



MAKING PHILADELPHIA BETTER, BLOCK BY BLOCK

Shallow Rent Pilot Program

Request for Proposals (RFP)

1/8/2020

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Application Process

PHDC is pleased to issue this Request for Proposals ("RFP") to owners and/or property managers (on behalf of owners) (each, a "Respondent", and collectively, the "Respondents") of affordable housing properties with income-restricted rental units that were built or substantially renovated with federal, state or local subsidies (each, a "Property", and collectively, the "Properties"). PHDC is seeking Respondents who are interested participating in a new program ("Shallow Rent Pilot Program") designed to provide monthly rent vouchers not to exceed \$300/month ("Shallow Rent Vouchers") to tenants who are leasing units in the City of Philadelphia (the "City") at rent levels that exceed 30% of their gross income.

Submission Deadline

Respondents must submit a proposal ("Response") no later than 3/9/2020 at 3:00 PM; absolutely no Response will be accepted after this time.

Pre-bid Meeting

PHDC will hold a pre-bid meeting on 1/22/2020 at 10 AM on the 16th floor of 1234 Market Street.

Questions & Requests for Additional Information

All questions and information requests must be directed in writing to jane.allen@phdc.phila.gov by 10 AM on 1/22/2020. Questions, responses, and additional information will be posted on the PHDC website within seven (7) business days of the pre-bid meeting.

Related Parties

Respondents may only submit one Response to this RFP. Individuals, businesses, or entities that are legally related to each other or to a common entity may not submit separate Responses. PHDC, in its sole and absolute discretion, retains the right to reject any Response where:

1. Respondents or principals of Respondents are substantially similar or substantially related parties; or
2. PHDC has determined that the Respondents has violated these conditions or the spirit of these conditions.

Submission Process

Responses will only be accepted in either of the following two formats:

1. Online submission through the electronic portal on PHDC's website <https://phdcphila.org/community-investment/development-project-finance/funding-opportunities/>
2. Hard copy submission that includes three original print copies in addition to one digital copy saved as a PDF or within a Microsoft Word document on a USB Flash Drive. Hard copy submissions must be hand delivered or sent through registered mail to:

Jane Allen
Community Investment Group, PHDC
1234 Market Street, 16th Floor
Philadelphia PA, 19107

Disqualification

Responses 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. Responses sent as an attachment to an email, through Dropbox, or any other electronic venue other than PHDC's online portal will not be accepted;
3. They are incomplete.

[Schedule](#)

RFP posted	1/8/2020
Pre-bid meeting	1/22/2020
Questions and requests for additional information due	1/22/2020
Responses due	3/9/2020
Commitment letters issued	4/6/2020

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

[Program Overview](#)

The Shallow Rent Pilot Program is designed to provide Respondents with rental assistance on behalf of specific Property tenants. Eligible tenants are households who, after all applicable federal, state, and local affordable housing subsidies, are paying more than 30% of their gross income on rent (each, a "**Cost Burdened Tenant**", and collectively, the "**Cost Burdened Tenants**").

[Available Funding](#)

The City's Division of Housing and Community Development ("**DHCD**") has dedicated Two Million Dollars (\$2,000,000) from the City's Housing Trust Fund ("**HTF**") to provide Shallow Rent Vouchers. DHCD hopes to continue this level of funding for at least five (5) years; however, this commitment is conditioned on the ongoing availability of funds.

[Subsidy Type](#)

PHDC will provide Shallow Rent Vouchers to Respondents for Cost Burdened Tenants in an amount not to exceed the difference between the tenant's rental contribution and 30% of the tenant's gross income, up to Three Hundred Dollars (\$300) maximum per unit, per month (i.e. Three Thousand Six Hundred Dollars (\$3,600) annually). Shallow Rent Vouchers are not portable, meaning that they will only be issued to Respondents on behalf of Cost Burdened Tenants who have an active, enforceable lease agreement with Respondents.

