2025 Non-LIHTC Housing RFP

Frequently Asked Questions

1. Tenant Eligibility, Income Verification, and Compliance

1.1. Can you describe the documentation required to verify existing tenant incomes and new tenant incomes?

During the initial lease-up of an affordable housing development, PHDC may require the review of all potential tenant files to verify eligibility. The required documentation includes the PHDC Tenant Income Certification, PHDC Lease Addendum, and all supporting verifications and certifications related to income, assets, etc. All affordable developments are required to submit an annual Beneficiary Information Report.

1.2. Will PHDC's review of tenant incomes and beneficiary/tenant information fact sheet be required for existing tenants or only new leases after completion of a preservation project?

At the initial lease-up of an affordable housing development, whether preservation or new construction, PHDC may require the review of all potential tenant files to verify eligibility. All affordable developments are required to submit a Beneficiary Information Report upon project completion and annually thereafter.

1.3. Will PHDC require new tenant income verification during the 42-year compliance period?

PHDC may conduct compliance reviews, file reviews, and HQS inspections every three (3) years during the forty-two (42) year compliance period.

2. Definitions and Eligible Project Types

2.1. Are both new construction and preservation projects eligible?

Yes. Both new construction and preservation projects are eligible to respond to this RFP. However, preservation projects will only be eligible for HOME-ARP if the end use provides rental units for Qualifying Populations under HOME-ARP.

2.2. Can you define naturally affordable housing?

"Naturally affordable housing" (sometimes called "Naturally Occurring Affordable Housing," or NOAH) refers to unsubsidized rental housing owned by private entities that is affordable to households earning approximately 30–80% of Area Median Income (AMI). These units are affordable because of their age, condition, or location, not because of government subsidy or rent regulation.

- Proposals seeking to convert NOAH into subsidized affordable housing with long-term affordability restrictions under this RFP should complete the Project Summary Form as follows:
    1. Select "Preservation (occupied)" as the *Development Category*
    2. Leave the *Expiration Year of Existing Affordability* field blank
    3. Select "Conversion of NOAH into Subsidized Affordable Housing" as a *Project/Location Attribute*
- Reminder: Funds awarded under this RFP may not be used for acquisition of NOAH properties, but may be used to rehabilitate NOAH properties that are already owned or are being purchased with other funding source(s).

2.3. Please define existing and affordable in reference to the eligible activities on page 7 of the RFP. "Preservation (occupied): Preservation projects involving the rehabilitation of <u>existing affordable</u> units."

Under this RFP, "existing" refers to housing units that are already constructed and in use as affordable rental housing. Selecting this activity indicates that the project proposes to rehabilitate units that are already in service (or were recently in service) as affordable rental housing.

- Under this RFP, "affordable" means that the existing units have historically served, or will be restricted to serve following rehabilitation, households at or below certain income limits (e.g., at or below 60% of Area Median Income or another specified threshold), and that rents will remain consistent with those limits for the required affordability period.
- Projects that select the "Preservation (occupied)" category are proposing to rehabilitate units that are already built and affordable and will continue to remain affordable for the required affordability period at the specified level of affordability. The affordability period and level will be established in the

Declaration of Restrictive Covenant recorded on the property(ies) at loan closing. Financing is typically structured as a 0% interest loan with a 42-year term and an affordability period of up to 42 years, or until the loan is repaid in full. However, specific funding sources may dictate different loan terms.

2.4. Will this funding round consider for sale affordable single-family units?

No, this RFP is not intended to fund property acquisitions or homeownership units.

2.5. Does this RFP support projects that are producing affordable rental apartment units combined with affordable for sale single-family housing units?

No. This RFP does not support projects that combine affordable rental units with affordable for-sale single-family housing. Proposals must be structured as a rental housing development.

2.6. Under the funding, can a project providing homeownership opportunities in a shared living model with affordable rental units be considered eligible? If so, will funding be available for the entire unit or only the rental portion?

The purpose of this RFP is to preserve and increase the supply of affordable rental housing through the preservation/rehabilitation of existing affordable units and the new construction of affordable units. Only rental units and non-congregate shelter units are eligible for funding under this RFP. Homeownership units and rental units that include an option or pathway to convert to homeownership are not an eligible use of funds under this RFP.

- If a proposal includes both rental and homeownership components, only the clearly delineated rental portion may be considered for funding; any homeownership component must be financed separately. For “shared living” models, units must comply with program leasing and occupancy rules (i.e., the unit must be leased to a single household and may not house two or more unrelated households in one unit).

