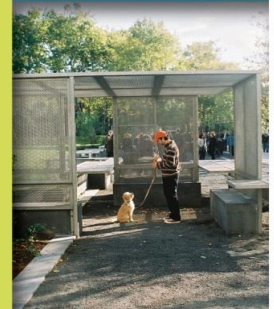
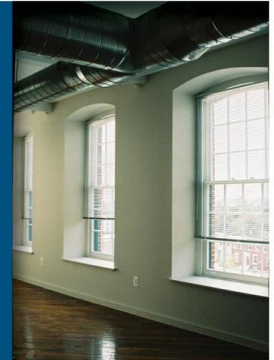




Philadelphia  
Redevelopment  
Authority



# Request for Proposals (RFP)

Housing Preservation Loan Program (HPLP)  
April 10, 2018

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**Attachments:**

- A. Budget Template
- B. Philadelphia Tax Status Certification and Conflict of Interest Form
- C. Campaign Disclosure Forms
- D. Insurance Requirements



# Application Process

The Philadelphia Redevelopment Authority ("PRA") is pleased to issue this Request for Proposals ("RFP") for Program Intermediaries (PIs) to participate in the Housing Preservation Loan Program (HPLP), a new program designed to support low-, moderate-, and middle-income homeowners who are ineligible for traditional repair loans.

## Submission Deadline

Applicants must submit proposals no later than May 25<sup>th</sup>, 2018 at 3:00 PM; absolutely no proposals will be accepted after that time.

## Pre-bid Meeting

A pre-bid meeting will be held at PRA's offices (1234 Market Street, 16th Floor) at 10:00 AM on April 27<sup>th</sup>, 2018. This meeting is not mandatory; however, all respondents must either attend this meeting or express their intention to submit by the deadline specified below.

## Intention to Submit

All firms wishing to submit a response to this RFP must either attend the pre-bid meeting or express their intention to submit either in hard copy mail or email to [Jane.Allen@pra.phila.gov](mailto:Jane.Allen@pra.phila.gov) by 3:00 PM on April 27<sup>th</sup>, 2018. The names and contact information for all attendees at the pre-bid meeting and those who responded with intention to submit will be posted on PRA's website as public information.

## Questions

All questions and requests for additional information should be directed in writing to [Jane.Allen@pra.phila.gov](mailto:Jane.Allen@pra.phila.gov) by April 27<sup>th</sup>, 2018. Questions, responses, and additional information will be posted on the PRA website the week following the pre-bid meeting.

## Related Parties

Applicants (i.e. individuals, organizations, and businesses) may submit only one response to this RFP. Individuals or businesses that are legally related to each other or to a common entity may not submit separate proposals. The PRA and City, in their sole and absolute discretion, retains the right to reject any proposal where:

1. Applicants or principals of applicants are substantially similar or substantially related parties; or;
2. The PRA and City has determined that the applicant has violated these conditions or the spirit of these conditions.

## Submission Process

Proposal submission will only be accepted in either of the following:

1. Online Submission – via the electronic portal on PRA's website (<http://www.philadelphiaredevelopmentauthority.org/>); or



2. Hard Copy Submission – Submit 3 original copies of the proposal and one electronic copy on a USB Flash Drive to the PRA via hand delivery or registered mail. Files on the USB Flash Drive may only be in Microsoft Word or Adobe PDF. Applicants may hand deliver or send proposals via registered mail to:

Jane Allen  
 Executive Office  
 Philadelphia Redevelopment Authority  
 1234 Market Street, 16th Floor  
 Philadelphia, PA 19107

**Disqualification**

Bids will be disqualified if:

1. They are submitted after the specified deadline;
2. They are submitted by some means other than the two formats listed above. For electronic submissions, the PRA website portal is the only means that will be accepted. Submissions sent via email, Dropbox or other electronic venues will be disqualified;
3. If the bid package is incomplete.

**Bid Price**

The PRA will award this project to the proposal determined to be the most responsive based on the criteria explained below. Bid price is one of these criteria, though the project will not necessarily be awarded to the lowest bidder.

