

**Division of Housing and Community Development/Office of Homeless Services**  
**REQUEST FOR PROPOSALS – FEBRUARY 2022**  
**Production of Permanent Homeless Housing and Special Needs Projects**

The Division of Housing and Community Development (DHCD) in collaboration with the Office of Homeless Services (OHS) is soliciting proposals to finance the development of permanent homeless housing using funding from the Neighborhood Preservation Initiative (NPI). This Request for Proposals (RFP) is designed to provide gap financing for the development of permanent homeless housing projects that will NOT seek Four Percent or Nine Percent Low Income Housing Tax Credits (LIHTC) from the Pennsylvania Housing Finance Agency (PHFA).

**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. Also note that the development of affordable units for which a developer is receiving a density bonus under the Mixed-Income portion of the Zoning Code is NOT eligible under this RFP.**

Proposals received in response to this RFP will be reviewed by an interagency group comprised of representatives of DHCD, OHS, PHDC, and the Philadelphia City Planning Commission. Proposals submitted to the RFP should be generally consistent with the Rental Selection Criteria, Appendix pp. 14-21 in the City's Annual Action Plan Federal Fiscal Year 2021 (City Fiscal Year 2022), which is available at <https://www.phila.gov/documents/five-year-consolidated-plan-annual-action-plans-and-reports/>

### **Development Preferences**

The NPI funds under this RFP are designated to provide long-term housing opportunities for people who meet one or more of the definitions in Attachment A. The City will prioritize projects that will provide housing for people who are literally homeless and/or fleeing domestic violence.

In addition, as adopted by the CoC Board, the City is setting a preference for projects that serve the following populations:

- People experiencing chronic homelessness
- Older adults (65+)
- Medically fragile people
- Survivors fleeing domestic violence, dating violence, sexual assault, human trafficking, or stalking
- Families with children
- Returning citizens
- Youth 18-24
- People with severe mental illness
- People with physical disabilities
- People with substance use disorder
- Marginalized Groups (Refugee, Latin(a)(o)(x), BiPOC)
- Veterans

## General Program Requirements

### Eligible Applicants

Applicants must be for-profit or nonprofit affordable housing developers or partnerships with an experienced affordable housing development team.

### Eligible Activities

The goal of the RFP is to identify projects that will create long-term housing opportunities for people who are homeless and incomes must also be consistent with the requirements of NPI (<100% AMI), and/or any other subsidy programs such as ACC's as applicable. Acquisition, rehabilitation and new construction housing developments are eligible under this RFP.

**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.**

### 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

All affordable rental housing projects must meet the following Set-Aside Requirements:

- Ten percent (10%) Physical Disability
- Four percent (4%) Hearing and Vision Disability
- All units are required to be filled via referrals from the Supportive Housing Clearinghouse (see definition in Attachment A). In many cases, individuals referred from the Clearinghouse will come with a behavioral health service package.

Applicants that are eligible and willing to participate in the HUD Section 811 Demonstration Program by providing units designated for persons with disabilities ages 18-61 will be given priority consideration.

**Readiness to Proceed**

Priority will be given to projects that are ready to go and if awarded under this RFP can be under construction by the end of 2022. Projects that do not have site control 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. If the project does not have zoning approval, please provide where project is in the zoning approval process and timeline to complete the process.

**Priority Goals**

In addition to the preferences already cited, projects exceeding the 10 percent Accessibility requirements will be given priority consideration.

**Maximum Funding Request**

Development projects may apply for no more than **\$2 million or \$75,000/unit** in total subsidies administered by DHCD. Priority will be given to projects leveraging approved commitments from other funding sources. Proposals with requests greater than this limit will not be considered.

**Financial Feasibility/Leveraging**

Priority will be given to projects that highly leverage the City's gap financing. Projects that leverage higher amounts will be ranked higher. Projects with substantial financing gaps with unrealistic plans to receive commitments in a reasonable timeframe will be ranked significantly lower.

## Proposal Format

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, amount of subsidy requested, and additional information.

### 2) Project Description

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

- Type of housing being developed (new construction and 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 <20% of area median.
  - Household income >20% and <30% of area median.
  - Household income >30% and <60% of area median.

Applicants MUST provide estimates based on these income categories. As this RFP is to provide homeless and/or special needs housing, the applicant must explain what operating support will be provided to households to meet the projected rents.

- 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 (building type, square footage, number of units by bedroom size, parking, lot size, etc.) Please provide renderings, site plans and floor plans if available.
- Green and/or sustainable elements.

### 3) Neighborhood Context and Location

Is the project consistent with any existing neighborhood plan? 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? 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 provide date and sign in sheet from the meeting and summarize any comments received from the community. If a virtual meeting was held, please provide a copy of the notice and invitation to the meeting, list of attendees and all comments.

### 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. Please note there are two sheets in the operating proforma spreadsheet if your project includes an operating subsidy use the form that includes the operating subsidy.

Provide supporting evidence of all funding commitments received, and a list of pending applications with dates of submission and expected awards.

