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Urban Redevelopment Authority
of Pittsburgh

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REQUEST FOR PROPOSALS (RFP)

Lending and Investments Division
RENTAL GAP PROGRAM

RFP Issue Date: November 23, 2021

Pre-Application Info Session: Wednesday, December 1, 2021 at 10 AM EST
Zoom Link -

<https://zoom.us/j/93267106870?pwd=RWRwL05Ebk9YYkRXUU8vU0s3Uzlqdz09>

Meeting ID: 932 6710 6870

Passcode: 189116

Application Due Date: Accepting Proposals on a Rolling Basis

I. Introduction

A. Summary Information

The Urban Redevelopment Authority of Pittsburgh requests proposals from developers for the creation and/or preservation of affordable rental housing units, known as the Rental Gap Program (RGP).

II. Program Objectives

Full RGP Program Guidelines are attached to this RFP (Exhibit A).

The RGP will be used to help fund the creation of new affordable housing and/or preserve existing affordable housing in the City. The RGP provide loans to developers (borrowers) for the creation and/or preservation of affordable units. The RGP is designed to increase the supply of decent affordable housing and to eliminate health, safety and property maintenance deficiencies as well as to ensure compliance with applicable codes and standards.

The new creation of affordable housing will generally be defined as one of the following:

1. The new construction of housing units which will be rented to households at or below 50% of Area Median Income (AMI)
2. The new construction of units which will be rented to households at or below 30% of AMI
3. The rehabilitation of existing rental units to be rented to households at or below 50% of the AMI
4. The rehabilitation of existing rental units to be rented to households at or below 30% of AMI

This current RFP is open to all eligible projects EXCEPT those receiving, or applying for, 9% Low Income Housing Tax Credits from Pennsylvania Housing Finance Agency. Awarded 9% Low Income Housing Tax Credit developments will utilize a separate application process. Reach out to URA staff if there are any questions.

Priority will be given to projects that:

1. Bring new affordable units to market quickly and /or preserve existing affordable units
2. Are “shovel-ready”
3. Provide social services to the residents, including health and wellness services, eviction prevention, and/or job training

III. Eligible Borrowers

To be an eligible borrower, the following requirements must be met:

1. Eligible borrowers are members of development teams with demonstrated development and property management experience.
2. Housing Opportunity Funded (HOF) funded developments require a Non-Profit applicant in the development team. The HOF Advisory Board and Governing Board will give added weight to projects where a Neighborhood-Based Non-Profit Organization is a partner with the ability to approve major project decisions and acquire the property.

In accordance with City Council Bill No: 2016-0602, which created the Housing Opportunity Fund, "Non-Profit" means a non-profit organization that (i) is exempt from taxation under Section 501©(3) of the Internal Revenue Code and (ii) has 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 Housing Opportunity Fund is located, or (2) a Tenant Association that represents the tenants in the housing to be funded by the Housing Opportunity Fund.

To be considered a complete proposal, applications must include an executed agreement between the non-profit applicant and borrower. This document should detail the role of each party during different development phases (design/pre-construction, construction, post-construction, etc.), joint responsibilities, handling of project related income, as well as other details that inform the Advisory and Governing Boards of the development team's composition and function.

3. Be in good standing and qualified to borrow within the Commonwealth of Pennsylvania.
4. Be in good standing and a Qualified Borrower according to the URA Qualified Borrower Checklist.
5. Have the legal capacity and all necessary legal and corporate authorization to incur the obligations of the loan.
6. Agree in writing to abide by all requirements of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11246, Section 3 of the Housing and Urban Development Act of 1968, Section 504 of the Rehabilitation Act of 1973, and Section 109 of the Housing and Community Development Act; and if the total development cost of the project is in the amount of \$250,000 or more, a Minority/Women Business Enterprise (M/WBE) Plan and a Section 3 plan must be submitted and followed.
7. Submit an Affirmative Fair Housing Market Plan.

8. No entity related to the development team may have delinquent loans with the URA at time of application.

IV. Eligible Projects/Properties

A. To be eligible for the RGP, the following requirements must be met:

1. The property must be located in the City of Pittsburgh.
2. The property must comply with zoning requirements.
3. The borrower may not occupy the property to be constructed or rehabilitated.
4. The borrower must own the property prior to or at the RGP closing.
5. 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 of Pittsburgh.
6. The property must contain at least four (4) units.
7. The URA staff must deem the project to be a feasible residential project, based upon established project underwriting processes.
8. Minimum Affordability Requirements:

Number of Rental Units	Affordable Unit Requirements*
4 – 40	4 units Units may be any mix of ≤30% or ≤50% AMI
41+	At least 10% of all units must be affordable. Units may be any mix of ≤30% or ≤50% AMI

*If applied percentage is not an integer, minimum number of affordable units is to be rounded up to the next whole number.