**Schedule**

The timeline for this opportunity is as follows:

Notice of RFP Opportunity Posted	April 10 <sup>th</sup> , 2018
Pre-Bid Meeting	April 27 <sup>th</sup> , 2018 at 10AM
Submission of Intention to Submit (if respondent did not attend the pre-bid meeting)	April 27 <sup>th</sup> , 2018 at 10AM
Questions and/or Requests for Additional Information Due	April 27 <sup>th</sup> , 2018
Proposals Due	May 25 <sup>th</sup> , 2018 at 3PM
Respondent Selected - (Estimate Only)	June 22 <sup>nd</sup> , 2018

PRA reserves the right, in its sole discretion, to alter this schedule as it deems necessary or appropriate.



## Background Information

The Philadelphia Redevelopment Authority (“PRA”) invites competitive proposals from mission-driven organizations interested in carrying out the role of Program Intermediary (“PI”) in the Housing Preservation Loan Program (“HPLP”). PIs will play a fundamental role in the program by providing technical assistance to low-, moderate, and middle-income (“LMMI”) homeowners who do not qualify for conventional loan products and live in homes that need essential repairs. Proposals will be reviewed to determine the most responsive proposal in accordance with the evaluation and selection criteria (see Section 6).

### Program Overview

HPLP is a new initiative of the City that will be administered by PRA. The HPLP aims to increase access to low-interest loans for LMMI City residents who own homes in need of essential repairs. Evidence suggests that Philadelphia has a high number of homeowners who are not able to access capital for making essential home repairs. According to Home Mortgage Disclosure Act (HMDA) data, 20,966 Philadelphians were denied home repair loans between 2012 and 2016 due to their credit history. As a result, many homeowners are not able to get loans to make essential repairs, forcing them to live in homes with pathogens that may increase respiratory conditions, asthma, lead poisoning, and other health problems. In addition, these homeowners may suffer from other significant issues such as lack of accessibility, discomfort due to need for weatherization, and high energy bills due to inefficient mechanical equipment. The goals of the HPLP are:

1. Improve the livability and safety of homes with deferred maintenance issues;
2. Repair the city’s aging housing stock so that it contributes positively to the long-term growth of our communities; and
3. Provide access to low-cost financing, financial counseling, educational materials, and technical assistance for LMMI homeowners.

## HPLP Standards & Specifications

The majority of services will be carried out by third parties, minimizing the direct involvement of the public sector. PIs are the lynchpin of this program and will provide an array of services including marketing, intake, home health assessments, financial counseling (and/or counseling referrals), inspections, and other forms of technical assistance. The program is designed to connect compensation with success for PIs and has a significant evaluation component.

### Timeline

The program will be piloted over a six (6) year period, and comprehensively reviewed in year five (5) by an evaluator to determine whether it should be renewed, substantially altered, or ended. PI contracts will span three (3) years and contain one option for renewal.

### Homeowners

Eligible borrowers through this program must meet certain minimum qualifications including, but not limited to:



- Household income not to exceed 120% of Philadelphia Area Median Income.
- Borrower must possess clear title to the subject property.
- Borrower must occupy the property as his/her primary residence.
- Borrower must hold current homeowner's insurance.
- Borrower must be current on all City taxes (or be under an active payment agreement), and either (i) not have any other current liens or judgments by the City (with the exception of L&I violations relating to issues for which they are seeking the home repair loan), or (ii) are current in a payment agreement with the City.

### Program Partners

Other entities, in addition to PIs, will be involved in implementing the HPLP:

1. PRA will act as the program's fiscal sponsor carrying out high level administration including:
  - a. Selecting program partners;
  - b. Managing contracts;
  - c. Processing payments; and
  - d. Adjusting the program as necessary to ensure it's successful.
2. Financial institutions will originate and service low-interest home repair loans that adhere to terms developed collaboratively with PRA; Program Intermediaries will market the program, review potential applicants, manage inspections, and carry out technical assistance to support borrowers (detailed scope of work below);
3. Evaluation consultant will continuously monitor program outcomes, verify invoices, and assess impact.

