

URA & Housing Opportunity Fund - Affordable For-Sale Development

FSDP & NSP1 Request for Proposals

Questions & Answers – From 4/12/19 Pre-Proposal Meeting and Submitted in Writing

HOW RECENTLY MUST A PROPERTY HAVE BEEN ACQUIRED TO BE ELIGIBLE TO APPLY FOR THESE PROGRAMS?

NSP1 – Recommended that the property be acquired within the City’s contract period with the State, which started December 2018. Properties acquired within a reasonable timeframe before that date that have remained vacant, may be considered.

FSDP – No specific date required, properties recently acquired will be prioritized.

IF THE APPLICANT HAS TITLE TO A PREVIOUSLY CITY-OWNED PROPERTY, IS IT CONSIDERED ELIGIBLE FOR NSP1 FUNDS?

Yes, provided it meets the timing and conditions outlined above.

DUE TO THE FAST-PACED TIMELINE, CAN THE URA HELP PUT PRESSURE ON THE CITY TO GET PROPERTIES IN THE PROPERTY RESERVE TO CLOSING?

City-owned properties that do not have clear title are not feasible for the timeline of this RFP. They may be eligible for future FSDP funding.

EVEN WHEN THE CITY HAS CLEAR TITLE, THERE ARE OFTEN DELAYS BEFORE CLOSING. CAN THE URA HELP BRING THESE TO CLOSING FOR THIS RFP?

The URA has minimal influence over external processes.

IF THE PROJECT SITE IS URA-OWNED, CAN IT BE EXPEDITED FOR THIS APPLICATION?

Recommendation is to prioritize property that is shovel ready. All property purchased from the URA must go through the standard disposition process required by PA redevelopment laws. The length of the disposition process is largely determined by the developer and their readiness to proceed.

WHAT IF A PROPERTY IS ON THE OTHER SIDE OF THE STREET OF AN NSP1 BOUNDARY LINE, IS IT ELIGIBLE FOR NSP1 FUNDS?

The NSP1 boundaries follow census boundaries and must be adhered to.

ARE PROPERTIES IN CONSERVATORSHIP ELIGIBLE FOR EITHER PROGRAM?

Properties currently under conservatorship may be eligible if the applicant will have clear title by the time of construction closing. In addition, to be eligible for NSP1 funds, the property must meet the definition of “abandoned” as outlined in the RFP.

IF A HOUSE IN AN NSP1 AREA IS TAX DELINQUENT AND A CDC HAS A SALES AGREEMENT FOR THE PROPERTY, BUT TAX FORECLOSURE HASN'T BEEN INITIATED, IS THIS CONSIDERED ABANDONED FOR THE PURPOSES OF NSP?

No, this does not meet NSP’s definition of abandoned or foreclosed, as the foreclosure proceedings have not been initiated.

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.

FROM THE PROGRAM GUIDELINES, THE FSDP LOAN OR GRANT CAN ONLY BE USED FOR AN AFFORDABLE UNIT. IF THE APPLICANT IS FINANCING A MIXED-INCOME, MULTI-SITE SINGLE-FAMILY DEVELOPMENT AS A SINGLE PROJECT, CAN THE FSDP FUNDING BE INCLUDED AS A SOURCE FOR THE TOTAL DEVELOPMENT FINANCING? OR DOES THE AFFORDABLE UNIT HAVE TO BE A SEPARATE PROJECT?

Only affordable units are eligible for funding through these programs. The application should only include the affordable unit(s).

ARE NSP1 DOLLARS ELIGIBLE FOR DEMOLITION OF A STRUCTURE?

No.

ARE NSP1 FUNDS ONLY ELIGIBLE FOR RENOVATION DEVELOPMENT COSTS?

NSP1 can be used for renovation of a structure and for deferred second mortgages

CAN MONEY BE USED FOR COSTS ALREADY INCURRED (EX. ACQUISITION)?

NSP1 – If within the City's contract period, which started December 2018, then yes.

FSDP – Costs incurred since December 2018 are eligible.

HOW RECENTLY MUST A PROPERTY HAVE BEEN ACQUIRED FOR THE FUNDS TO BE USED TOWARDS ACQUISITIONS COSTS?

Acquisition costs incurred since December 2018 are eligible for these funds.

WHEN IS CLOSING FOR FSDP AND NSP1 FUNDS?

Ideally construction closing is within 120 days and sale to final owner-occupant is within 12 months. Closing may proceed once final construction drawings and costs are approved and all other funding is in place.

HOW LONG WILL A DISBURSEMENT AGREEMENT BETWEEN URA AND LENDING INSTITUTION TAKE?

The disbursement agreement will be prepared at the same time as the other closing documents. It is expected that closing will take place within 120 days of commitment.