[Payments](#)

PHDC will wire Shallow Rent Voucher payments to Respondents monthly and shall discontinue payments if the tenant no longer qualifies as a Cost Burdened Tenant. Respondents must be willing to accept wire payments from PHDC.

[Eligible Respondents](#)

Owners and property managers (on behalf of owners) of Properties located within the City.

[Eligible Tenants](#)

Households who after all applicable federal, state, or local affordable housing subsidies, are paying more than 30% of their gross income on rent; and who have an active lease agreement with the Respondent.

Form of Agreement

PHDC will enter into a one (1) year Shallow Rent Voucher Agreement ("**Voucher Agreement**") with the selected Respondent(s) that includes four (4) optional one (1) year term extensions, to be exercised upon agreement of the parties. These Voucher Agreement may be terminated by either party without cause with 60-days' notice. Respondents, however, will be required to continue administering Shallow Rent Vouchers for the duration of each approved Cost Burdened Tenant's lease for the remainder of the term.

Program Process

The implementation process for the Shallow Rent Pilot Program is as follows:

1. After PHDC has reviewed Responses, PHDC will issue letters to Respondents requesting to schedule an onsite intake appointment ("**Intake Appointment**") where PHDC staff will:
 - a. Review the incomes and lease agreements of Cost Burdened Tenants for program eligibility ("**Tenant Income Certification**") based on the following documentation:
 - i. Leases;
 - ii. Tenant income and asset third party source verifications or source documents, including but not limited to:
 1. Employment income documented through two months of pay-stubs;
 2. Payments in lieu of earnings (e.g. unemployment and disability compensation, worker's compensation, severance pay, general assistance, earned income tax credits, etc.);
 3. Periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, etc.; and
 4. Assets.
 - b. Inspect units leased to Cost Burdened Tenants to identify any deficiencies that result in a failure to meet Housing Quality Standards ("**HQS Inspection**"). PHDC will issue a letter ("**Inspection Results Letter**") to Respondents that lists any deficiencies identified during the site visit. Respondents will be given thirty (30) days to remediate any deficiencies. PHDC will then re-inspect the Property to confirm that the unit is compliant with HQS Standards ("**HQS Compliant**").
2. Based on the results of the Tenant Income Certifications and HQS Inspections, PHDC may issue a commitment letter to Respondents (a "**Shallow Rent Voucher Commitment Letter**") that outlines the amount of subsidy PHDC can provide to each Cost Burdened Tenant in the Property.
3. PHDC will issue a Shallow Rent Tenant Agreement for each Property ("**Shallow Rent Tenant Agreement**") that must be signed by each Cost Burdened Tenant, Respondent, and a representative of PHDC that includes:
 - a. A description of the Shallow Rent Pilot Program;
 - b. Cost Burdened Tenant requirements, including stipulations that:
 - i. Cost Burdened Tenants will provide Respondents with income documentation for as long as they receive a Shallow Rent Voucher;
 - ii. Cost Burdened Tenants will inform Respondents of all income, tenant, or family size changes pertinent to the Tenant Income Certification process;
 - iii. Cost Burdened Tenants will provide Respondents with adequate notice prior to vacating a unit.
 - c. Respondent requirements including stipulations that:
 - i. Respondent will not increase rents on units leased to Cost Burdened Tenants receiving Shallow Rent Vouchers without first receiving written approval from PHDC ("**Rent Increase Approval Memo**") at least six months prior to the desired effective date of the rent increase; and

