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Urban Redevelopment Authority
of Pittsburgh

ura.org

REQUEST FOR PROPOSALS (RFP)

RFP for:

AFFORDABLE FOR-SALE DEVELOPMENT

FUNDED BY:

2018 Housing Opportunity Fund For-Sale Development Program (FSDP)

AND/OR

Neighborhood Stabilization Program (NSP1)

RFP Issue Date: Wednesday, March 27, 2019

**Non-Mandatory Pre-Proposal Meeting: Friday, April 12, 2019 at 10 a.m. ET -
200 Ross Street, 13th Floor, Pittsburgh, PA 15219**

Proposal Deadline: Friday, April 26, 2019 at 4 p.m. ET

Submit proposals to hof@ura.org

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URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH
REQUEST FOR PROPOSALS (RFP)
For-Sale Development Program & Neighborhood Stabilization Program

1. INTRODUCTION

Summary Information

The Urban Redevelopment Authority of Pittsburgh (URA) requests proposals from developers with non-profit applicants for projects involving the substantial rehabilitation or new construction of affordable for-sale housing. Proposals may be considered for either the Housing Opportunity Fund's (HOF) For-Sale Development Program (FSDP) or Neighborhood Stabilization Program (NSP1).

Background Information

The HOF is a housing trust fund that has been established in the City of Pittsburgh (City) to support the development and preservation of affordable and accessible housing within the City's boundaries.

Funds appropriated to the HOF are to be invested in accordance with an Annual Allocation Plan (AAP) created by the Advisory Board and approved by City Council and the Governing Board. The URA Board of Directors serves as the HOF's Governing Board (Governing Board). The HOF Advisory Board (Advisory Board) is comprised of seventeen (17) persons appointed by the Mayor to four-year staggered terms.

The HOF FSDP will be used to help fund the creation of new affordable housing and/or preserve existing affordable housing for homeownership in the City. For the 2018 Fiscal Year, \$1.25M has been allocated for the HOF FSDP.

Additionally, this RFP will also allocate NSP1 funding. NSP1 was established by [Section 2301\(b\) of the Housing and Economic Recovery Act of 2008 \(Pub. L.110-289, approved July 30, 2008\), also known as HERA](#). HERA created NSP and was the basis for subsequent NSP funding rounds.

In Pennsylvania, NSP1 is sponsored by the PA Department of Community and Economic Development (DCED), to be managed and implemented locally by the URA. The City was awarded \$2M in NSP1 funding for the acquisition and rehabilitation of abandoned and foreclosed homes for the purpose of affordable homeownership.

Goal of RFP

The goal of this RFP is to solicit proposals from development teams comprised solely of non-profit applicants OR for-profit applicants in partnership with a non-profit as part of the development team. FSDP and NSP1 are similar programs, both intent on providing financing to projects that will result in affordable homeownership opportunities. Although this RFP is for both FSDP and NSP1, applicants will provide one response per project, and if deemed appropriate for either program, will move on through the approval process for the program of best fit.

Definitions

For the purposes of this RFP, the following terms shall mean:

- “URA” refers to Urban Redevelopment Authority of Pittsburgh
- “HOF” refers to Housing Opportunity Fund
- “FSDP” refers to For-Sale Development Program
- “NSP1” refers to Neighborhood Stabilization Program
- “The Programs” refers to both the FSDP and NSP1 together
- “DCED” refers to the Pennsylvania Department of Community and Economic Development
- “Borrowers” refers to development teams

Program Objectives

Full FSDP Program Guidelines are attached to this RFP ([EXHIBIT A](#))

Both FSDP and NSP1 provide loans or grants to borrowers for the creation and/or preservation of affordable units. The Programs are designed to increase the supply of decent affordable housing for homeownership; eliminate health, safety and property maintenance deficiencies; and ensure compliance with applicable codes and standards.

FSDP - Upon completion of the project, the unit must be sold to owner-occupants at or below 80% AMI.

NSP1- Upon completion of the project, the unit must be sold to owner-occupants at or below 120% AMI. Overall, at least 25% of all units produced with NSP1 funds must be sold to households at or below 50% AMI.

