

Pittsburgh Housing Opportunity Fund (HOF) Rental Gap Program (RGP) EXHIBIT E: Application Narrative

Contents

I.	Eligibility Check List	2
II.	Development Team Information (provide for each team member, as applicable)	3
III.	Project Information	4
IV.	Project Narratives.....	5
1.	Project Background	5
2.	Sponsorship/Development Team	6
3.	Sources and Uses	12
4.	Development Budget	13
5.	Operating Budget and Pro-Forma.....	15
6.	Market Overview and Appraisal	16
7.	Term of Affordability.....	16
8.	Project Importance and P4 Priorities.....	17
9.	Additional Information (Optional).....	19
V.	Excel Workbook.....	20

I. Eligibility Check List

Check if statement is true.

- All HOF funds will be used for acquisition and/or construction of rental housing affordable to households at or below 50% AMI, and for supportive services associated with HOF-funded units.
- The property includes at least 4 affordable units.
- The development team includes a non-profit applicant.
- The project will result in no involuntary permanent displacement of existing residents.
- The property is located in the City of Pittsburgh.
- The proposed project complies with all existing zoning requirements.
- The proposed project complies with Environmental and Historic Review requirements to the extent required by the Federal Government, the Commonwealth of Pennsylvania, and the City of Pittsburgh.
- None of the development team entities will use the property for a personal residence.
- The development team has site control extending at least 120 days beyond the date of submission and will own the property no later than the HOF RGP closing.
- If site control is via option to purchase, the date of option expiration is: _____

II. **Development Team Information** (provide for each team member, as applicable)

Entity	Firm Name	Firm Mailing Address	Firm Website Address	Federal Tax ID #
Borrower/ Applicant				
Developer				
Non-profit Applicant				
Architect				
Contractor				
Property Manager				
Services Provider				
Development Consultant				
Syndicator				
Existing Lender				
Proposed First Mortgage Lender				
Construction Manager				

Entity	Contact Name	Phone Number	Contact Email Address	MBE?	WBE?
Borrower/ Applicant					
Developer (may be same as borrower)					
Non-profit Applicant					
Architect					
Contractor					
Property Manager					
Services Provider					
Development Consultant					
Syndicator					
Existing Lender					
Proposed First Mortgage Lender					
Construction Manager					

III. Project Information

1. **Project Name**

2. **Project Location**

Please check one of the below:

Single Structure Multiple Contiguous Structures Scattered Site

3. **Total Development Cost**

4. **Total HOF Funding Request**

	Number of Units	HOF Maximum Funding (for reference)	Requested Funding Per Unit	Total Requested Funding
Affordable to ≤30% AMI	<input type="text"/>	\$60,000 per unit	<input type="text"/>	<input type="text"/>
	<input type="text"/>		<input type="text"/>	<input type="text"/>
Affordable to ≤50% AMI	<input type="text"/>	\$30,000 per unit	<input type="text"/>	<input type="text"/>
	<input type="text"/>		<input type="text"/>	<input type="text"/>
Development Subtotal	<input type="text"/>		<input type="text"/>	<input type="text"/>
	<input type="text"/>		<input type="text"/>	<input type="text"/>
Services	<i>To be provided for:</i> <input type="text"/>	\$10,000 per unit	<input type="text"/>	<input type="text"/>
	<input type="text"/>		<input type="text"/>	<input type="text"/>
Total HOF Funding	<input type="text"/>	\$1,000,000 per project	<input type="text"/>	<input type="text"/>

5. Uses of Adjacent Properties

On right and left sides

At rear

In front, across street

IV. Project Narratives

1. Project Background

Briefly summarize the nature of the loan request, including the amount and type of loan, and a brief description of the project. Include the project's history and intended impact.

What role has the community played in developing this project or project concept?

Is the property occupied? Will there be any temporary relocation?

What is the timeline to begin and complete construction?

2. Sponsorship/Development Team

Describe the relationship among the development team members. Which team members have worked together on previous projects? Do any members share identity of interest?

Have any team members been disbarred? If yes, please explain. ___ Yes ___ No

In the team member descriptions below, please indicate which projects which have received URA funding, if any.

