

REQUEST FOR PROPOSALS (RFP)

Pittsburgh Downtown Conversion Program (PDCP)



RFP Issue Date: January 31, 2023

Application Due Date: Accepting Applications on a Rolling Basis

Submit All Applications through URA's Ion Wave Technologies Platform

<https://ura.ionwave.net/Login.aspx>

I. Introduction

The Urban Redevelopment Authority of Pittsburgh (URA) requests funding proposals for projects from developers for the Pittsburgh Downtown Conversion Program (PDCP) that call for the creation of new affordable housing in Downtown Pittsburgh through the conversion of fallow and underutilized office space.

Funding available to projects seeking PDCP financing originates from the American Rescue Plan, Commonwealth of Pennsylvania, City of Pittsburgh (City), and URA.

II. Program Objectives

Full PDCP Guidelines are attached to this RFP ([Exhibit A](#)).

PDCP is designed to provide subordinate loans to projects that commit to creating units affordable to households at lower Area Median Income (AMI) thresholds. The program will prioritize projects that maximize other relevant public and private financing sources (such as tax credits, private debt, and other tools), as well as projects that commit to deeper affordability by utilizing the Housing Choice Voucher Program offered by the Housing Authority of the City of Pittsburgh (HACP).

PDCP aims to make the Downtown residential community accessible to all Downtown workers, specifically to low-to-moderate income households. Under current conditions, many who work Downtown cannot afford to live in the neighborhood, or struggle to find available affordable units. PDCP looks to simultaneously address the lack of quality affordable housing options Downtown and reduce underutilized office space.

PDCP seeks projects that commit to long-term affordability of units at or below 80% of AMI, with an emphasis on projects that prioritize leasing and hiring of Downtown workers that earn 60% of AMI or lower.

III. Eligible Borrowers

Eligible PDCP borrowers may be non-profit developers, for-profit developers, or a joint venture, limited partnership, or another legal structure between a for-profit developer and a non-profit entity.

All PDCP borrowers must be current on all applicable City, Commonwealth, and Federal taxes. To be eligible for PDCP financing, borrowers must also have no delinquent loans from past URA projects/investments.

IV. Eligible Projects/Properties

To be eligible for PDCP financing, projects must comply with the following:

1. Projects must be located within the City's Central Business District. See map for reference ([Exhibit B](#)).
2. The project must consist entirely of currently vacant commercial/office space. Involuntary displacement of existing commercial tenants is prohibited.
3. The property must comply with all applicable zoning requirements.
4. The borrower must own the property prior to or at the time of PDCP closing.
5. Projects must rent at least 20% of the units to households at or below 80% of AMI. Affordability must be preserved for a minimum of forty (40) years after PDCP-funded units are available for occupancy, which will be ensured by a Declaration of Restrictive Covenants to be recorded at financial closing.
6. URA staff must deem the project to be a feasible residential project, based upon established project underwriting processes.

V. Eligible Activities

Construction and soft costs related to the residential conversion of participating projects shall be eligible for PDCP funding.

Eligible acquisition costs will be considered on a case-by-case basis. URA staff reserve the right to determine eligible acquisition costs based upon square footage to be utilized for residential use, recent appraisals and/or market studies. Acquisition costs must represent fair market prices.

Pre-development financing is not available through PDCP. Developer fees, financing fees and pre-development costs are not eligible for PDCP funding.

VI. Funding Terms, Limits and Requirements

All PDCP awards shall be made in conformance with the following requirements:

A. Maximum Loan Amounts

Affordable Units	PDCP Funding/Unit	Max PDCP Investment
20% or more of units at or below 80% of AMI	\$60,000/Unit	\$1,000,000 or 40% of total project costs, whichever is less
20% or more of units at or below 60% of AMI	\$80,000/Unit	\$2,000,000 or 40% of total project costs, whichever is less
20% or more of units at or below 50% of AMI	\$100,000/Unit	\$3,000,000 or 40% of total project costs, whichever is less

Projects planning for a combination of units at or below 50%, 60%, and 80% of AMI will be subject to the per-unit funding maximum for each unit's respective AMI level. For projects serving a combination of different AMI levels, the maximum PDCP investment will be dictated by the maximum PDCP investment (as identified in the chart above) that applies to the majority of affordable units. For example, a project with four units at or below 50% AMI, four units at or below 60% AMI, and 10 units at or below 80% AMI will be subject to the per project maximum applied to projects serving 80% of AMI (\$1,000,000). In the event there are equal numbers of units for different AMI levels, the lowest maximum PDCP investment will apply.