V. Eligible Activities

Funds under the program may be used for the following three activities:

1. For hard and related soft costs associated with rehabilitation and/or new construction of residential affordable housing units
2. For costs, up to \$10,000 per unit and a total project cap of \$200,000, associated with providing supportive services appropriate to the residents of the funded units in the proposed project. Such supportive services may include, but are not limited to, health and wellness services, eviction prevention, and job training. Supportive service funding is only available through HOF sourced developments and dependent on availability of funds.
3. Non-profit applicants may apply for predevelopment financing to acquire and/or stabilize vacant and abandoned property to be rehabbed/constructed to provide affordable housing in accordance with the program guidelines. The predevelopment loan will be secured by a lien on the project property. The funding may be used for costs including, but not limited to,

acquisition, design development, geotechnical analysis, environmental analysis, engineering and reasonable costs of obtaining additional sources of predevelopment financing. The amount of the URA predevelopment loan cannot exceed 50% of the total predevelopment funding and is capped at \$200,000.

VI. Funding Terms, Limits and Requirements

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

A. Maximum Loan Amounts

Maximum loan amount is determined by the number of affordable units, the level of affordability and whether services are provided.

Unit Affordability	Maximum Loan
30% AMI	\$60,000 per unit
50% AMI	\$30,000 per unit
Additional funding for services	\$10,000 per unit up to \$200,000 (HOF sourced only)
Total RGP Funding	\$1,250,000

B. Equity

The borrower is required to provide equity equal to or exceeding 10% of the total development cost. If the non-profit borrower does not have a for-profit partner, this requirement might be waived or reduced with Advisory Board and URA Board of Directors approval.

C. Rent Limits and the Affordability Period

1. For requirements concerning the number of affordable units in developments to be rented affordably, see the Eligible Projects/Properties section.
2. The borrower must agree to comply with the specified income and rent limits for at least thirty (40) years. Priority will be given to projects that have permanent affordability for ninety-nine (99) years.
3. The gross rent for units to be occupied by households who earn at or below 50% AMI may not exceed 30% of 50% AMI. The gross rent for units to be occupied by households who earn at or below 30% AMI may not exceed 30% of 30% AMI.

Note: If development has received federal subsidy that allows for higher rent calculation, please provide evidence of this subsidy and rent determination.

D. Interest Rate

1. The interest rate to be paid on RGP loans will be a preferred rate set by the URA for each loan.
2. The interest rate will be established based upon the borrower's capacity to repay the RGP loan through the project's operating income as determined by the URA.

E. Loan Term

The maximum term of each loan shall not exceed the remaining term of the first mortgage or thirty (30) years from the date of completion of the rehabilitation or new construction funded by the RGP loan—whichever is longer. The term of affordability requirements, however, may exceed the term of the loan.

F. Loan Repayment

1. The loan repayment schedule will be based upon the borrower's capacity to repay the loan through the project's operating income as determined by the URA using the projected operating cashflow analysis.
2. The repayment schedule may be either:
 - a. Annual based on cashflow; OR
 - b. Monthly amortizing
3. The repayment schedule may provide for a period of deferred payments.
4. All RGP loan agreements will include a provision to enable the URA to seek a pre-payment of the loan in the event that the borrower's Net Operating Income (NOI) for the preceding year exceeds 130% of scheduled debt service payments. The NOI would be calculated based on a review of the borrower's financial statement for the preceding year. NOI is defined as project income less operating expenses less a reasonable provision for replacement reserve. The amount of the pre-payment would be equal to the amount by which NOI exceeds 130% of debt service.
5. For amortizing loans, a monthly payment will be charged which shall be applied to interest and principal in that order.
6. For cashflow loans, a balloon payment of principal and interest, if any, will be due on the maturity date of the loan.
7. Late charges, as permitted by law, will be charged on delinquent loans.

G. Loan Security

1. All loans shall be secured by a mortgage in the form required by the URA which shall be recorded in the Office of the Recorder of Deeds of Allegheny County.
2. All loans shall have a Declaration and Agreement of Restrictive Covenants recorded on the property to ensure affordability throughout the affordability period.