Area Median Income by Household Size	50% AMI	80% AMI	120% AMI
1-person	\$26,600	\$42,560	\$63,840
2-person	\$30,400	\$48,640	\$72,960
3-person	\$34,200	\$54,720	\$82,080
4-person	\$38,000	\$60,800	\$91,200
5-person	\$41,040	\$65,664	\$98,496
6-person	\$44,080	\$70,528	\$105,792

2. Eligibility Requirements

Eligible Borrowers

1. Non-profit developers;
2. For-profit developers with a non-profit applicant
 - a. The applicant may partner with a for-profit developer and/or enter into a Memorandum of Understanding and/or Letter of Intent which describes the relationship between the applicant and the for-profit developer.
3. Affordable housing land trusts

Borrower Requirements

1. Be in good standing and qualified to borrow within the Commonwealth of Pennsylvania.
2. Have the legal capacity and all necessary legal and corporate authorization to incur the obligation of the loan.
3. Agree in writing to assist with the relocation of tenants displaced as a result of the rehabilitation or new construction.
4. Agree in writing to pay Davis-Bacon Prevailing Wages and State Residential Prevailing Wage to extent required by the Federal Government and the Commonwealth of Pennsylvania.

In accordance with City Council Bill No: 2016-0602, “Non-Profit” means a non-profit organization (1) that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and (2) that is providing affordable housing or combating community deterioration among its tax exempt purposes. The term shall not include a non-profit organization which is controlled by a for-profit or public entity. The term “Neighborhood-Based Non-Profit” means (1) a non-profit that has a substantial base of

operations within the neighborhood where the housing to be funded by the HOF is located, or (2) a tenant association that represents the tenants in the housing to be funded by the HOF.

If a for profit developer is working in cooperation with a non-profit developer, to be considered a complete proposal, applications must include an executed agreement between the non-profit applicant and for-profit developer. This document should detail the role of each party during different development phases (design/pre-construction, construction, post-construction, etc.), joint responsibilities, as well as other details that comprehensively describe the development team's composition and function.

Eligible Properties

To be eligible for the **FSDP**, the following requirements must be met:

1. The property must be located in the City.
2. The property must comply with zoning requirements.
3. After improvements, the property must be a permanent structure used primarily for year-round residential use.
4. The borrower must own the property prior to or at the FSDP closing.
5. The property must be sold to owner-occupants who are at or below 80% AMI.
6. For properties being rehabilitated, rehabilitation costs must equal at least 20% of the total development cost.
7. Eligible housing types include detached, semi-detached and townhouse units. Multiple unit structures developed as condominiums or cooperatives are also eligible.
8. The property must comply with environmental and historic review requirements to the extent required by the Federal Government, the Commonwealth of Pennsylvania, and the City.

To be eligible for the **NSP1**, the following requirements must be met:

1. The property must be located in one of the five [NSP1 Areas in the City](#).
2. The property must not be acquired for more than 99% of appraised value.
3. The property must comply with local zoning requirements.
4. The property must be either an abandoned* or foreclosed** structure at the time of application.
5. After improvements, the property must be a permanent structure used primarily for year-round residential use.

6. The borrower must own the property prior to or at the NSP1 closing.
7. The property must be sold to owner-occupants who are at or below 120% AMI. 25% of NSP1 funded units must be sold to households at or below 50% AMI.
8. Eligible housing types include detached, semi-detached and townhouse units. Multiple unit structures developed as condominiums or cooperatives are also eligible.
9. The property must comply with environmental and historic review requirements to the extent required by the Federal Government, the Commonwealth of Pennsylvania, and the City.

* *Abandoned* – A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

** *Foreclosed* – A property has been foreclosed upon at the point that under state or local law the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

Eligible Activities

Funds under the Programs may be used for the acquisition of property, site preparation and development, as well as the hard and soft costs associated with the rehabilitation and new construction of single family for-sale housing.

Eligible Costs

Loans/grants may cover property acquisition costs, site development costs, hard costs associated with the construction of the project, as well as soft costs such as appraisal, architectural, engineering, legal and financing fees, construction interest, insurance during construction, and closing costs.

3. Funding Terms, Limits and Requirements

All loans and/or grants for property development shall be made in conformance with the requirements set forth below:

Affordability Period

FSDP

1. For developments where the FSDP funds must be used as a loan, the affordability period will be for a minimum of 10 years. A deed restriction will be recorded on the property.
2. For developments where the FSDP funds are used for a grant only, or for both a loan and a grant, the affordability period must be for either the life of the house or 99 years. A deed restriction will be recorded on the property.

NSP1

1. For developments where NSP1 funds are used as a loan and/or a grant, the affordability period will be for a minimum of 15 years.