For housing developments where the replacement costs exceed the Cost Containment Policy, the developer must utilize a competitive bidding process to procure and select a general contractor.

For purposes of calculating project costs the cost of environmental remediation, remediation of subsurface conditions, demolition of structures, and meeting requirements of the Philadelphia Historical Commission may be excluded from the total calculation. The developer must provide documentation to PHDC for associated costs for review and approval by PHDC staff. Note: developments meeting the Passive House Requirements for energy efficiency can exceed the Cost Containment Policy by 10 percent. Please be advised, **PHDC does not grant waivers for this requirement.**

#### 6) Site Control and Timetable

Provide a detailed description of the project's site control and Identify key benchmarks for project development, including financing, pre-development activities, entitlements (ie. zoning & building permits), 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, management agent, etc. Provide a list of recent development/management projects and status of each activity. A description of the supportive services provider and experience must be included.

#### 8) Office of Economic Opportunity

The attached "Economic Opportunity Plan" (Exhibit C) details the procedures that must be followed regarding participation ranges. **If selected under this RFP**, the Developer and/or General Contractor shall meet with Division of Housing and Community Development's (DHCD) Compliance Unit, to set Minority, Women and Disadvantage Business as well as Workforce Development goals prior to submitting Economic Opportunity Plan. Agreed upon goals will then be submitted to the Office of Economic Opportunity (OEO) for signature by the Deputy Commerce Director and the Compliance Unit. Completed plans will then be forwarded to PHDC Board for approval.

Complete the required M/W/DSBE Participation Workforce Commitment form (Exhibit D), and include them in the RFP response. If Exhibit D cannot be completed because contractors, subcontractors, suppliers or vendors have not been solicited, complete the Contractor Compliance form (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.

Minority participation in all stages of the project is strongly encouraged. Including but not limited to ownership/developer, general contractor, professional services, purchasing/vendors, construction labor and lease-up.

### **Threshold Criteria**

The City has identified minimum Threshold Criteria required for this RFP. Proposals that do NOT meet the required Threshold Criteria below will be deemed ineligible and will NOT be reviewed. The Threshold Criteria is as follows:

- Only proposals for homeless or special needs housing will be reviewed
- Incomplete or omission of the required forms:
  - o Project Summary Sheet
  - o Development and Operating Budgets
- No OEO Forms
- Timeline not included
- No evidence of site control
- No evidence of community engagement
- Request exceeds subsidy limit

## Proposal Evaluation

Proposals meeting threshold will be evaluated on the following criteria:

### 1) Neighborhood Context, Design and Location

Appropriateness of the proposed development for the neighborhood. Discussion of housing market and location to amenities/opportunities. Evidence of conducting at least one community meeting including those held virtually. Consistency with existing neighborhood and/or Planning Commission District plans, if any. Site plan, building design and amenities. Impact on other public or private investment. Green or sustainable design elements such as LEED for Neighborhood Development.

### 2) Developer Capacity and Track Record

Strength and track record of the development and management team. Identify non-compliance issues. Capacity to undertake new or additional projects. Ability to secure construction financing.

### 3) Population Served

Preference populations served. Affordability. Priority will be given to proposals serving households at or below 30 percent of AMI. Supportive services to be provided. Marketability.

### 4) Site Control and Readiness to Proceed - presented in a detailed development timeline.

Status of site control and zoning. Please be advised that projects that have zoning in place will be considered more favorably. Status of other funding commitments. Other funding commitments should include documentation from funding sources. Evidence of operating subsidy commitments.

### 5) Development Budget

Should include all sources of financing and amounts. For example, total City Subsidy, PHARE or other State funds, Federal Home Loan Bank Funds, and other sources. Development Costs should include detailed construction cost, soft costs, financing fees, reserves, developer fee which is limited to 10% of replacement cost, syndication fees etc. Per unit and per square foot development and subsidy costs.

### 6) OEO Responsiveness

Detailed plan to meet or exceed goals. Past performance listing projects developed and goals achieved.



### **Briefing Session**

A pre-submission Zoom conference (non-mandatory) will be held on February 14, 2022 at 2:00 pm to answer any questions regarding this RFP. Interested parties are urged to attend this conference. If you are interested in attending this virtual conference, please contact Mirta Duprey at [Mirta.Duprey@phila.gov](mailto:Mirta.Duprey@phila.gov) by close of business February 11, 2022.

### **Proposal Submission**

Proposals must be in the format as described on page 4 and must be received no later than midnight, Friday March 18, 2022.

**Applications must be submitted on-line by clicking the Online Submission button located under the RFP for Affordable Rental Production and Preservation Housing Projects on the Funding Opportunities webpage of PHDC's website:**

<https://phdcphila.org/communityinvestment/development-project-finance/funding-opportunities/>

Questions related to the RFP may be directed to Mirta Duprey, at 215-686-9770, or [mirta.duprey@phila.gov](mailto:mirta.duprey@phila.gov). Questions must be submitted in writing by February 22, 2022. Answers to all questions received will be posted on the DHCD and PHDC websites by February 25, 2022. 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.