development? Is the project a suitable strategic reuse of the site within the neighborhood? How is the project expected to affect neighborhood property values? What are the prospects for stimulating private reinvestment in the area? Please describe.

### 4) Community Engagement

Project sponsors must seek local community input for their plans and share their proposals with community-based organizations before responding to this RFP. Project sponsors must have conducted one community meeting with the community group(s) that represent the neighborhood where the project will be located. Please summarize any comments received from the community.

### 5) Budgets

Complete the budget forms listed below, which identify anticipated development and other costs for the project.

- The Development Pro Forma (Exhibit B), which identifies the total development cost and the sources and uses of funds.
- The Operating Budget (part of Exhibit B), to provide operating costs and cash flow over a 15 year period.
- Tax Credit Summary (Exhibit B), to provide details on the amount of tax credits being requested from PHFA, the equity raise (as cents on the dollar), and the amount of funds being requested (if any) from PHFA.

Provide supporting evidence of all funding commitments received, and a list of pending applications with dates of submission and expected awards. Applicants with preliminary or firm commitments of LIHTC syndication proceeds should submit copies of the commitment letter indicating the amount of equity expected to be raised.

### 6) Site Control and Timetable

Provide a detailed description of the project's site control, both at the time of application and anticipated at the time of PHFA LIHTC application deadline. Projects anticipating receipt of land that is currently being acquired by the Redevelopment Authority via condemnation should provide a letter from the PRA verifying that the condemnation process is underway. Identify key benchmarks for project development, including financing, pre-development activities, construction start, construction end and leasing.

## 7) Development Team

Provide a description of each member of the development team, such as developer, attorney, contractor, architect, consultant, etc. Describe the legal entity (partnership) that will be the developer. For HTF funded-developments, indicate how a qualified nonprofit entity will be the controlling interest in the project. How does this venture further the developer's long-term mission or business plan? Provide a summary of other related housing development activity that each team member is undertaking or has undertaken.

## 8) Office of Economic Opportunity

The attached "Economic Opportunity Plan" (Exhibit C) details the procedures that must be followed regarding participation ranges. Complete the required forms (OEO Forms, Exhibit D), and include submit them in the RFP response. If Exhibit D cannot be completed because contractors, subcontractors, suppliers or vendors have not been solicited, complete the Contractors Certificate of Compliance (Exhibit E). Please provide a narrative about the proposed plan and process to solicit MBE/WBE contractors. Include in narrative past experience in meeting MBE/WBE participation goals.

### **Proposal Evaluation**

Proposals will be evaluated on the following criteria:

#### 1) Neighborhood Context, Design and Location

Appropriateness of the proposed development for the neighborhood. Location in one of the City's placed-based neighborhood priorities. Evidence of conducting at least one community meeting. Consistency with existing neighborhood plans, if any. Site plan, building design and amenities. Impact on other public or private investment. Green or sustainable design elements. Consider including LEED for Neighborhood Development.

#### 2) Developer Capacity and Track Record

Strength and track record of the development team. Capacity to undertake new or additional projects. Ability to secure construction financing and equity financing.

#### 3) Population Served

Affordability. For HTF funding, priority will be given to proposals serving households at or below 30 percent of AMI. Supportive services to be provided (if for a specialized population). Marketability.

#### 4) Site Control and Readiness to Proceed

Status of site control and zoning. Development schedule. Status of other funding commitments.

#### 5) Development Budget

Project feasibility. Total City subsidy required. Leveraging of other resources. Per unit and per square foot development and subsidy costs. Affordability.

#### 6) OEO Responsiveness

## **Briefing Session**

Interested parties are strongly encouraged to attend a briefing session:

Friday, October 23, 2015, 11 a.m.

OHCD Board Room  
1234 Market St., 17<sup>th</sup> Floor  
Philadelphia, PA 19107.

This room is accessible to persons with disabilities. If accommodations in order to participate are required, please contact James O'Toole at 215-686-9760 (TDD 215-686-9803) or email him at [james.o'toole@phila.gov](mailto:james.o'toole@phila.gov). Advance notice of 72 hours is required for sign-language interpreter services.

## **Proposal Submission**

Proposals must be in the format described above. An unbound original and six (6) copies of the proposal must be delivered no later than 4 p.m. on Friday, November 20, 2015 to:

Office of Housing and Community Development  
1234 Market St., 17<sup>th</sup> Floor  
Philadelphia, PA 19107

Attention: Deborah McColloch, Director

Questions related to the RFP may be directed to Melissa Long, Deputy Director, at [melissa.long@phila.gov](mailto:melissa.long@phila.gov).

Proposals received after the deadline will not be accepted and will not be reviewed. The City assumes no liability for costs incurred in proposal preparation. The City reserves the right to accept or reject proposals or to seek additional information from any applicant. The City is under no obligation to award all available funds through this RFP, and reserves the right to reallocate funds between funding categories.

## **Attachment A -- Housing Trust Fund Requirements**

Projects seeking HTF assistance from this RFP must meet the legal requirements of the HTF, including:

- Development by a nonprofit organization, or a joint venture in which a nonprofit organization is the controlling partner with demonstrated capacity. No funding will be provided for a project sponsored by a nonprofit entity that is controlled by either a for-profit or by a public entity.
- Adherence to the “Equal Opportunity/Affirmative Action Requirements and OHCD Policies” set forth in the *Year 41 Consolidated Plan*. Selected developers must comply with other requirements, such as the Equal Opportunity Plan required by ordinance 060226-AA, as applicable.
- Meeting the accessibility and visitability requirements of the HTF as defined in local ordinance and the Mayor’s Executive Order. All new construction units must be made visitable or, alternatively, an amount equal to \$3,000 multiplied by the total number of new construction units built in the project is required to be spent to make as many of the units as possible visitable. Visitability and/or accessibility requirements may be waived or reduced for a project if such requirement(s) renders the project financially infeasible, or if site conditions are unsuitable, but any such waiver does not exempt the project from any other applicable requirements regarding visitability and/or accessibility. See Attachment B for a definition of “visitable.”
- Meeting the requirement that households benefiting from the housing development pay no more than 30 percent of their income for housing, unless allowed by another federal or state funding source.
- Serving households with a maximum income of 115% of area median income.

The HTF requires that 50 percent of all program funds, including housing production, home repair and homelessness prevention, on a yearly basis be used for programs and projects that benefit households with incomes, adjusted for size, equal to or less than 30 percent of the Philadelphia area median income, and 50 percent be used to benefit households with incomes between 30 percent and 115 percent of area median income. Serving households at or below 30 percent of the Area Median Income is not only a requirement of the HTF, but a goal of this RFP. Proposals serving that population will be given priority in funding awards. In making HTF awards, the City reserves the right to adjust funding among affordable housing development categories, based on responses received through Requests for Proposals.

## **Attachment B – Visitability**

“Visitable” shall mean the following amenities in a dwelling unit:

- One zero-step entrance to the dwelling that will permit a visitor using a wheelchair to enter the main level floor of the dwelling through a doorway entrance that has a minimum 32” opening.
- A usable path of travel throughout the interior main level floor that is no narrower than 36” at any point except for interior doorway openings with a minimum 32” opening.
- A powder room on the main level floor that has a doorway entrance with a minimum 32” doorway opening, sufficient space to close the door while inside the powder room, a minimum 30” x 48” floor space clearance, and reinforced walls for future installation of grab bars to provide access to the toilet if necessary.