### Eligible Repairs

The list of eligible repairs is intentionally designed to be broad, focused on health, energy savings, accessibility, safety, and quality-of-life improvements. Purely aesthetic repairs will be excluded (e.g., granite countertops without other repairs necessary to the kitchen). Repairs and materials must meet the requirements within the Philadelphia City Code or other applicable law. Eligible repairs may include, but are not limited to:

1. Roof, siding, foundation, and masonry;
2. Sidewalk, driveway, and stair repair, replacement, or resurfacing;
3. Window and door repair and replacement;
4. Weatherization;
5. Interior and exterior fixture, plumbing, sewer and waterline repairs and replacements;
6. HVAC system and water heater replacement;
7. Electrical repairs and circuit rewiring;
8. Treatments related to lead based paint;
9. Mold and radon mitigation;
10. Termite or other pest damage; and/or
11. Adaptive modifications necessary to enable homeowners and family members to live at home with independence and safety.

### Energy Efficiency

When possible, contractors are encouraged to purchase materials from the Philadelphia Energy Authority's bulk purchasing program. PIs will be expected to inform homeowners about the long-term



benefits of opting for energy-efficient materials and equipment by providing educational materials covering:

1. Energy efficient appliances, lighting, and HVAC equipment that meet or exceed ENERGY STAR standards;
2. Solar reflective roof coatings ;
3. Air sealed replacement windows and doors;
4. Insulated walls, floors, attics, roofs, etc.; and
5. Water Sense products.

### Pre-Qualified Contractors

PIs will issue an annual RFP and maintain a list of pre-qualified contractors who meet the following criteria:

1. Insurance must include \$1M per occurrence, \$2M aggregate in general liability, coverage for completed operations, and statutory minimum limits for workers compensation.
2. Current in all licenses;
3. No outstanding liens, judgments, or taxes owed to the City or State;
4. Current in all required trainings (e.g. OSHA, EPA, RRP, etc.);
5. Proof of ability to finance work through completion (lines of credit, bank statements, etc.);
6. Ability to carry out or commission a Building Performance Institute (BPI) certified home energy audit;
7. Provide positive customer references;
8. Encourage and promote the employment of qualified M/W/DBE firms in all aspects of its procurement of goods and services. M/W/DBE firms are defined as, collectively, Minority Business Enterprises ("MBE"), Woman Business Enterprises ("WBE"), or Disabled Business Enterprises ("DBE"); and
9. Ability to satisfy program reporting requirements

### Progress Payments

Loan funds will be remitted directly to the contractor (rather than to the borrower) based on an agreed-upon scope of work and progress schedule. All invoices will be reviewed and approved by the borrower and PI, and the PI will be responsible for scheduling and coordinating progress inspections. Depending on the scope of work, payment schedules may include up to two progress payments.

### Loan Terms

Lenders, which will be selected by PRA through a separate RFQ process, shall make loans to eligible borrowers based on the following terms:

- *Loan Amount:* \$2,500 - \$24,999
- *Interest Rate:* 3.00% fixed for the term of the loan (If Respondents opt for Option 1: Credit Enhancement, PRA will buy down the interest to 3.00%);
- *Minimum Credit Score:* 580
- *Maximum Loan to Value (LTV):* 105% of post-rehab value—may be based on internal desk review valuation or Broker Property Opinion (BPO) of value
- *Maximum Debt-to-Income (DTI):* 43%
- *Collateral:* Secured up to second-position mortgage
- *Term:* 10-years



- *Underwriting:* Must be manual and will be subject to adjustments based on the performance of the portfolio
- *Default:* In event of delinquency, Respondents must continue to service the loan until the Loss Mitigation Strategy described below has been fully exhausted

### Participating Lenders

PRA will select participating lenders through an RFQ process. Only lenders selected by PRA and under agreement with PRA may make loans as part of this program. PRA may bring on additional lenders during the course of the program. PIs may work with whichever lender(s) they are most comfortable with, and are not obligated to use all participating lenders.

### Obligation to Make Loans

Lenders selected to originate loans for this program will be obligated to make loans to any eligible borrower who meets the criteria described in the above loan terms as long as the lender participates in the program. Lender may only deny loans to borrowers who meet established underwriting criteria in extreme circumstances and must obtain prior written approval from PRA for such loan denial.

### Loss-Mitigation Strategy

In the event of delinquency, lenders selected to service loans for this program will be expected to carry out PRA's preferred Loss Mitigation Strategy. PRA will require lenders to be flexible in the case of delinquency so the PIs and credit counselors have the opportunity to work with borrowers to avoid default. Servicers will be expected to contact the borrower and permit 120 days to lapse before formally declaring default. Selected lenders must agree to notify the PIs who referred the borrower and PRA at 30 days, 60 days, 90 days, and 120 days of delinquency. In the event of persistent nonpayment, PRA may choose to record a soft second mortgage for the outstanding balance on the loan to be repaid when the property is sold to a third party.