Forms of Financing

Both FSDP and NSP1 financing can be lent/granted in one or more of the following forms:

1. Construction loan to be repaid by the sale of the house
2. Construction grant to bridge the difference, or a portion of the difference, between total development cost and the forecasted sales price
3. Predevelopment loan to a non-profit developer prior to the developer taking title to the property to be developed or prior to construction loan closing

The funding may be used for costs necessary to determine the feasibility of the proposed development including, but not limited to:

- i. Site control (option or sales agreement)
- ii. Design development
 - i. Geo-technical analysis
 - ii. Environmental analysis
 - iii. Engineering
 - iv. Reasonable costs of obtaining additional sources of pre-development financing

4. Deferred second mortgage to the future purchaser of a pre-identified house.

Maximum Funding Amount

1. A) The maximum FSDP amount per unit cannot exceed \$70,000. FSDP can be used in more than one form, such as a loan, and/or grant to the developer, and a deferred mortgage to the permanent owner-occupied homebuyer; however, the total of all forms of FSDP financing cannot exceed \$70,000 per unit.

B) The maximum NSP1 amount per unit may not exceed \$70,000. NSP1 can be used in more than one form, such as a loan, and/or grant to the developer, and a deferred mortgage to the permanent owner-occupied homebuyer ; however, the total of all forms of NSP1 financing cannot exceed \$70,000 per unit. Additionally, NSP1 funding awards will average to \$50,000 per unit.
2. If Program funds are used in the form of a construction loan, the maximum FSDP or NSP1 construction loan will be limited to 30% of the post-appraised value of the project.
3. If Program funds are used in the form of a grant, it cannot exceed the difference between the total development costs and the proposed sales price for the unit.
4. **FSDP Only** – If funds are used in the form of a pre-development loan, the maximum amount of the FSDP pre-development financing cannot exceed the lesser of one-half of the URA approved pre-development budget, \$33,000 per unit, or a total pre-development cost for a multiple property development of \$100,000.
5. If Program funds are used as deferred second mortgages, they will be underwritten in accordance with the URA’s Housing Rehabilitation Program – Development (HRP-D) Guidelines and/or the URA’s Neighborhood Housing Program (NHP) Guidelines.

Interest Rate

1. All FSDP and NSP1 construction loans with a for-profit development entity will have an interest rate of 2% - 4%.
2. All FSDP pre-development loans and/or all FSDP and NSP1 construction loans to non-profit developers may bear an interest rate of 0%.

Maximum Loan and Grant Term

The maximum term of a FSDP and NSP1 loan is 18 months. A loan note may be rolled over for an additional six-month term with prior approval from the URA.

With regards to a grant, the grantee shall apply for all funds within an 18 month period.

Loan and Grant Disbursement

1. All proceeds from the FSDP or NSP1 loan and grant will be escrowed at the URA. Additionally, the URA may also ask that the borrower's cash equity contribution be escrowed at the URA. Proceeds from a conventional loan may be escrowed with the participating lending institution provided that said institution enters into a disbursement agreement with the URA.
2. The disbursement of loan proceeds will occur as follows:
 - a. Borrower's cash equity shall be released initially.
 - b. All other funds will be released in accordance with the Disbursement Agreement prepared or approved by the URA.
3. All proceeds shall be disbursed in accordance with a URA approved draw schedule. The draw schedule shall be based upon completion of specified work items or a percentage of construction completed. Loan and/or grant funds may not be disbursed if there is a default on any term or condition of the loan and/or grant documents.

4. Payment Procedures

Payment Eligibility

Payments shall be made based on work completed. Payments may be made for materials delivered and securely stored on the site with prior approval from the URA.

Final Payment

For loans and grants, final payment shall be made as follows:

1. The borrower shall submit to the URA a Certificate of Completion executed by the borrower and contractor certifying that all work has been completed in accordance with the contract documents.

2. Upon final inspection, receipt and approval of the Certificate of Completion, final payment will be processed.

Closeout Procedures

After final payment is made, the URA shall reconcile all receipts and disbursements. Any funds remaining in the loan account shall be applied to the principal balance of the loan.

5. Loan Approval Process

After a complete response to this RFP is submitted, URA staff will review and score each response and submit summary and scoring documents from all submittals to the appropriate parties for funding recommendation or non-recommendation.

All FSDP funding requests are subject to the review of the HOF Advisory Board and URA Board of Directors. All NSP1 funding requests are subject to the review of the URA Board of Directors.

6. Loan and Grant Closing

Loan and grant closing will be scheduled at a time acceptable to the borrower and the URA. All taxes and assessments against the property which are due and payable shall be paid before closing. The URA may charge the borrower for the following items which may be financed by the loan:

1. Recording fees and recording taxes or other charges incidental to recordation
2. Required survey charges and appraisal fee, if applicable
3. Title examination and title insurance, if required
4. A construction services fee
5. Other reasonable and customary charges or fees authorized by the URA

7. Construction Standards

All properties constructed or rehabilitated under The Programs must comply with all relevant codes of Allegheny County and the City. All contractors involved with The Programs shall meet all licensing requirements necessary to perform the construction.