2.7. The RFP states that “projects must not house two or more unrelated individuals/households in a unit.” Please clarify the intent behind this requirement. For example, is the intent to prohibit shared or roommate-style housing arrangements, or are there other compliance or programmatic reasons for this restriction?

The intent of this requirement is to ensure that this RFP does not support projects requiring two or more unrelated individuals or households to share a unit. The goal of this RFP is to preserve and create affordable rental housing units, not congregate shelter beds or shared/roommate-style housing arrangements.

- Each unit assisted under this RFP must be developed for occupancy by a single household, rather than serving multiple unrelated households with a single unit.
- *This requirement is consistent with federal program rules and serves several purposes:*
    - *Affordable housing subsidy programs such as HOME and HOME-ARP define occupancy, rent, income eligibility, and tenant lease terms on a household basis. If multiple unrelated households occupy one unit, tracking income eligibility, rent calculations (e.g., 30% of income), and occupancy standards become complex and inconsistent with HUD regulations.*
    - *The restriction ensures that each assisted unit functions as an independent rental unit for one household and meets habitability and program standards, rather than being divided among unrelated individuals.*
- Single Room Occupancy (SRO) projects are permitted under this RFP; however, to be eligible for HOME-ARP funding, they must meet the minimum eligible costs and program requirements under HOME-ARP (HOME-ARP Non-Congregate Shelter: Eligible Costs).

2.8. What documentation or thresholds are required to demonstrate that a property qualifies as "existing affordable housing" under this definition? Specifically, would providing current rent levels and tenant income (AMI) information be sufficient to determine eligibility as a preservation project? Our project, a 49 unit building in Germantown, has current rents between $750-$1100 and at least 65% of current tenants at 60% AMI or lower.

To demonstrate eligibility under the "Preservation (occupied)" category, your application should include:

- Narrative explaining how the project will preserve the existing stock of affordable housing (i.e., maintain the affordability, extend the useful life of the property, prevent loss of affordability).

- A current rent roll showing unit sizes, rents being charged, occupancy status, and tenant incomes (or statistics indicating the percentage of tenants at or below specified AMI thresholds).
- Evidence that the units are currently in use (occupied or previously occupied) as rental housing (for example: leases in place, occupancy certificates, etc.).
- A description of the current condition of the property and the need for the proposed rehabilitation, along with your plan to preserve affordability going forward (including rent/income limits). For NOAH, the plan to preserve affordability should align with the current tenant mix so that the project will be in compliance with the new affordability restrictions once they are in place.

3. Funding Sources, Uses, and Limits

3.1. Can projects under this RFP be paired with 4% or 9% LIHTCs?

No. This RFP is for projects that do not already have and will not seek 4% or 9% LIHTCs from PHFA.

3.2. What can loan proceeds be used for?

Loan proceeds can only be used for hard costs for work completed as evidenced by signed AIA Application and Certificate for Payment documents

3.3. Does PHDC withhold any retainage from loan disbursements?

Yes. PHDC withholds a 10% retainage based on work completed (hard costs only) from loan disbursements. The retainage is released only when the project is completed to PHDC's satisfaction, and all required compliance documentation has been received

3.4. Can these funds be used to close a financing gap on the acquisition of multi-unit properties for the purpose of preserving existing affordable housing?

The acquisition of property or payment of soft costs is not an eligible use of funds under this RFP. However, if other funding sources are available to cover acquisition costs, funds under this RFP may be used to finance the hard costs required to rehabilitate the units.

3.5. Would a joint full/partial unit acquisition effort between a nonprofit tenant/service provider and the property developer—focused on converting

existing market-rate units within a new mixed-use development into affordable units—be eligible under this RFP?

This scenario does not appear to be an eligible use of funds under this RFP. The acquisition of property or payment of soft costs is not an eligible use of funds under this RFP. If other funding sources are available to cover acquisition costs, funds under this RFP may be used to finance the hard costs required to rehabilitate the units. However, it is not likely that a new development will need rehabilitation, and thus there would be no hard costs that are eligible for funding under this RFP.

3.6. If full acquisition or purchase of the building is not eligible, are there other pathways within this RFP through which DHCD/PHDC might support this type of nonprofit–developer partnership or conversion effort (e.g., rehabilitation, subsidy layering, HOME-ARP–eligible activities, or preservation)?

No, this RFP is not intended for the acquisition or purchase of buildings. The City has previously released RFPs that funded the acquisition of properties and may do so again in the future.