DEVELOPER

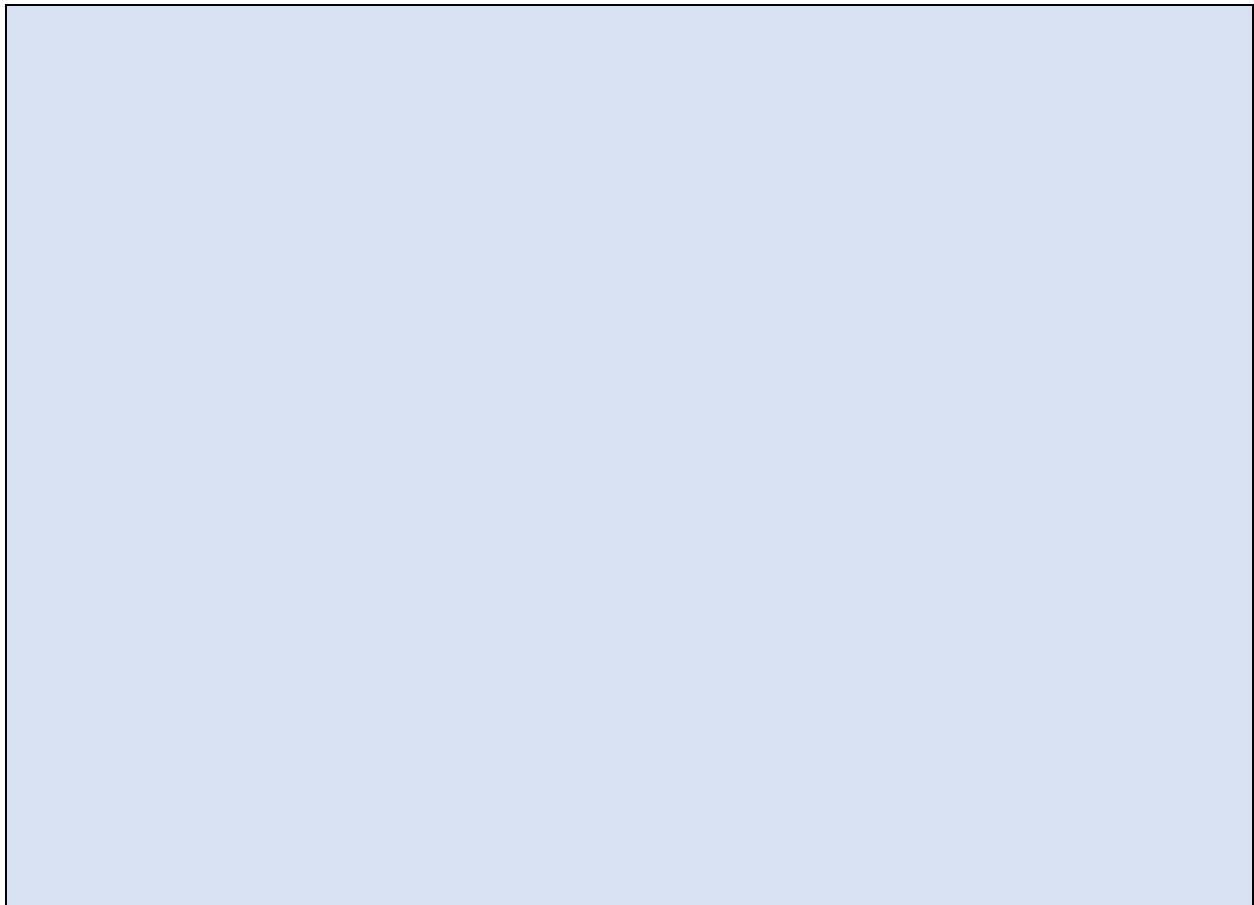
- Summarize the qualifications and experience with projects of similar size, type, and financing. List the specific projects the developer had completed which are most comparable.
- Provide an overview of the financial position of the developer. Highlight organizational financial strengths as demonstrated in the financials and address any issues (including liquidity, negative cashflow, or contingent liabilities) which might arise in review of the financials.
- Include 3 years of audited financial statements and current management statements as ATTACHMENT 1.

OWNER/APPLICANT

- Describe the legal structure(s) and dates of organization of the owner and applicant, including all related entities. Include legal organizing documents as ATTACHMENT 2. Include an organizational chart describing the relationship of the owner and applicant to ALL related entities which are part of the development team. Indicate those who are the principals of the owner and applicant and all other related entities that are part of the development team.

For any entity with a 20% or greater ownership stake in the owner &/or applicant:

- Provide an overview of the financial position of the owner/applicant (and any guarantor). Highlight organizational financial strengths as demonstrated in the financials and address any issues (including liquidity, negative cashflow, or contingent liabilities) which might arise in review of the financials.
- Include 3 years of audited financial statements and current management statements, or, if the owner/applicant does not have audited financial statements, provide 3 years of management statements plus annual tax returns including attachments, as ATTACHMENT 3.



NON-PROFIT APPLICANT

- What is the non-profit’s role in this project? Priority points are available for non-profit applicants with significant decision-making roles, such as developer, co-developer, or property manager.
 - If priority points are requested, submit organizational documentation to demonstrate the non-profit’s decision-making roles in ATTACHMENT 4.
- Discuss the overall composition of the board (number of members, % within the neighborhood), and names of key board members.
- Describe when was the organization incorporated.
- Include as ATTACHMENT 5 the Articles of Incorporation, bylaws, and IRS determination letter confirming 501©3 status.
- If the non-profit applicant is not also the owner/applicant, a written agreement, signed by both parties, describing the roles and relationship between the entities is required. Is there a written agreement? ___ Yes ___ No
 - If yes, include as ATTACHMENT 6.