## Scope of Work

PIs will provide technical support to homeowners from intake through loan servicing.

- 1. Marketing:** PIs will develop a revolving pipeline of eligible homeowners by carrying out marketing and outreach throughout Philadelphia;
- 2. Intake:** PIs will act as a point of entry for homeowners by:
  - a. Developing intake applications;
  - b. Determining whether applicants are eligible; and
  - c. Assessing whether applicants needs match the services provided through the HPLP.
- 3. Need assessment:** Each applicant's financial situation and home repair needs will be different. PIs will be expected to coordinate a home visit with each eligible applicant to:
  - a. Develop an initial scope of work;
  - b. Carry out a home-health assessment;
  - c. Distribute educational materials about home energy efficiency;
  - d. Assess if applicants are likely to meet the underwriting criteria of participating financial institutions; and
  - e. Provide credit and financial counseling (or referrals to these services) when necessary.





4. **Contractor management:** PIs will be responsible for carrying out an annual RFP process and maintaining a list of pre-qualified contractors that homeowners may be referred to (borrowers will not be required to select contractors from this list).
5. **Lender referrals:** PIs will provide technical support to homeowners who are likely to qualify for a loan through the HPLP by:
  - a. Maintaining a familiarity with loan underwriting criteria;
  - b. Assisting homeowners to fill out loan applicants and gather supporting paperwork;
  - c. Connecting homeowners with participating financial institutions;
  - d. Ensuring work scopes are feasible based on pre-approved loan amounts; and
  - e. Providing loan approval, denial, and performance outcomes to the evaluator.
6. **Inspections:** During the loan closing and construction periods, PIs will coordinate and attend two inspections. The first will take place after the homeowner is pre-approved for a home repair loan and will be used to develop a final scope of work. The second will take place after construction is completed, but before payment is wired to the contractor, to ensure home repairs meet HPLP standards.
7. **Loss mitigation:** In the event that HPLP loans become delinquent, loan servicers may request that PIs reach out to delinquent borrowers and provide connections to financial and credit counselors.
8. **Technical assistance:** PIs will provide ongoing support to borrowers during the entire process from application, through construction, and potentially providing technical assistance while the loans are being serviced in case of delinquency.
9. **Invoicing & Data Collection:** PIs will provide quarterly invoices to PRA and continuously report outcomes to evaluators.

## Fee for Service

The HPLP is designed based on a fee for service model. PIs are asked to propose a fee for service structured as a payment per closed loan as part of their response to this RFP. PRA will collect quarterly invoices from PIs, which will include a report reflecting closed loan volume, performance, and payment due. PI fees will be fixed through the initial three (3) year contract and may be re-evaluated during renewal negotiations.

PRA will provide six (6) months of upfront payment to PIs based on an evidence-based estimate of expected loan volume for quarters one (1) and two (2). This payment will provide funding for PIs to ramp up staffing and operations. If PIs do not attain expected volume, they will not be obligated to repay PRA. Thereafter funding will be made on a quarterly basis.

Please complete and submit the attached Budget Template. This document lists areas where PIs may need to expend funds, but this list is not meant to be exhaustive and respondents should add line items as they see fit. **PIs are encouraged to think critically and creatively about this scope of work, as fees must be sufficient to cover all incurred program costs.** Since PIs may need to float costs prior to the next invoice period, a key selection factor will be financial capacity.

## Proposal Submission Requirements

Proposals must include a detailed narrative responding to the prompts and questions below, a completed budget template, and supporting documents to demonstrate financial capacity.