3.7. What percentage of the total project funding is the Developer required to contribute?

There is no specified percentage of total project funding that must be contributed by the developer. However, under this RFP, PHDC financing is available only for hard costs, and PHDC loan documents stipulate that PHDC funds may be disbursed solely for hard costs, as evidenced by AIA forms showing work completed.

Accordingly, developers must identify and secure other sources of funding for all costs not included in the construction contract, as well as for any soft costs that may be included in the contract (such as bond premiums, builder's profit, and builder's overhead).

3.8. In addition to financial assistance, what types of support or resources, such as zoning and permitting or regulatory facilitation, are provided to the Developer?

PHDC's primary role under this RFP is to provide financial assistance and program oversight. While PHDC does not directly obtain zoning, permitting, or other regulatory approvals on behalf of the Developer, staff may provide coordination and guidance to facilitate these processes.

3.9. Aside from the $3M cap for LIHTC financing, does this RFP impose any restrictions or limitations on how the Developer may structure capital stacking or utilize multiple funding sources?

No, aside from the $3 million cap, this RFP does not restrict how Developers structure their capital stack or combine multiple funding sources. Developers are encouraged to leverage other public and private resources.

3.10. What is the maximum developer fee allowed?

Per the Selection Criteria (Annual-Action-Plan-2025-2026.pdf_) for non-LIHTC projects, the developer fee is limited to 10% of replacement costs (excluding acquisition costs). Developers may apply for and receive a developer fee of up to 15%; however, any amount exceeding the 10% limit must be reinvested into project reserves, such as operating deficit, rent subsidies, or supportive services.

Please note that development budgets should show soft costs, including any proposed developer fee, funded with sources other than funds awarded under this RFP, as PHDC loan documents stipulate that PHDC funds are disbursed for hard costs only, as evidenced by AIA forms showing work completed.

3.11. Is it reasonable to allocate 20% to 25% of the development budget for soft costs?

PHDC will review all budgets for cost reasonableness and consistency with industry standards. Projects with higher soft cost ratios should include justification demonstrating that the costs are necessary and appropriate for successful completion.

Please note that development budgets should show soft costs funded with sources other than funds awarded under this RFP, as PHDC loan documents stipulate that PHDC funds are disbursed for hard costs only, as evidenced by AIA forms showing work completed.

3.12. Would the City consider allowing certain soft costs, such as architectural and design fees that are directly tied to construction, to be eligible for funding?

No.

4. HOME-ARP Related Questions

4.1. In reading the HOME ARP plan, it looks like at least 70% of units need to be committed for tenants at-risk of homelessness- defined as 30% AMI or below. Does that mean one project needs to have 70% of total units reserved for that? For example, if a project has 20 units with 12 units (60%) reserved for 20-30% AM, can you request around $3 million in HOME ARP funds for those units, and then about $1 million in regular City funds for the remainder?

It is the City's intention to use 100% of HOME-ARP rental funds for units that will be rented to Qualifying Populations under HOME-ARP. A *HOME-ARP (Mixed)* project may request more than $3 million in total funding, provided that it is clear in the proposal how much funding will be for the HOME-ARP units and how much will be for the non-HOME-ARP units. Any amount allocated to non-HOME-ARP units is capped at $3 million.

4.2. Please make a distinction between HOME ARP(Full Project) and HOME ARP (Mixed). We are developing a project for at-risk of losing housing and unhoused veterans would this be a qualifying QP and allow the application to exceed $3M?

HOME-ARP (Full Project) should be selected when all units in the project will be restricted to Qualifying Populations (QPs) under HOME-ARP. *HOME-ARP (Mixed)* should be selected when only a portion of the units will be restricted to QPs and the remaining units will serve other populations.

A *HOME-ARP (Mixed)* project may request more than $3 million in total funding, provided that it is clear in the proposal how much funding will be for the HOME-ARP units and how much will be for the non-HOME-ARP units. Any amount allocated to non-HOME-ARP units is capped at $3 million.

4.3. Can you explain the how the funding type is determined if the project is a blend between HOME-ARP and Non-HOME-ARP?

The funding type is determined on a per unit basic. Ideally, the units funded using HOME-ARP money will be indicated on the proposal.

5. Application Forms, Submission & Process

5.1. Are market studies required for projects submitted under this RFP?

No. Market studies are not required. However, respondents are welcome to conduct market studies and submit them as supporting documents

5.2. When will awardees be notified?

Awardees can expect to be notified during winter 2025-2026

5.3. For clarity, are the following forms no longer required for the funding RFP? They are the Conflict of Interest form, the Capital Campaign form, and the Tax Certification form?