GENERAL CONTRACTOR

- Explain the qualifications of the selected or anticipated contractor, including the age of the firm. If not yet selected, explain the selection process: competitive bid, negotiation, RFP, etc.

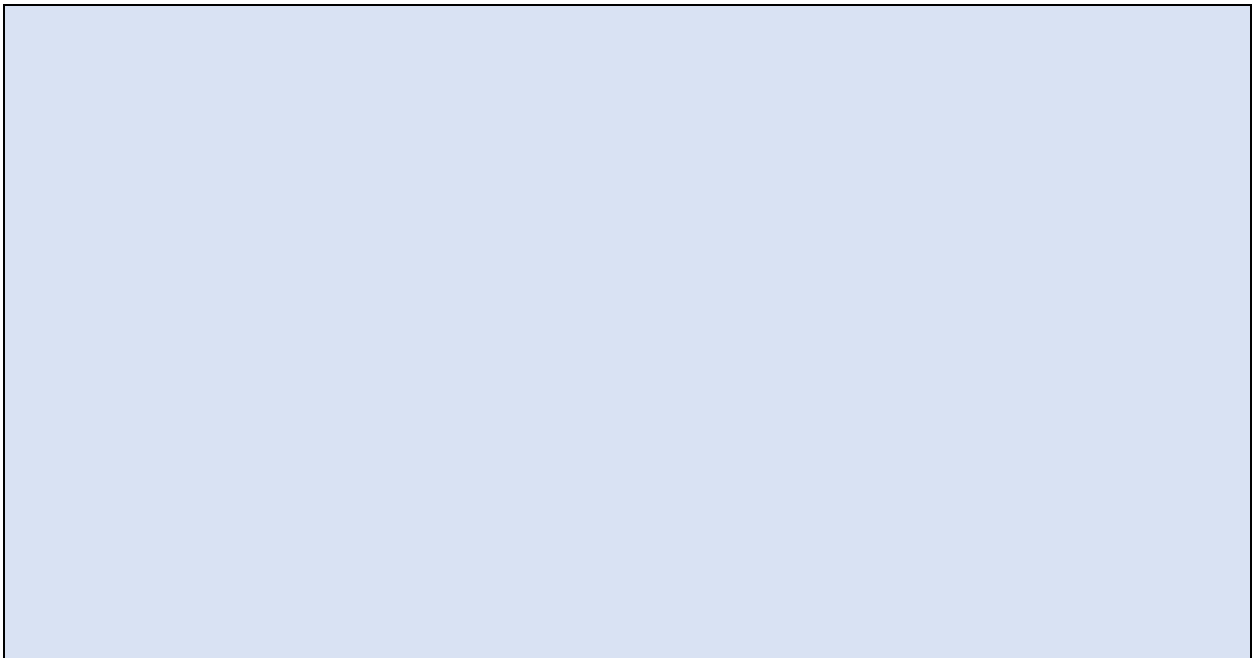
ARCHITECT

- Describe the experience and qualifications of the design firm, with emphasis on most comparable projects.