8. **Minority and Women-Owned Business Enterprise Participation (MWBE)**

The URA has a long history of diversity and inclusion within all its programs and other activities. The URA encourages the full participation of minority and women business owners and professionals in this effort. The URA requires that all respondents demonstrate a good faith effort to obtain minority and women-owned business participation in work performed in connection with URA projects. The URA acknowledges and adheres to the City's goal of 18 percent (18%) minority and 7 percent (7%) women participation.

A MWBE narrative needs to be included with the respondent's proposal. See "[Exhibit E](#)" for MWBE Narrative Requirements. MWBE participation can be satisfied by:

- i. Ownership/Partnership of firm;
- ii. Use of minority or women-owned businesses as vendors;
- iii. Subcontracting with firms owned and controlled by minorities and/or women. If this is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal.

For selected proposals, where total project costs are expected to meet or exceed \$250,000, a MWBE plan will need to be submitted as part of the ongoing MWBE review and approval process. Any questions about MWBE requirements should be directed to Diamonte Walker, director of Performance and Compliance, at mwbe@ura.org.

Specific to this RFP, the URA will require that all FSDP and NSP1 borrowers demonstrate a good faith effort to obtain MWBE participation in work performed in connection with this program, including, but not limited to, construction requirements in FSDP program guidelines ([Exhibit A](#)).

9. Proposal Deadlines and Requirements

RFP Anticipated Timeframe

RFP Issue Date	Wednesday, March 27, 2019
Non-Mandatory Pre-Proposal Meeting	Friday, April 12, 2019 at 10 a.m. ET Wherrett Room, 13 th Floor, 200 Ross St., Pittsburgh, PA 15219
Written Questions Period	Wednesday, March 27, 2019 to Monday, April 15, 2019 at 4 p.m. ET
Questions & Answer Response Release	Wednesday, April 17, 2019 at 5 p.m. ET
Proposal Deadline	Friday, April 26, 2019 at 4 p.m. ET
Proposal Evaluation Period	Friday, April 26, 2019 to Thursday, May 9, 2019

**dates subject to change*

Pre-Proposal Meeting

A non-mandatory Pre-Proposal Meeting will be held on Friday, April 12, 2019 at 10 a.m. ET at 200 Ross Street, 13th Floor, Wherrett Conference Room, Pittsburgh, PA 15219.

This meeting serves as an opportunity to have questions answered about the RFP, submission process, and the FSDP and NSP1 guidelines.

All questions and answers from the Pre-Proposal Meeting will be posted on Public Purchase.

RSVP your attendance to Evan Miller at emiller@ura.org

Questions and Answers

All inquiries should be submitted through Public Purchase. All questions submitted by Monday, April 15, 2019 by 4 p.m. ET will be responded to and made available on Public Purchase and the URA website by Wednesday, April 17, 2019, 5 p.m. ET. Inquiries received after that time will not be responded to.

Submission Requirements

All application submissions are to include a completed Pittsburgh FSDP/NSP1 Application Narrative ([Exhibit B](#)) and include all applicable attachments listed in the Attachments Checklist ([Exhibit C](#)).

The Application Narrative is comprised of the following sections:

1. Eligibility Checklist
2. Development Team Information
3. Project Information
4. Project Narratives
5. [Excel Workbook](#)

All sections of the Application Narrative must be completed to the best of the applicant's ability to be considered a complete application.

All submissions must be electronically submitted to hof@ura.org

Selection Criteria and Application Review

Fully completed applications will be evaluated in accordance to the Proposal Scoring Criteria ([Exhibit D](#)) for The Programs.

Application review may take up to 60 days during which URA staff may contact applicants to discuss materials submitted. Selected applications will be advanced for loan approval consideration.

Program funds are not guaranteed to any applicant, regardless of the Proposal Scoring Criteria score, and are subject to availability.

Applications will be evaluated using the criteria below:

1. Feasibility Criteria
 - a. Readiness to Proceed
 - b. Capacity of the Development Team
 - c. Compliance with Program Funding Guidelines

2. Policy Objectives and p4 Scoring
 - a. Geographic Diversity
 - b. Non-Profit Participation
 - c. Level of Affordability
 - d. Housing Metric
 - e. Energy Metric
 - f. Connect Metric
 - g. Additional "p4" Points

Pittsburgh p4 Performance Measures

The p4 Performance Measures are an evaluation tool that informs alignment of investments in development projects to the City's commitment to sustainable and equitable practices.