H. Fair Housing and Accessibility Requirements

1. All units in both rehabilitated and new projects shall meet visitability standards to the greatest extent feasible.
2. All projects shall maximize the number of units that meet Universal Design standards.
3. All new construction multifamily dwellings shall be designed and constructed to have at least one (1) building entrance on an accessible route unless it is impractical to do so because of the unusual terrain or unusual characteristics of the site.
4. All new construction projects must meet the design standards most recently published by the American National Standards Institute (ANSI) for Accessible Units or for Units with Accessible Communication Features. Additionally, all new projects must at least have the following characteristics:
 - a. The public and common use areas are readily accessible to and usable by handicapped persons
 - b. All the doors designed to allow passage into and within all premises are sufficiently wide to allow passage by disabled persons in wheelchairs
 - c. A minimum of 10% of units shall be accessible to individuals with mobility impairments and a minimum of 4% shall be accessible to individuals with sensory impairments

I. Loan Delinquency and Default

1. Loans shall be deemed delinquent if payment is not received within fifteen (15) days of the payment due date. Delinquent loans may be subject to late charges.
2. Loans shall be deemed in default subject to the extent that:
 - a. Any payment required by the documents evidencing the loan is thirty (30) days delinquent
 - b. There is a default in any other term or condition of the loan documents including the loan agreement

- c. Any representation made in any document submitted to the URA in connection with the loan is determined to have been untrue when made or anytime thereafter
3. In the event of any default by the borrower, the URA may, after giving the required notice to the borrower:
 - a. Recast the loan at an interest rate not exceeding prevailing conventional interest rates
 - b. Accelerate the loan to maturity
 - c. Foreclose on the property

J. Loan Disbursement

1. All proceeds from the URA loan will be escrowed at the URA or URA approved financial institution.
2. The disbursement of loan proceeds will occur as follows:
 - a. Borrower's cash equity shall be released initially
 - b. Borrower's conventional loan or revenue bond financing may be released prior to the URA's loan proceeds or in accordance with procedures established 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. To disburse funds for non-construction costs (soft costs), invoices must be submitted to document the costs and must be approved.

Loan funds may not be disbursed if there is a default on any term or condition of the loan documents.

K. Refinancing

Refinancing of existing debt on a property with a URA loan is not permitted.

L. Change of Ownership

Borrower may not sell, lease to own, assign, transfer, dispose of, or master lease all or any part of the property, or the borrowers interest in it, during the loan term without the prior expressed written consent of the URA.

M. Insurance

1. The borrower shall maintain fire and extended coverage insurance at the borrower's expense in an amount not less than the sum of the URA loan and any prior indebtedness secured by the property.
2. For properties located in a floodplain, the borrower must maintain special flood insurance in an amount not less than the sum of the URA loan and any prior indebtedness secured by the property.
3. All required insurance policies shall:
 - a. Be written by a company authorized to transact business in the Commonwealth of Pennsylvania
 - b. Be written by a company which is reputable and financially sound as determined by the URA
 - c. Be in force at the time of loan closing
 - d. Name the URA as loss payee in a standard mortgage clause attached to or printed in the policy
 - e. Contain terms and coverage satisfactory to the URA

N. Title Insurance

The borrower shall provide a policy issued by a title insurance company acceptable to the URA for an amount equal to the maximum principal amount of the loan. The title insurance policy must name the URA as mortgagee and must provide evidence that the title to the property on the date of closing is vested in the borrower and is free and clear of all liens and encumbrances, except to taxes not yet due and payable. Approved prior mortgages and any other items that are required by or specifically determined to be acceptable by the URA may be included.

O. Appraisals

The URA may require an appraisal of each property showing the value of the structure and/or land before and after the proposed construction. All appraisals shall be performed by appraisers acceptable to the URA and shall be in an approved format.

VII. Proposal Deadlines and Requirements

Important Bid Notification Announcement

The URA is now using Ion Wave Technologies as its bid notification, RFP Question and Answer (Q&A), and submissions platform. In addition to following the Submission Requirements, respondents must also register at: <https://ura.ionwave.net/VendorRegistration/PreliminaryInfo.aspx> to submit questions and project proposals.

A. Submission Requirements

All application submissions are to include a completed Rental Gap Financing Program Application Narrative (Exhibit B) and also include all attachments listed in the Attachments Checklist (Exhibit C)

The Application Narrative is comprised of the following sections:

- I. Project Checklist
- II. Development Team Information
- III. Project Information
- IV. Project Narratives
- V. Excel Workbook (Exhibit D)

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

All submissions must be electronically submitted via this RFP's page on Ion Wave Technologies.

