



Small Landlord Loan Program (SLLP) Request for Proposals (RFP) from Lenders—QA

Q1: How is “Philadelphia County AMI” defined? Is it based on HUD’s Philadelphia-Camden-Wilmington MSA, or is it based on income data for just the County itself (which may be lower than the MSA-based AMI)?

A1: Area Median Income definition is based on the HUD annual determination for Philadelphia County, which can be found at: <https://www.huduser.gov/portal/datasets/il.html>. Per HUD’s definition, Philadelphia County is part of the Philadelphia-Camden-Wilmington, MSA.

Q2: What are the affordability requirements?

Q2: Per the PHARE requirements, one third of units repaired with loans through this program must be affordable to tenants at or below 50% of area median income and the remaining two thirds must be leased to tenants at or below 100% of area median income.

Q3: If there is an ongoing requirement to verify tenant income, who conducts the verification?

A3: Lenders verify income and retain copies of all documents and related materials for a minimum of three (3) years.

Q4: The RFP contemplates the chosen lender may originate subordinate real estate secured loans. Will there be an exception to the deed restriction requirement where it is not permitted by existing senior position lenders?

A4: The RFP mischaracterizes the restriction (Page 8 of the RFP) as a separate deed restriction. There will not be a separate deed restriction recorded. The affordability restrictions will be contained in the mortgage lien document.

Q5: Please clarify eligible and ineligible items for the program. Do kitchen and bath repairs/upgrades that are not for L&I or lead violations count as purely aesthetic improvements?

A5: The list of eligible repairs is intentionally broad, but the goal of the program is to preserve naturally occurring affordable rental housing by improving the quality of units. An example of a purely aesthetic repair would be the purchase and installation of granite countertops absent of any additional repairs necessary kitchen repairs.

Q6: Will the L&I inspectors be restricted to inspecting only repairs of L&I violations, or will they be available to inspect the entire approved scope of work on projects with L&I violations?

A6: No. If the property was free of L&I violations prior to loan closing, the Lender will commission a post-construction inspection to ensure contractor adhered to the work scope prior to advancing funds.

Q7: What fees are there for L&I inspections, PDPH reviews, and Fair Housing trainings? Who is responsible for paying these fees?

A7: L&I, PDPH, and the Fair Housing Commission are providing inspections, dust-tests, and trainings as in-kind donations to support the program.

Q8: Can you clarify the “Fair Housing Training” requirement? How often are Fair Housing Trainings offered? Is this a classroom activity? Are there schedules of trainings? Is there a specific curriculum?

A8: Fair Housing Trainings will be offered on a rolling basis, as requested. Trainings will occur at the office of the Fair Housing Commission 601 Walnut Street, Suite 300 South, Philadelphia, PA 19106, or at a mutually agreeable site. The curriculum will include basic landlord-tenant law, including sections on Philadelphia’s Fair Housing Ordinance, and the Fair Practices Ordinance.

Q9: The RFP states that the loan can be no longer than 10 years. Must the loan fully amortize during that term?

A9: Yes.

Q10: Page 7 of the RFP indicates that Lenders Must “Cover all origination, closing, servicing and 3rd party costs”. May the TA fee be used to fund origination fees, closing costs, and third-party costs (appraisal, title insurance, inspector, environmental, credit check, etc.)? If not, is it permissible for lender to pass these costs to borrower and have them paid for using loan proceeds? If it’s permissible to use loan proceeds, can these costs be funded at closing?

A10: TA funds may be used to fund origination fees, closing costs, and third-party costs. It is also permissible for the lender to pass these costs to the borrower pursuant to federal and state rules and regulations.

Q11: Page 7 indicates that originating Lenders may not sell or assign loans. Is it permissible for Lenders to sell portions of the loans in the form of participations where the originating lender retains a portion of the loan and continues to service the loan?

A11: The sale of participation interests is permissible, as long as the loans remain in the name of the respective lender and the lender remains the servicer of the loan - this would be subject to PRA approval of any participation agreement.

Q12: Will the Loan Loss Reserves be held at the Lender or at the PRA?

A12: PRA.

Q13: Will PRA consider working with multiple lenders?

A13: Yes.

Q14: Will PRA consider a lender who is only focused on a specific target Zip code?

A14: The pilot is designed to target marketing in multiple zip codes. However, PRA would consider this, if multiple lenders are chosen to ensure availability citywide.

Q15: Will PRA consider a startup budget for developing program design with PRA and developing and producing (including printing) marketing materials.

A15: No.

Q16: Will PRA, L&I or any government agency be required to sign off on scope of work?

A16: No.

Q17: If a property being supported has multiple units (say a triplex), will the owner qualify for up to \$75,000 (i.e. up to \$25,000 per unit)?

A17: No.