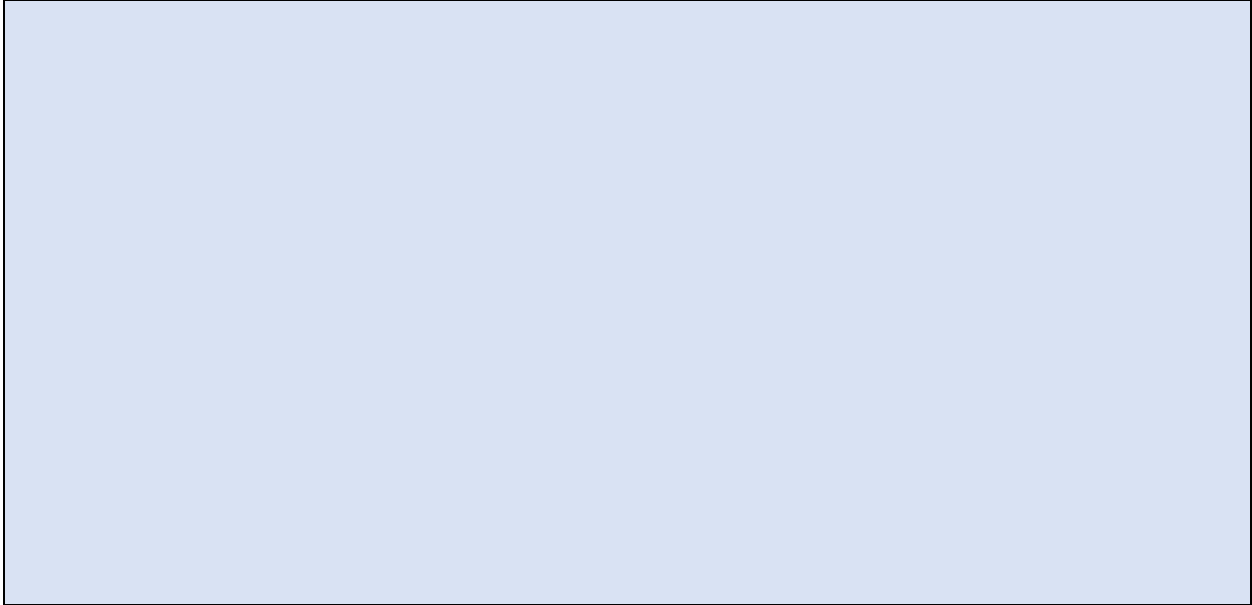
PROPERTY MANAGEMENT

- Detail the qualifications, and the number of properties and units managed. Identify the most comparable projects.
- What is the number and type of staff?
- Is it a non-profit or for-profit company? ____ Non-profit ____ For-profit



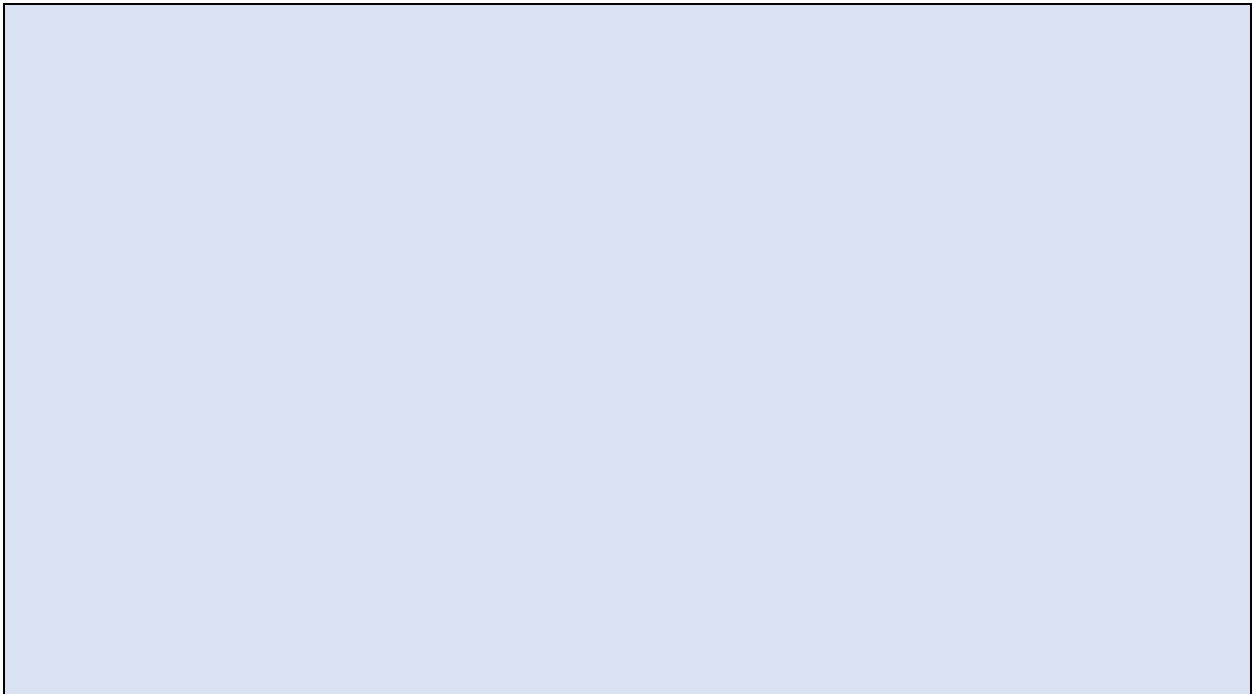
CONSULTANT

- If used, explain qualifications and experience, as well as the role this individual or firm will play in the project. (Examples of the types of consultants to describe, if used, include: development, relocation, green building)