B. Selection Criteria and Application Review

Fully completed applications will be evaluated in accordance to the Evaluation Criteria for the RGP (Exhibit E), after which URA staff may present the application for funding to the URA's Real Estate Loan Review Committee, Housing Opportunity Fund Advisory Board, and URA Board of Directors.

Applications will be evaluated using the criteria below:

1. Feasibility Criteria
 - a. Readiness to Proceed
 - b. Capacity of the Development Team
 - c. Compliance with RGP Funding Guidelines
 - d. Supportive Services Plan

2. Policy Objectives
 - a. Geographic Diversity
 - b. Non-Profit Participation
 - c. Term of Affordability
 - d. Housing Metric
 - e. Energy Metric
 - f. Connect Metric

g. Community Engagement

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

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

C. Loan Approval

1. Authority to Approve

All loans in an amount less than \$250,000 are subject to review by the Housing Fund Advisory Board and/or the URA review committee and the recommendation of the Residential and Consumer Lending Director to the URA Executive Director for approval. All loans equal to or greater than \$250,000 and all loans for projects with a total development cost in excess of \$2M are also subject to the approval of the URA Board of Directors.

2. Authority to Increase

Any loan increase equal to 10% or less of the URA Board of Directors approved loan amount, upon review by the Housing Opportunity Fund Advisory Board and recommendation by the HOF Director, are subject to the approval of the URA Executive Director. Any loan increase in excess of 10% of the URA Board of Directors approved loan amount must be approved by the URA Board of Directors.

3. Written Commitment Letter

Approval shall be evidenced by a written commitment to the applicant. Further action may not be taken toward closing on a loan until the applicant executes and returns a copy of the commitment letter. No construction activity may occur until after the loan has been closed.

4. Withdrawal of Application

An applicant may withdraw the loan application at any time before closing by giving written notice to the URA. The applicant shall bear any costs incurred for items including, but not limited to, title examinations, credit reports and appraisals. The application fee is non-refundable.

5. Loan Closing

- a. The loan closing will be scheduled at a time acceptable to the borrower and the URA.
- b. 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
- 4) A construction services fee based on the number of units to be constructed or rehabilitated
- 5) Other reasonable and customary charges or fees authorized by the URA
- 6) A loan commitment fee may be charged to the applicant on any RGP loan.

6. Taxes and Assessments

All taxes and assessments against the property which are due and payable shall be paid before or at closing.

7. Assumption

Loans may be assumed with the prior written permission of the URA. An assumption fee may be charged. Loans that are not assumed are due on the sale of the property.

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

The URA has a long history of diversity and inclusion within all its programs and 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 enterprise participation in work performed in connection with URA projects. The URA acknowledges the City's goal of 18 percent (18%) minority and 7 percent (7%) women participation. The successful applicant will be required to submit an MWBE plan as part of the project approval process. Any questions about MWBE requirements should be directed to mwbe@ura.org.

Specific to this RFP, the URA will require that all RGP 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 the program guidelines. Before a loan closing, a borrower will be required to work with the URA's MWBE Program Office to create a MWBE plan for the project/development.

E. Pre-Application Meeting

A non-mandatory Pre-Application Meeting will be held virtually on Zoom. Meeting details are below:

Date: Wednesday, December 1, 2021

Time: 10 AM EST

Link: <https://zoom.us/j/93267106870?pwd=RWRwL05Ebk9YYkRXUU8vU0s3UzIqdz09>

Meeting ID: 932 6710 6870

Passcode: 189116

Although not mandatory for applicants, this meeting serves as an opportunity to have questions answered about the RFP, submission process, the RGP guidelines, etc.

All questions and answers from the Pre-Application Meeting will be posted on Ion Wave Technologies.

F. Questions and Answers

Due to the rolling application and selection process, questions will be answered on an ongoing basis. All questions regarding this RFP should be submitted, and will be answered, through Ion Wave Technologies and will be visible to anyone registered on the site.

G. RFP Anticipated Timeframe

RFP Issue Date	Tuesday, November 23, 2021
Pre-Application Meeting	10 AM on Wednesday, December 1, 2021 on Zoom
Due Date for Applications	Applications will be accepted on a rolling basis

H. 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.

I. Non-Discrimination

The Urban Redevelopment Authority of Pittsburgh 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 Urban Redevelopment Authority of Pittsburgh.

List of Exhibits

[Exhibit A. Full Rental Gap Financing Program Guidelines](#)

[Exhibit B. Application Narrative](#)

[Exhibit C. Attachments Checklist](#)

[Exhibit D. Excel Workbook](#)

[Exhibit E – Evaluation Criteria](#)