The RFP does not list the Conflict of Interest, Capital Campaign, or Tax Certification forms as submission requirements. Applicants should therefore assume that these three forms are not required at the time of application. However, these forms—and others—may be required later during PHDC's underwriting and closing process. A list of underwriting and closing requirements can be found in the Annual-Action-Plan-2025-2026.pdf (See pages 200-201 of the PDF)

5.4. Does the Project Excel Workbook have to be submitted in excel format or can it be submitted as a PDF?

Please submit it as an Excel document. The project narrative should be submitted as a PDF.

5.5. Is there is an expected timeline for the award announcement for this RFP?

We anticipate announcing awardees in late winter/early spring 2026.

5.6. Is there a limit on the number of proposals a developer can submit?

No, there isn't a limit on number of proposals a developer can submit.

6. Project Eligibility, Structure & Development Categories

6.1. Do developers need to be a 501(c)(3)?

No. Developers are not required to have 501(c)(3) nonprofit status for this RFP.

6.2. Can projects be located outside Philadelphia (e.g., Delaware County)?

No. Only projects located within the City of Philadelphia are eligible for this RFP.

6.3. Can a project start construction before award or closing?

No. Projects must not begin construction prior to the award announcement or loan closing. PHDC issues a Notice to Proceed only after loan settlement.

6.4. What if I have no prior affordable housing development experience?

First-time developers are encouraged to partner with experienced affordable housing teams

6.5. For applicants/developers that do not have experience, should/can consultants complete the project list chart?

Yes, consultants may assist in completing the project list chart if the applicant/developer does not have prior experience, but it must be clearly indicated that the projects listed represent the consultant's experience rather than the applicants. The chart should specify the role of each party (e.g., "Consultant experience," "Developer – no prior projects") to ensure transparency in the review process.

6.6. For preservation projects, do the same experience requirements as ground-up development apply to qualify for this RFP?

Yes, the same experience requirements generally apply to preservation projects as to ground-up developments.

6.7. Our project's primary development category is Preservation. Do I also check off Secondary Development category in the development details section to account for units that are unoccupied?

The development category "Rehab (unoccupied or vacant)" is intended to capture projects that create new affordable housing units by rehabilitating an existing structure, as opposed to producing new units through new construction. If the project involves existing affordable units that are currently vacant due to natural turnover or temporarily vacant to facilitate tenant relocation during rehabilitation, please select "Preservation (occupied)" as the *Development Category* and do not select a *Secondary Development Category*.

Below are examples of projects that should include a Secondary Development Category. Whichever category is resulting fewer units should be designated as the *Secondary Development Category*.

- **Example 1:** A project will result in a total of 21 units through a combination of rehabilitating 15 existing affordable units and constructing 6 new affordable units on an adjacent parcel.
  i. Development Category: Preservation (occupied)
  ii. Secondary Development Category: New Construction
- **Example 2:** A project will result in a total of 12 units through a combination of converting an existing vacant mixed-use building into 8 new affordable units with a community space on the first floor and the new construction of 4 units on adjacent land that was previously used as a parking lot
  i. Development Category: Rehab (unoccupied or vacant)
  ii. Secondary Development Category: New Construction .

6.8. If a developer has an owner's representative with affordable housing development experience, can this be added to the application?

Yes. A developer may include an owner's representative with relevant affordable housing development experience as part of the development team. The representative's qualifications and role should be clearly described in the application.

6.9. If the project falls under the maximum per unit cost allowed, will they have to participate in the competitive bidding process?

Yes. Please refer to PHDC's Cost Containment Policy for additional guidance and requirements.

7. Geographic and Policy Priorities

7.1. Can projects be located outside Philadelphia (e.g., Delaware County)?

No. Only projects located within the City of Philadelphia are eligible for this RFP

7.2. The project is located in West Philadelphia, primarily serving residents within ZIP codes 19131, 19139, 19143, and 19104—areas with significant need for affordable housing and wraparound human services. Would this

geographic area align with current City priorities under this RFP? 35% of our clients live in zip codes 191389

Please see the "Project and Location Attributes" section of the RFP for more information on location preferences. Additionally, a map of the High Opportunity Areas and the Placed-Based Strategy Areas can be found here: https://phl.maps.arcgis.com/apps/dashboards/d910dc1efcd0406cb44cba2d9cd7f56e.