WHAT IF THE URA FUNDING COMES IN LATER THAN THE LENDER, AND THE LENDER IS ABLE TO FILL IN THE MAJORITY OF DEVELOPMENT COST, LIKE 80% LTV, CAN URA TO FACILITATE THE LOAN BUYOUT WITH THE LENDER DURING THE CONSTRUCTION WITHOUT EXTRA FINANCING COST?

This scenario is unlikely, but would be evaluated on a case by case basis.

CAN YOU CLARIFY THE 18 MONTHS MENTIONED IN THE RFP AND THE 120 DAYS FOR CLOSING MENTIONED IN THE PRE-PROPOSAL MEETING?

Projects funded by FSDP funds are expected to close within 120 days of HOF commitment.

NSP1 funds need to go to projects that will be completed and sold within 18 months from the City's contract with the State (dated December 2018). Therefore, closing within 120 days of commitment is also ideal for NSP1 projects.

ARE NSP1 FUNDS USED AS A SOFT SECOND TREATED THE SAME AS URA SOFT SECONDS?

Yes, in part. The difference is that the URA soft second is payable at resale, but the NSP1 has a mandated 15-year affordability period—possibly the second could be assumable to help meet this mandate.

HOW WILL THE AFFORDABILITY TERMS BE ENFORCED?

Deed restrictions will be recorded on properties funded by these programs, which means that URA is notified upon sale.

DOES MWBE STILL APPLY IF THE FUNDS ARE ONLY USED FOR ACQUISITION AND NOT FOR CONSTRUCTION?

Yes, any project that the total project costs is greater than \$250,000 will be required to provide a MWBE plan, regardless of how the funds from these programs are spent.

WHAT ARE THE SUBMISSION REQUIREMENTS FOR PROJECTS THAT THE SCOPE OF WORK DOES NOT REQUIRE CONSTRUCTION DRAWINGS? WILL CONCEPTUAL DRAWING BE SUFFICIENT FOR SUBMISSION?

Yes, as long as they document final costs. Submission requirement is for a complete scope of work with final costs.

SHOULD SUBMISSIONS INCLUDE BIDS FROM CONTRACTORS TO BACK-UP COSTS?

Yes. Projects with final costs will be prioritized.

HOW MANY APPLICATIONS SHOULD A GROUP SUBMIT? ALL PROJECTS ON ONE APPLICATION? NSP1 ELIGIBLE ON ONE APPLICATION AND FSDP ELIGIBLE ON ANOTHER? PRE-DEVELOPMENT COSTS ONLY SEPARATE APPLICATIONS FROM OTHER PROJECTS?

The application format allows for multiple projects on an application. However, projects that are requesting pre-development costs only should be on a separate application from other projects. Also, projects applying for NSP1 funds should be on a separate application from FSDP funds.

IF ONLY A PORTION OF THE FUNDS ARE AWARDED THROUGH THIS RFP, WHAT HAPPENS TO THE REMAINDER OF THE FUNDS?

This RFP will be reissued on a rolling basis if there are any remaining funds.

IF THE NSP1 FUNDS ARE NOT ALL USED IN THE 18-MONTH CONTRACT PERIOD, DO THEY EXPIRE?

Yes.

IF THE FSDP FUNDS ARE NOT ALL USED IN THE REQUIRED TIME, WHAT HAPPENS TO THE REMAINING DOLLARS?

If FSDP funds remain undisbursed, they may be reallocated into another HOF program subject to HOF Advisory Board approval.

WHAT HAPPENS TO NSP1 LOAN FUNDS WHEN PAID BACK?

The URA manages repaid funds for further NSP1 eligible projects.

WHAT HAPPENS TO FSDP LOAN FUNDS WHEN PAID BACK?

Repaid FSDP loan funds will be used to fund future affordable housing projects.

HOW WILL FUTURE FUNDING OF HOF FOR-SALE FUNDS BE RELEASED? ONCE EVERY YEAR? MULTIPLE TIMES PER YEAR? ROLLING?

The expectation is that an RFP for FSDP funds will be released annually.

HAVE HOF STAFF OR BOARD THOUGHT ABOUT USING HOF FUNDS OVER LONGER COMMITMENT PERIODS TO LEVERAGE OTHER SOURCES, SUCH AS AHP FUNDS?

HOF currently prioritizes shovel ready projects, therefore longer commitments are unlikely.

CAN FSDP FUNDS BE USED ON A PROPERTY THAT IS ALREADY COMPLETE?

No.

CAN FSDP FUNDS BE USED ON A PROPERTY THAT IS OCCUPIED?

No.

CAN HOF FUNDS BE USED AS A 3RD MORTGAGE ON TOP OF A STANDARD URA 2ND?

Only one URA deferred mortgage will be applied to a given dwelling. This deferred mortgage may be made up of FSDP, NSP1, or other URA funds. This RFP is specifically for FSDP and NSP1 funds.