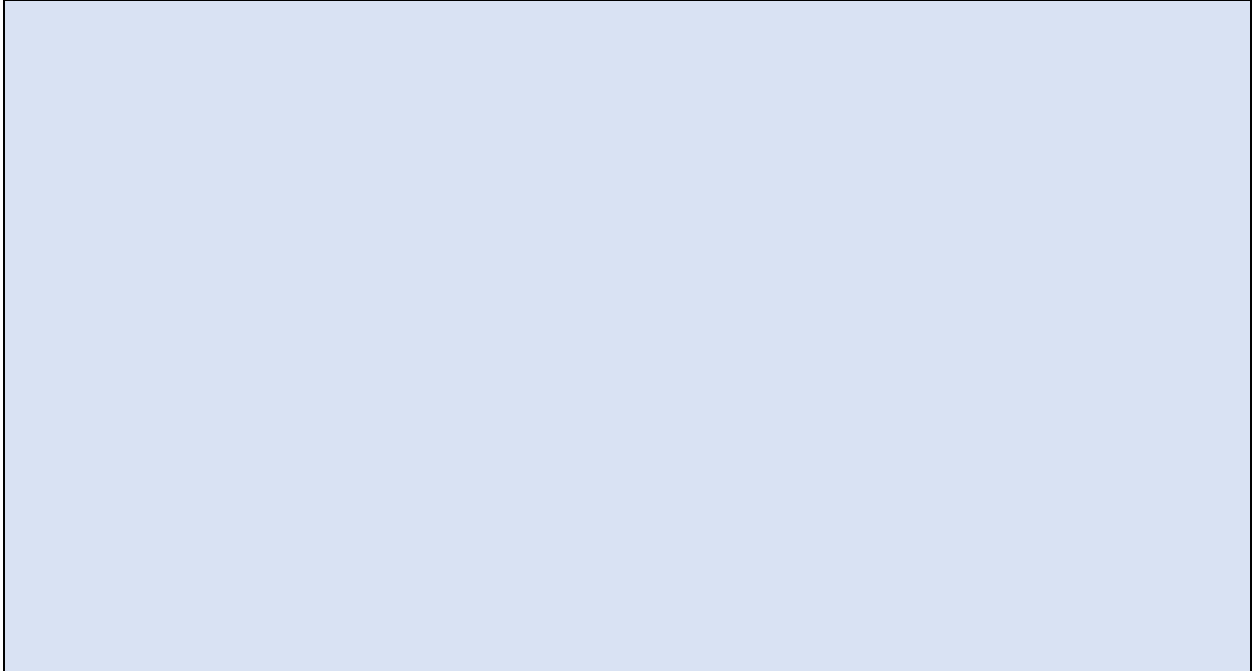
CONSTRUCTION MANAGER

- If any, describe their experience managing this scale and type of construction project.



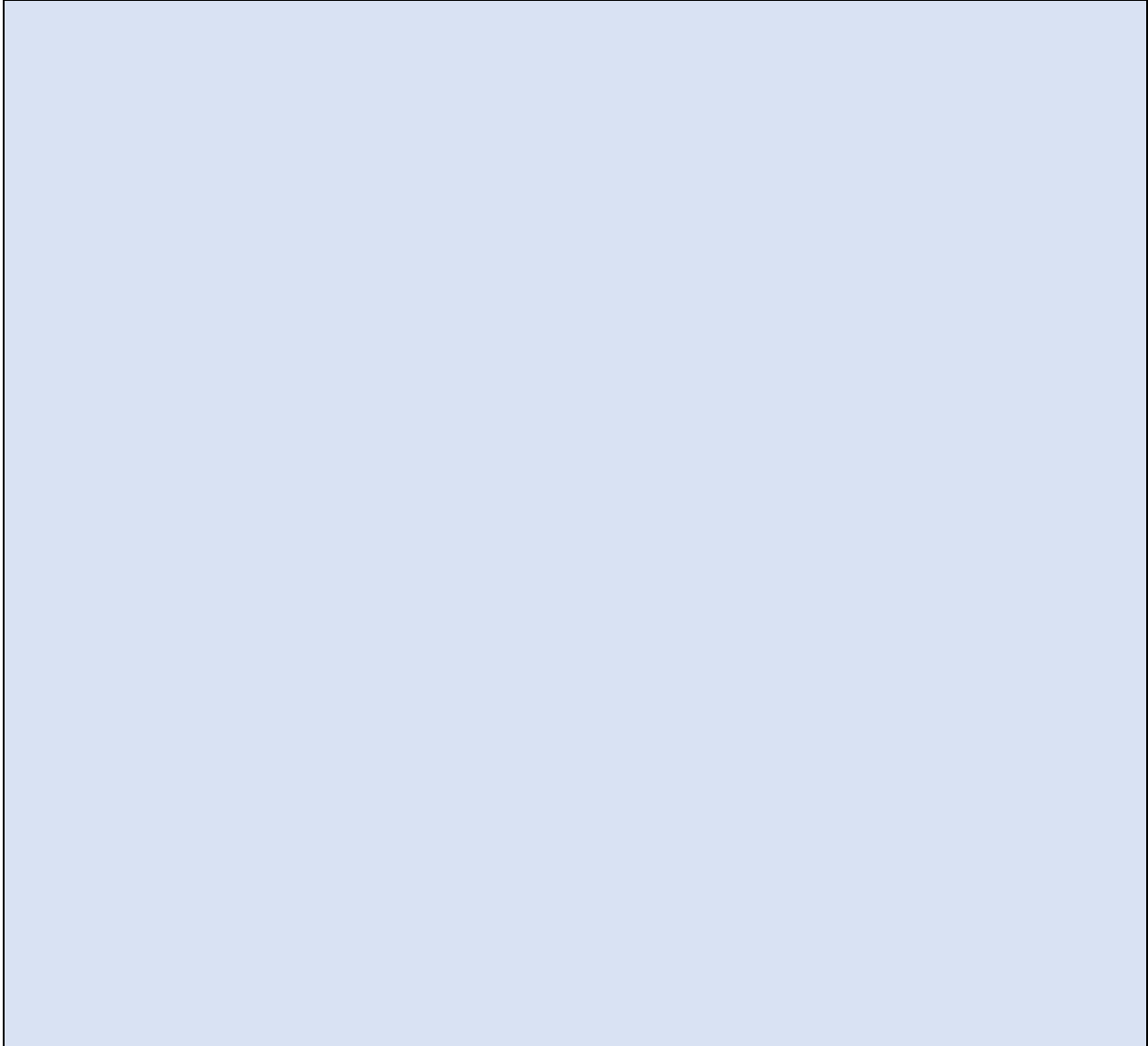
SERVICE PLAN AND PROVIDER (IF ANY)