7.3. Should projects be in specific locations?

No, projects located throughout the City will be considered. Projects located in a Place-Based Strategy Area or High Opportunity Area will be looked upon favorably.

8. LIHTC-Related and Aging Projects

8.1. Can projects under this RFP be paired with 4% or 9% LIHTCs?

No. This RFP is for projects that do not already have and will not seek 4% or 9% LIHTCs from PHFA

8.2. Is there a timeline for release of next LIHTC RFP?

No, we do not have a timeline for the release of the next LIHTC RFP.

8.3. Can these funds be used for preservation or rehabilitation of an affordable multi-unit property that we currently own, which no longer has an active LIHTC tax credit award? Similarly, will aging LIHTC projects be considered for funding?

Projects previously funded with LIHTC are not precluded from consideration under this RFP. However, this Request for Proposals (RFP) is intended to provide financing for the development, rehabilitation, and preservation of projects that will *not* seek Four Percent or Nine Percent Low-Income Housing Tax Credits (LIHTC) from the Pennsylvania Housing Finance Agency (PHFA).

- As with any project submitted under this RFP, aging LIHTC projects must provide a clear *but-for* analysis demonstrating the capital needs and why those capital needs cannot be addressed without the requested DHCD funding.

- If an aging LIHTC project is awarded funding under this RFP and later seeks LIHTC gap financing under a different RFP, PHDC and DHCD reserve the right to take into account that the project recently received non-LIHTC funding when making future funding decisions.

9. Project Requirements, Restrictions & Regulatory Compliance

9.1. Is competitive bidding required?

It depends. Under PHDC's Cost Containment Policy, competitive bidding is required for GC selection if replacement cost exceeds 120% of HUD limits. Below that threshold, the developer may select a contractor of choice

9.2. Is prevailing wage required?

Yes. All projects funded under this RFP must comply with prevailing wage requirements.

9.3. Is a contractor bond required?

Yes. A contractor bond is required for all projects.

9.4. Is insurance required for all projects?

Yes. See Exhibit B for additional information on PHDC's insurance requirements.

9.5. Is union labor required?

No. Union labor is not required; however, prevailing wage rates must be paid.

9.6. Is there a minimum/maximum number of units?

No. There is no minimum or maximum number of units for this RFP.

9.7. Can the accessible unit requirements be reduced below 10% for physical disability and 4% for hearing/vision disability?

No, except in rare cases for preservation projects where adding accessible units is infeasible.

9.8. Can the homeless and special needs set-aside requirement be reduced below 10%?

No. Requests to reduce the set-aside below 10% will not be considered. All referrals must come through OHS Supportive Housing Clearinghouse

9.9. Can the visitability requirement be waived for new construction projects?

No, except in rare cases. The visitability requirement for new construction will not be waived.

9.10. What is the expected completion timeframe?

Projects are expected to reach completion within twelve months of closing, subject to review and approval.

9.11. Are there any deed restrictions associated with the developed properties? If so, could you please specify them?

Yes. PHDC will require a Declaration of Restrictive Covenants, Conditions, and Restrictions for all projects. The declaration will be for a total period of 42 years and will be recorded against the property in the City's Department of Records as a covenant running with the land. All project declarations will make the property subject to the City's occupancy requirements, rental limits, and other restrictions. For HOME-ARP funded projects, the declaration will also include HOME-ARP program requirements including, without limitation, occupancy requirements and rental limits, which will be applicable during the initial HOME-ARP compliance period.

9.12. Is the Developer responsible for obtaining the Use & Occupancy permit, or will DHCD assist with this process?

The developer is responsible for obtaining the Use and Occupancy permit.

9.13. Is the project subject to prevailing wage requirements if we are only receiving $3 million in funding from PHDC? Could we pay $3 million-dollar prevailing wage only?

Projects receiving PHDC funding are subject to prevailing wage requirements for the entire project, not just the portion funded by PHDC.

9.14. Can you explain the EnergyWorks requirement? Is it a part of the threshold requirements?

No, Energy Works is not a threshold requirement. Projects that incorporate energy efficiency or other design considerations outlined in the RFP will be looked upon favorably.

9.15. Is there a maximum AMI?

No, there isn't a maximum AMI.

9.16. Is there a minimum or maximum number of units per proposal?

No, there is no minimum or maximum number of units. The City's goal is to produce and preserve as many units as possible.

9.17. For permanent and supportive housing projects, will it look favorably if the building offers on-site services?

Yes, but this RFP does not fund supportive services.