- ii. Respondent will notify PHDC thirty (30) days prior to:
 - 1. taking any steps related to the eviction of Cost Burdened Tenants; and
 - 2. the execution of any changes or modifications to lease agreements, including but not limited to terminations, term extensions, or renewals.
- d. Tenant contribution amount; and
- e. The Shallow Rent Voucher amount.
- 4. If there are tenant income or occupancy changes in units leased to Cost Burdened Tenants receiving Shallow Rent Vouchers, including but not limited to evictions and lease modifications, PHDC may:
 - a. Increase or decrease the Cost Burdened Tenant's Shallow Rent Voucher amount;
 - b. Cease all future payments associated with that Shallow Rent Voucher; or
 - c. Work with Respondents to ensure another tenant at a comparable income occupies the unit.
- 5. PHDC will carry out Tenant Income Certifications and HQS Inspections annually.
- 6. Respondent shall provide an annual rent roll for its Properties to PHDC.
- 7. PHDC will solicit feedback from Respondents and will seek to improve this program in response to challenges and opportunities identified by Cost Burdened Tenants and Respondents throughout early implementation.

Scope of Work

Respondents will apply for Shallow Rent Vouchers on behalf of Cost Burdened Tenants, which will include:

1. Identifying Cost Burdened Tenants renting units in Properties who are paying more than 30% of their income on rent after all applicable federal, state, and local subsidies;
2. Scheduling, attending, and following up on Intake Appointments with PHDC staff responsible for carrying out Tenant Income Certifications and HQS Inspections;
3. Executing Shallow Rent Agreements;
4. Receiving and processing Shallow Rent Vouchers monthly;
5. Requesting a Rent Increase Approval Memo, if Respondents plan to increase the rent charged to tenants receiving a Shallow Rent Voucher; and
6. Scheduling, attending, and following up on annual Tenant Income Certifications and HQS Inspections.

Response Submission Requirements

Responses must include responses to each of the following prompts.

[Cover letter](#)

Please provide a cover letter not to exceed two (2) pages that includes:

1. Project description:
 - a. Address of proposed project;
 - b. Overview of any federal, state, and local subsidies committed to the development and operations of the project, as well as the general terms of those subsidies;
 - c. Description of any associated tenant and unit compliance procedures associated with all applicable federal, state, and local subsidies committed to the development and operations of the project; and
 - d. Any additional pertinent information Respondents wish to share about the Property or project.
2. Names of firms, organizations, or legal entities that have an ownership interest in the project;
3. Federal EIN;
4. Primary point of contact:
 - a. Name;

- b. Mailing address;
- c. Phone number; and
- d. Email address.

[Shallow Rent Voucher Tenant Application](#)

For each Cost Burdened Tenant that Respondents are applying on behalf of, populate the attached spreadsheet (**Attachment A**) with the following information:

1. Unit number;
2. Number of bedrooms in unit;
3. Term of lease agreement;
4. Lease execution date;
5. Tenant name;
6. Household size;
7. Gross monthly rent;
8. Gross monthly household income;
9. Current sources of rent subsidy (e.g., ACCs);
10. Affordable tenant contribution, which is defined as the difference between gross monthly rent plus rent subsidy and gross monthly income;
11. Number of late payments, which is defined as the number of late rent payments during the aggregate lease term(s); and
12. Description of any recent employment or benefits changes that may impact the tenant's ability to pay rent in the upcoming year.

[Additional Attachments](#)

1. Most recent rent roll;
2. Last three (3) months of delinquency balance reports;
3. Most current property operations P&L statement and balance sheet;
4. Most current audit report;
5. Current rental license;
6. Current business licenses;
7. Shallow Rent Voucher Tenant Application Spreadsheet (**Attachment A**);
8. Tax Clearance and Conflict of Interest Form (**Attachment B**);
9. Campaign Contribution Disclosure Form (**Attachment C**); and
10. Insurance Requirements (**Attachment D**).

Evaluation & Selection

PHDC intends to issue Shallow Rent Vouchers to Respondents who have applied on behalf of Cost Burdened Tenants based on the following priorities:

1. Ability to serve households that are at risk of being evicted due to a change in employment and/or the termination of federal, state, or local benefits or subsidies; and
2. Ability to serve households:
 - a. That are spending more than 50% of their gross income on housing ("**Severely Cost Burdened**"),
 - b. Whose income does not exceed the higher of the Federal Poverty Level or 30% of Area Median Income ("**Extremely Low Income**"); or
 - c. Whose income does not exceed 50% of the Area Median Income ("**Low Income**").