- Describe the services to be provided to tenants and state who will provide those services.
- What is the provider's experience with the project population? What is the provider's experience working with this property manager and/or owner?
- Is there appropriate space available for the projected on-site services? ___ Yes ___ No
- Attach a services budget as ATTACHMENT 7 and a service agreement, MOU, or letter of commitment with provider as ATTACHMENT 8.



3. Sources and Uses

- Complete the Sources and Uses Tab in the Excel workbook (see Section V).
- For each Committed source, include commitment letter as ATTACHMENT 9.
- For any potential source applied for but not yet committed, include timeline for commitment and contact information below.
- Describe any existing debt secured by project property, and whether it will remain in place at closing of URA loan.



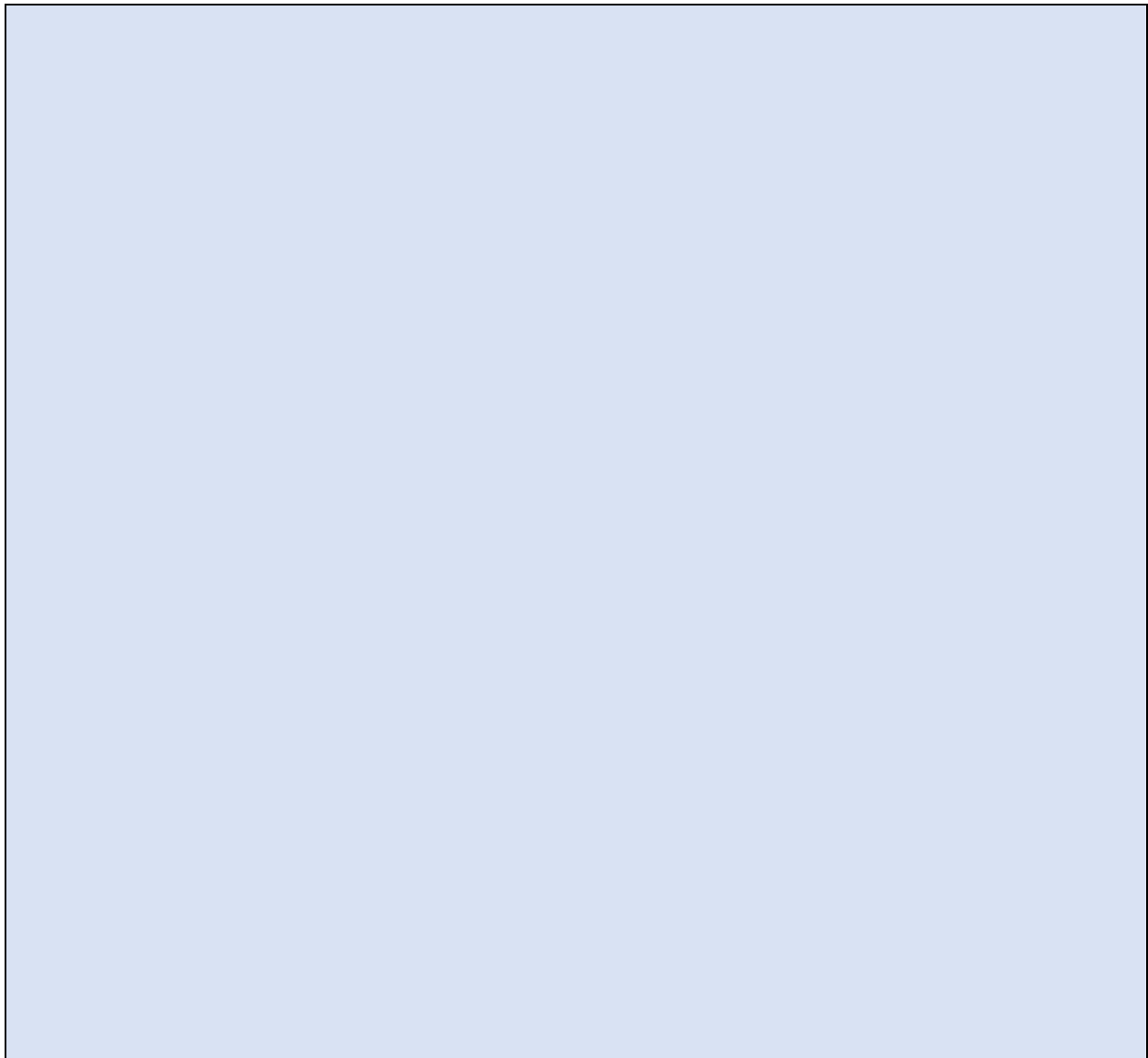
4. Development Budget

For LIHTC Applicants only: are there any cost items which will require a waiver from PHFA?

___ Yes ___ No

COST COMPARISON

- Complete the cost comparison chart included in the Excel notebook (Section V) (PHFA median construction costs)
- What % of the applicable median is the project cost? _____
- Explain why this is reasonable for this project. Address any specific costs which might fall outside the range of expectations and provide an explanation for higher or lower than typical expenses.



CONSTRUCTION COSTS

- Describe the construction, including any special features.
- Include plans & drawings as ATTACHMENT 10. (Signed, sealed and dated construction documents are preferred, however HOF RGP will accept construction documents at 50% or greater.)
- How were the construction costs calculated?
- Is there a contract with a contractor? ___ Yes ___ No
 - If so, include as ATTACHMENT 11.
- How was the level of capitalized reserves determined?
- Is there a capital needs assessment? ___ Yes ___ No
 - If so, include as ATTACHMENT 12.

OTHER DEVELOPMENT COSTS

- Describe the results of any environmental testing. Where in the budget is any needed remediation included?