Projects seeking an alternative mix of affordability, including but not limited to committing more than 20% of units to be rented affordably or committing to deeper levels of affordability, may receive a PDCP investment as determined by the recommendation of it's the URA's Real Estate Loan Review Committee and Board of Directors. These projects must also be approved by the City of Pittsburgh Legal Department and Office of Management and Budget.

B. Equity

For-profit borrowers are required to provide equity equal to or exceeding 10% of the total development cost. Non-profit borrowers may be exempted from this requirement, subject to review by URA staff.

C. Income Limits, Rent Limits

1. Projects must rent at least 20% of the units to households at or below 80% of AMI.
2. Allowable Gross Rents

- a. The annual gross rent for units to be occupied by households at or below 80% of AMI may not exceed 30% of 80% of AMI (minus utility costs).
- b. The annual gross rent for units to be occupied by households at or below 60% of AMI may not exceed 30% of 60% of AMI (minus utility costs).
- c. The annual gross rent for units to be occupied by households at or below 50% of AMI may not exceed 30% of 50% of AMI (minus utility costs).

2022 Pittsburgh AMI Limits				
Household Size	30% AMI	50% AMI	60% AMI	80% AMI
1 person	\$ 19,920	\$ 33,200	\$ 39,840	\$ 53,120
2 people	\$ 22,770	\$ 37,950	\$ 45,540	\$ 60,720
3 people	\$ 25,620	\$ 42,700	\$ 51,240	\$ 68,320
4 people	\$ 28,440	\$ 47,400	\$ 56,880	\$ 75,840
5 people	\$ 30,720	\$ 51,200	\$ 61,440	\$ 81,920
6 people	\$ 33,000	\$ 55,000	\$ 66,000	\$ 88,000
7 people	\$ 35,280	\$ 58,800	\$ 70,560	\$ 94,080
8 people	\$ 37,560	\$ 62,600	\$ 75,120	\$ 100,160

*2023 Pittsburgh AMI Limits will be utilized when released by HUD later in 2023.

3. Acceptance of HACP’s Housing Choice Vouchers

- a. No project receiving PDCP financing may deny housing to a Housing Choice Voucher holder solely because they are a voucher holder. The URA reserves the right to request denied tenant applications for PDCP supported projects.
- b. Priority will be given to projects committing to provide units for Housing Choice Voucher holders. Information on Housing Choice Voucher payment standards can be found [here](#).

4. The borrower must agree to comply with the specified income and rent limits for a minimum of forty (40) years.

- a. Units may be “floating” on a year-to-year basis, so long as the project meets overall affordability covenants on an annual basis for the duration of the affordability period.

D. LIHTC

1. If a PDCP project also receives Low-Income Housing Tax Credit (LIHTC) financing:

- a. The borrower/project owner must agree to waive their right to request a qualified contract as defined in Section 42(h)(6)(F) of the U.S. Internal Revenue Code (Code); and
- b. The borrower/project owner must agree to repay any loaned funds if the project property becomes noncompliant, including if such project ceases to satisfy the requirements to be a qualified low-income housing project (as defined in Section 42(g) of the Code) or a qualified residential rental project (as defined in section 142(d) of the Code), or if the project fails to comply with any of the requirements of the extended low-income housing commitment that are described in section 42(h)(6)(B)(i)-(iv).

E. Interest Rate

1. The interest rate will be established based upon the borrower's capacity to repay the PDCP loan through the project's operating income, as determined by the URA.
 - a. Interest rates will be between 0% - 4% and will be less than or equal to the senior debt financing's interest rate(s).
 - i. Projects utilizing state and federal tax credit programs may receive higher interest rates if requested by equity investor, subject to URA review.