1. **Cover Letter:** Please provide a cover letter, not to exceed two (2) pages, that contains the following information: name of organization, EIN, annual operating budget, primary point of contact, geographic service area, primary populations served, proposed PI fee (fee should be a lump-sum, all-inclusive figure, per loan closed).
2. **Organizational Narrative:** Please submit a narrative that responds to all of the points listed below:
  - a) Program Management: Describe a complex program that your organization successfully implemented relating to one or more of the HPLP's key elements (e.g. housing finance, credit counseling, weatherization, home health, and/or construction management).
  - b) Marketing: Describe a program or resource that your organization has successfully marketed to a target audience and consider the following questions: What materials were used to market the program? What strategies and tactics were employed? How was engagement measured?
  - c) Mission Fit: Summarize your organization's mission and history, geography, and current programs. Include responses to the following prompts:
    - i. How will HPLP complement existing programs and enable your organization to better meet the needs of the individuals, communities, and geographies you serve?
    - ii. Use data and supporting evidence to estimate the number of eligible homeowners within your current client base or geographic service area.
  - d) Evaluation: Please describe how your organization evaluates programs and specific examples (if possible) of programs where you worked with third-party evaluators. How are your programs typically evaluated, and what assessment tools and reporting systems are used?
3. **Program Management Narrative:** Describe how you will manage and administer the program. Please provide as detailed a response as possible, and note how you will address each phase of the Scope of Work, including whether you will carry it out in-house or use third-party consultants. Describe strategies you plan to employ and how you will measure the effectiveness of your approach. Please include:
  - a) Bios, resumes, and qualifications of personnel within your organization who will be involved in operating and administering the program. Please also describe any new hires you may deem necessary to have the in-house personnel to carry out the program.
  - b) List of outside consultants and partners that you plan to engage to fill the program delivery gaps that you currently are not able to serve in-house.
  - c) A staffing and organizational chart (including in-house staff and consultants).
  - d) Descriptions of any technologies, software, and management systems that will be used in program implementation. Specify necessary steps to ensure any correspondence



between PIs, lenders, homeowners, and counselors containing sensitive information will be secured and only accessed by authorized recipients.

4. **Economic Inclusion:** The PRA strongly encourages and promotes the employment of qualified MBE/WBE/DBE firms in all aspects of its procurement of goods and services. Please explain prior experience with M/W/DBE participation and compliance. In addition, include how you plan to engage M/W/DBE firms as part of your proposal and/or how you plan to engage a diverse workforce as part of your program delivery.
5. **Budget:** Complete the three-year Budget Template by filling in the yellow highlighted spaces. This template will calculate revenue by determining programmatic cost per loan (total expenses divided by total loans) and then writing up the cost by a percentage of your choosing. Please add additional line items (such as personnel, consultants, and/or detailed line items). Additional detail is not required, but it may be helpful in assessing the viability and suitability of the budget.

In addition to the Budget Template, please provide an accompanying narrative describing your budget. In this narrative state your projected number of loans in the first six (6) months and over the rest of the contract term, and explain why you believe these projections are reasonable. State your PI fee per loan closed, and substantiate why you believe that fee is reasonable. Provide narrative for each budget category to explain the costs proposed.

6. **Other Submissions:**
  - a) Include your organization's (2) most recent Audited Financial Statements (If audited statements are not available, provide internally prepared income statement and statement of net assets).
  - b) If your organization is a tax-exempt nonprofit, provide your IRS designation letter and a certificate of good standing from the State of PA.
  - c) Certificate of non-indebtedness to the City of Philadelphia.

## Evaluation/Selection

PRA intends to award this contract to the respondent that best demonstrates the level of experience, skill and competence required to perform the services called for in this RFP in the most efficient, cost-effective, and professional manner. The PRA will initially review the proposals to determine compliance with the Proposal Submission Requirements. Only proposals that comply with these requirements will be considered for evaluation. If no proposal meets these requirements, the PRA may allow all respondents to supplement their submissions to conform to these requirements.

PRA will evaluate respondents based on the following factors:

- |                                          |           |
|------------------------------------------|-----------|
| - Qualifications and relevant experience | 25 points |
| - Proposed approach and strategies       | 25 points |
| - Organizational capacity                | 20 points |
| - Budget and cost proposal               | 20 points |
| - Economic inclusion                     | 10 points |



## Events of Disqualification or Default

Subsequent to the selection of a firm, and before execution of an Agreement, the PRA may treat any of the following as an event of disqualification or default:

1. Unilateral withdrawal by the selected respondent;
2. Failure to proceed substantially in accordance with the proposal as submitted;
3. Failure by the Respondent for any reason whatsoever to timely execute the Agreement when tendered;
4. Material misrepresentation, omission, or inaccuracy contained in any document submitted either as part of the Request for Proposals, or subsequent thereto. For the purposes of this section, the PRA places particular importance on the information required by the Respondent's Statement of Qualifications and Financial Responsibility and the Respondent's Statement for Public Disclosure;
5. Failure to provide in a timely manner the additional material required after selection throughout the PRA disposition process.