- Will temporary relocation be required? ___ Yes ___ No
 - If so, please describe the staffing, URA reserves the right to review additional information regarding information. the answer is yes to either, complete the relocation budget in the Excel workbook (Section V).
 - What is the total relocation expense? How will relocation be staffed?

5. Operating Budget and Pro-Forma

Please note that the total rent plus all utilities for HOF assisted units cannot exceed 30% of the applicable income range (30% AMI or 50% AMI). Maximum gross rents by unit type are listed in Exhibit C. Utility allowances (**deducted** from gross rent for any utilities not paid by owner) shall be calculated per Exhibit D. If Applicant chooses to use a different utility calculation, please explain/attach this calculation.

RENTAL REVENUE

- What factors were considered in setting the rent?
- What percentage is the proposed rent of the maximum allowable rent? _____

SUBSIDY REVENUE

- Does the operating budget reflect operating subsidies? ___ Yes ___ No
- If so, are subsidies committed or applied for? Explain.

UTILITY EXPENSES

- What information has been used to calculate owner's utility expense? What utilities are residents responsible for? (NOTE: Unless all utilities are included in rent, resident utility allowance shall be calculated per Exhibit D and subtracted from gross rent. If Applicant chooses to use a different utility calculation, please explain/attach this calculation).

OVERALL OPERATING EXPENSES

- What is the operating expense per unit? _____
- Explain why this is an appropriate rate for this property.

6. Market Overview and Appraisal

DEMAND

- Describe the demand for this project. What is the market area this project will serve?
- What are typical vacancy rates for this type of project, in this area?
- What are typical rents for comparable projects in this area?

APPRAISAL

- If the property is being acquired, or has been acquired within the past 2 years, what is the appraised value? _____
- What is the date of the appraisal? _____
- Include an appraisal (if applicable) as ATTACHMENT 13.