Events of Disqualification or Default

Subsequent to the selection of Respondent(s), and before the execution of a Voucher Agreement, PHDC may treat any of the following as an event of disqualification or default:

1. Unilateral withdrawal by a selected Respondent;
2. Failure to proceed substantially in accordance with the Response as submitted;
3. Failure by a Respondent for any reason whatsoever to timely execute the Service Agreement when tendered;
4. Material misrepresentation, omission, or inaccuracy contained in any document submitted either as part of this RFP, or subsequent thereto; and/or
5. Failure to provide in a timely manner any additional materials required after selection.

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

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

Declarations & Other Information

[Economic Inclusion](#)

PHDC strongly encourages and promotes the employment of certified "**M/W/DSBE**" firms - defined as Minority Business Enterprises ("**MBE**"), Woman Business Enterprises ("**WBE**"), or Disabled Business Enterprises ("**DSBE**") - in all aspects of its procurement of goods and services. If Respondent is a certified M/W/DSBE firm, please submit information to confirm certification as part of the Response.

[Tax Clearance & Conflict of Interest Form](#)

Respondents, upon request of PHDC, must provide evidence satisfactory to PHDC that:

- all municipal taxes, including business taxes, real estate, school, water and sewer charges, if applicable, are current for both the individual applicant and a Respondent's firm and neither is currently indebted to the City; and
- will not at any time during the term of the Voucher 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 Response.

[Campaign Contribution Disclosure Forms](#)

Please complete the applicable disclosure forms and submit with your Response (**Attachment C**).

[Insurance Requirements](#)

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

Terms & Conditions

By submitting a Response to this RFP, Respondents affirmatively acknowledge: (i) acceptance of the terms and conditions of this RFP; (ii) that PHDC may exercise in its sole discretion the following rights; and that PHDC may exercise the following rights at any time and without notice to any Respondent:

1. to reject any and all Responses;
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 Responses;
6. to conduct personal interviews with Respondent(s) to assess compliance with the selection criteria;
7. to request additional material, clarification, confirmation, or modification of any information in any and all Responses;
8. to negotiate any aspect of Responses, including price;
9. to terminate negotiations regarding any and all Responses at any time;
10. to expressly waive any defect or technicality in Responses;
11. to rescind a selection prior to execution of the Voucher Agreement if PHDC determines that such Response does not conform to the specifications of this RFP;
12. to rescind a selection prior execution of the Voucher Agreement if PHDC determines that the specifications contained in this RFP are not in conformity with law or that the process in selection of Responses were not in conformity with law or with the legal obligations of PHDC;
13. in the event a Voucher Agreement is awarded, the successful Respondent(s) shall procure and maintain, during the life of the Voucher Agreement, liability insurance in an amount to be determined prior to the award of any Voucher Agreement;
14. in the event a Voucher Agreement is awarded, all Respondents agree to perform their services as an independent contractor and not as an employee or agent of PHDC;
15. in the event a Voucher Agreement is awarded, all Respondents agree that no portion of performance of the Voucher Agreement shall be subcontracted without the prior written approval of the PHDC; and
16. each Respondent agrees to indemnify, protect and hold harmless PHDC and the City from any and all losses, injuries, expenses, demands, and claims against PHDC or the City sustained or alleged to have been sustained in connection with or resulting from: (i) submission of a Response; (ii) the delivery by Respondents to PHDC of any documents or information; and (iii) any other conduct undertaken by the Respondents in furtherance of or in relation to the Response. Each Respondent 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.

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

NOTICE: PHDC and/or the City reserve the right to disclose any information provided in your Response to this RFP to the public. Documents provided in your Response to this RFP may also be required to be disclosed by applicable law, subpoena, and/or court order.