Upon the happening of an event of disqualification or default by the Respondent, PRA shall have the right, at its election, to:

1. Rescind its selection; or
2. Declare null and void an Agreement that may already have been executed.

## Declarations and Other Information

**Economic Inclusion:** The PRA strongly encourages and promotes the employment of qualified MWDBE firms in all aspects of its procurement of goods and services. If applicant is a Certified MWDBE; please submit information to confirm Certification as part of bid proposal.

**Tax Clearance and Conflict of Interest Form:** Respondents, upon request of the PRA, must provide evidence satisfactory to the PRA that all municipal taxes, including business taxes, real estate, school, water and sewer charges, if applicable, are current for both the individual applicant and the applicant's firm and neither is currently indebted to the City; will at any time during the term of the agreement be indebted to the City, for or on account of any delinquent taxes, liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been established. Please complete the Philadelphia Tax Status Certification and Conflict of Interest form (Attachment B) and submit it with your proposal.

**Campaign Contribution Disclosure Forms:** Please complete the applicable disclosure forms (Attachment C) and submit with your proposal.

**Insurance Requirements:** Please submit a certificate of insurance evidencing the required coverages as outlined in Attachment D with your proposal. If, for any reason, you cannot comply with the insurance requirements, please provide the reasons for your inability to do so and the PRA will consider any deviations from the insurance requirements on a case-by-case basis.

By submitting a proposal in response to this RFP, an Applicant affirmatively acknowledges: (i) its acceptance of the terms and conditions of this RFP; (ii) the PRA may exercise in its sole discretion the following rights; and (iii) the PRA may exercise the following rights at any time and without notice to any Applicant.

1. to reject any and all proposals;



2. to supplement, amend, substitute, modify or re-issue the RFP with terms and conditions materially different from those set forth here;
3. to cancel this RFP with or without issuing another RFP;
4. to extend the time period for responding to this RFP;
5. to solicit new proposals;
6. to conduct personal interviews with any Applicant to assess compliance with the selection criteria;
7. to request additional material, clarification, confirmation or modification of any information in any and all proposals;
8. to negotiate any aspect of a proposal, including price;
9. to terminate negotiations regarding any and all proposals at any time;
10. to expressly waive any defect or technicality in any proposal;
11. to rescind a selection prior to contract execution if the PRA determines that the proposal does not conform to the specifications of this RFP;
12. to rescind a selection prior to contract execution if the PRA determines that the specifications contained in this RFP are not in conformity with law or that the process in selection of a proposal was not in conformity with law or with the legal obligations of the PRA;
13. in the event a contract is awarded, the successful Applicant or Applicants shall procure and maintain during the life of the contract liability insurance in an amount to be determined prior to the award of any contract;
14. in the event a contract is awarded, all Applicants agree to perform their services as an independent contractor and not as an employee or agent of the PRA;
15. in the event a contract is awarded, all Applicants agree that no portion of performance of the contract shall be subcontracted without the prior written approval of the PRA; and
16. each Applicant agrees to indemnify, protect and hold harmless the PRA from any and all losses, injuries, expenses, demands and claims against the PRA or the City of Philadelphia sustained or alleged to have been sustained in connection with or resulting from (i) the submission of the Applicant's proposal; (ii) the delivery by the Applicant to the PRA of any other documents or information; and (iii) any other conduct undertaken by the Applicant in furtherance of or in relation to the Applicant's proposal. Each Applicant agrees that its duty to indemnify and hold harmless shall not be limited to the terms of any liability insurance, if any, required under this RFP or subsequent contract.

**The Authority is under no obligation whatsoever to Applicant as a result of this RFP. The RFP does not represent any commitment on the part of the Authority to Applicant or the project. In no event shall the Authority be responsible for any cost, expense or fee incurred by or on behalf of Applicant in connection with the RFP. Applicant shall be solely responsible for all such costs, expenses and fees.**

**NOTICE: The Philadelphia Redevelopment Authority is subject to the Pennsylvania Right to Know Law. Any information provided in your response to this Request for Proposals may be subject to disclosure to the public.**