7. Term of Affordability

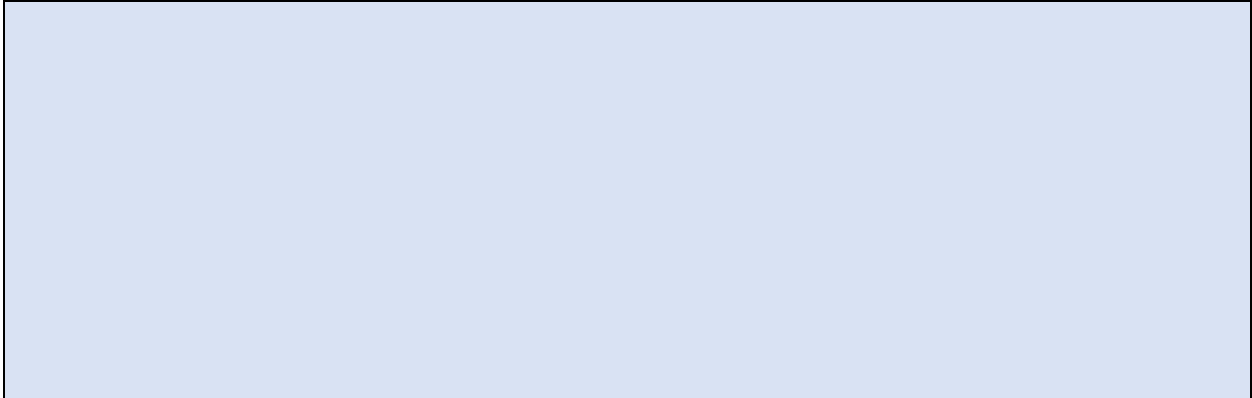
The minimum term of affordability is 30 years. Affordability will be enforced through a recorded mortgage and restrictive covenant. Priority points are awarded for enforceable terms of affordability above 30 years: 5 points for more than 30 years, 10 points for permanent affordability.

What is the term of affordability? _____

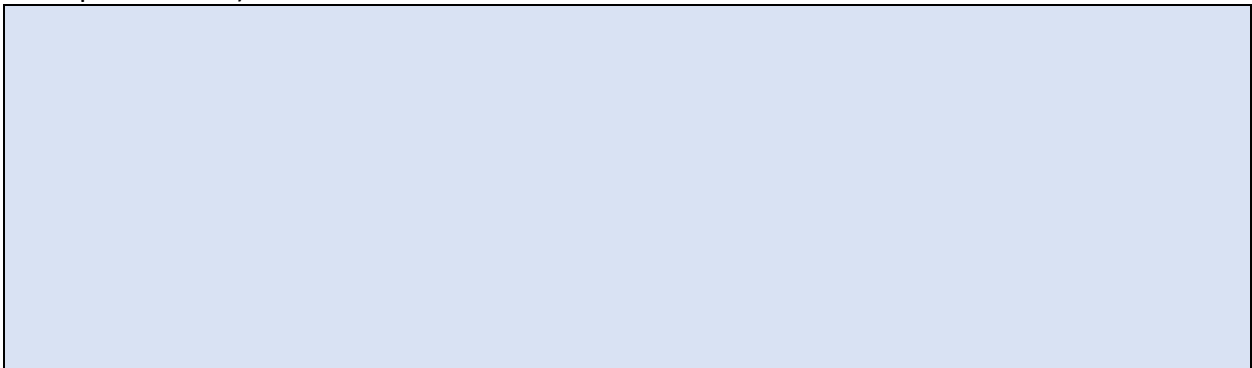
What mechanisms will enforce this term (may include ground lease, deed restriction and covenants, other lender affordability requirements)?

8. Project Importance and P4 Priorities

Discuss the importance of the transaction to the applicant, the neighborhood, and the City. How will the residents benefit from the project? Describe project amenities.



Explain how the development aids the City of Pittsburgh's efforts to affirmatively further fair housing. If this development will serve an underserved area for affordable housing, include an explanation here. (e.g. low poverty rates; limited affordable housing options; high owner-occupied market)



A complete p4 scoring form is optional for projects with a Total Uses of Funds of less than \$2 million and required for projects with Total Uses of Funds of \$2 million or more. If submitting a complete P4 self-evaluation worksheet, include it as ATTACHMENT 14. (Note Energy Metric scoring is modified from P4 to better fit residential housing.)

Complete the Scoring Tab in the Excel Workbook (Section V).

Up to 10 points are available under the P4 Housing Metric. Describe the ways the project meets the P4 Housing Metric. Be specific about each scoring criteria the project meets, and *how* it meets the scoring criteria.

Up to 10 points are available under the Energy Metric (modified from P4 to better fit residential housing). Describe the ways the project meets the Energy Metric. Be specific about each scoring criteria the project meets, and *how* it meets the scoring criteria.

Up to 10 points are available under the P4 Connect Metric. Describe the ways the project meets the P4 Connect Metric. Be specific about each scoring criteria the project meets, and *how* it meets the scoring criteria.

Up to 10 points are available by meeting P4 scoring criteria from any other P4 metric. Describe any additional ways the project meets other P4 scoring criteria. Be specific about which scoring criteria the project meets, and *how* it meets the scoring criteria.

9. Additional Information (Optional)

This section does not count for any additional points, however if there is any additional information about the project that the Applicant believes is significant to this application, please use the section below to provide such information, and/or supply additional attachments if necessary.



V. Excel Workbook

Complete the Excel workbook portion of the application and include as ATTACHMENT 15.