1. p4 Performance Measures Document ([Exhibit E](#))
Use Appendix E of the p4 Performance Measures Document to provide a self-assessment as to how the project works to advance goals under relevant p4 Performance Measures categories. The "Housing," "Connect," and "Energy" metrics are factored into the scoring criteria for FSDP and NSP1. A project can score additional points by satisfying additional p4 Performance Measures. See Proposal Scoring Criteria ([Exhibit D](#)) for more information.
2. URA policy mandates that all projects with Total Development Costs of \$2M or greater fill out the Appendix E of the p4 Performance Measures Document in its entirety.

Important Bid Notification Announcement

Please note that the URA is now using Public Purchase as its bid notification and RFP Question and Answer (Q&A) platform. In addition to following the Submission Requirements, respondents must also register at:

<https://www.publicpurchase.com/gems/register/vendor/register> in order to submit questions for response. See **Addendum A** – Instructions for Registering on Public Purchase.

10. NON-DISCRIMINATION CERTIFICATION

The URA abides by all applicable laws and regulations regarding nondiscrimination and refrains from discriminating on the basis of age, race, color, religious creed, ancestry, national origin, sex, sexual orientation, gender identity, gender expression, political or union affiliation and/or disability. No person shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination solely on the basis of any of the above factors under the loan and grant programs operated by the URA.

11. Legal Information

The URA reserves the right to verify the accuracy of all information submitted. The URA shall be the sole judge as to which respondent(s) meet the selection criteria.

The URA reserves the right, in its sole discretion, to reject any or all responses received, to waive any submission requirements contained within this RFP and to waive any irregularities in any submitted response.

By responding to this RFP, proposers acknowledge that the URA has no liability to any individual or entity related to this RFP or any proposal and/or the URA's use or nonuse of any such proposal.

Exhibits

[Exhibit A – HOF FSDP Guidelines](#)

[Exhibit B – FSDP and NSP1 Application Narrative](#)

[Exhibit C – Attachments Checklist](#)

[Exhibit D – Proposal Scoring Criteria](#)

[Exhibit E – p4 Measures \(Appendix E is only required portion for submittal\)](#)

[Exhibit F – URA Minority and Women Business Enterprise Narrative Requirements
FSDP and NSP1 Excel Workbook](#)

Addendum A

Instructions for Registering on Public Purchase

Effective March 1, 2018

The Urban Redevelopment Authority of Pittsburgh (URA) is now using Public Purchase, a web-based eProcurement service, for the automatic notification and transmittal of bid solicitations and notification of proposal opportunities at no charge to vendors. Parties interested in bidding or submitting proposals on URA opportunities must register with Public Purchase.

Registration is a two-step process that requires initial registration with the Public Purchase web-based eProcurement service, followed by registration with the URA. If you are already registered with Public Purchase, proceed directly to step 2.

1. Register with Public Purchase:

Use the link below to begin the registration process. It can take up to 24 hours for your account to become active. You will receive an email from notices@publicpurchase.com letting you know that your account has been activated. Be sure to add this email address to your contacts to avoid bid/proposal notification emails from going into your junk mail folder.

<https://www.publicpurchase.com/gems/register/vendor/register>

2. Register with the URA:

- A. Once you have received your activation email from Public Purchase, log in to www.publicpurchase.com and accept the terms and conditions of use.
- B. Click on the "Tools" tab, followed by the "Agencies" tab.
- C. This will take you to "Search for Agencies."
 - In the box for "Agency Name," type in "Urban Redevelopment."
 - Leave the "New Agencies Since" box blank.
 - Make sure "Registration Status" reads "All."
 - Click on "Search" to bring up "Urban Redevelopment."
 - To the far right, you will see "View" and "Register."
 - Click on the "Register" link to complete your vendor registration with the URA.

IMPORTANT REMINDER:

To receive email notifications on URA bid solicitation and proposal opportunities, you must select NAICS Codes that relate to your business. In your NAICS Code selection for URA specific opportunities, please be sure to include NAICS Code 237210 (Land Subdivision) for URA development opportunities.

It is important that this second part of the registration is complete, or you will not receive notifications of upcoming opportunities from the URA. It is your responsibility to keep this information up to date, particularly your contact information and email address. Please email mwbe@ura.org if you encounter an issue setting up your registration.

For Additional Assistance:

If you need additional assistance with this process, please contact Public Purchase at support@publicpurchase.com or use Public Purchase's "Live Chat" during business hours. The "Chat" button can be found in the upper left corner of the Public Purchase screen.