F. Loan Terms and Amortization Period

1. The maximum term of each PDCP loan shall not exceed the remaining term of the first mortgage or 40 years from the date of project completion, whichever is longer. PDCP loan term will not be less than 20 years.
 2. 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.
 3. Repayment schedule may be either annual based on a percentage of project cashflow OR amortizing monthly.
 - a. For cashflow loans, payment of all remaining principal and interest, if any, will be due on the maturity date of the loan.
- b. For amortizing loans, a monthly payment will be charged which shall be applied to interest and principal in that order.
4. All PDCP loan agreements will include a provision that enables 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 financing 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. All PDCP 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.
6. All PDCP loans shall have a Declaration and Agreement of Restrictive Covenants to ensure affordability throughout the affordability period, which shall be recorded in the Office of the Recorder of Deeds of Allegheny County.

G. Loan Disbursement

1. All proceeds from the PDCP loan will be escrowed at the URA or a URA approved financial institution.
2. Upon request, a portion of PDCP proceeds may be disbursed at a project's financial closing. Detailed documentation justifying closing expenses must be provided to URA staff no later than ten (10) business days prior to scheduled closing. Backup related to a draw to fund closing must include an accurate settlement statement and all related backup-invoicing,
3. Post-closing, PDCP proceeds may only be disbursed for work that has been completed and inspected by the URA or for materials that are securely stored on-site.
4. 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, invoices must be submitted to document costs incurred and must be approved by URA staff.
5. Loan funds may not be disbursed if there is a default on any term or condition of the PDCP loan documents.

H. Prevailing Wage Rates

Provided applicable thresholds are met, Pennsylvania Prevailing Wage Rates, Federal Davis Bacon Prevailing Wage Rates, and City of Pittsburgh Service Worker Prevailing Wage Rates may apply to PDCP projects.

I. Reporting

During construction, development teams must provide all requested documentation to the URA, as requested by the URA, related to construction costs, laborers involved in the project, and other information as needed to remain compliant with the federal, state, and local funds utilized for this program. Once operational, PDCP funded projects will provide annual reporting to the URA – including rent rolls, project financials, and other documentation as needed to determine loan repayment and verify that all ongoing affordability requirements are adhered to. See Section VIII(B) below for more detail on required PDCP recordkeeping and reporting.

J. Fees

All borrowers may be subject to the following fees:

1. Application Fee of \$500
2. Closing/Due Diligence Fee equal to 2% of PDCP investment, paid at closing.
3. Other reasonable and customary charges or fees authorized by the URA as outlined in PDCP financing commitment letter.

K. Fair Housing and Accessibility Requirements

1. All units in PDCP funded projects shall meet visitability standards to the greatest extent feasible.
2. All projects must submit an Affirmative Fair Housing Marketing Plan to the URA at time of PDCP application. A link to an Affirmative Fair Housing Marketing Plan template is provided in the PDCP Application Narrative ([Exhibit C](#)).

VII. Proposal Deadlines and Requirements

A. Bid Notification Announcement

The URA uses Ion Wave Technologies (IWT) 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://ionwave.net/suppliers/> in order to submit questions about this RFP.

B. Submission Requirements

All application submissions are to include: 1. A completed PDCP Application Narrative ([Exhibit C](#)), 2. PDCP Excel Template ([Exhibit D](#)), and 3. all applicable attachments listed in the Attachments Checklist ([Exhibit E](#)).

The Application Narrative is comprised of the following sections:

- I. Eligibility Checklist
- II. Development Team Information
- III. Project Information
- IV. Project Narrative

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 Ion Wave Technologies at <https://ura.ionwave.net/CurrentSourcingEvents.aspx>

C. Selection Criteria and Application Review

Fully completed applications will be evaluated by URA staff with particular attention paid to the following items:

1. Readiness to Proceed
2. Capacity of the Development Team
3. Cost Reasonableness
4. Compliance with PDCP Funding Guidelines
5. External Funding Leveraged
6. Acceptance of Housing Choice Vouchers
7. MWBE Participation

Preference will be given to shovel ready projects that utilize Housing Choice Vouchers, that serve lower AMI levels, that leverage sources outside of the URA to build out their project budget, and

that create new employment opportunities or create residential opportunities for people who were previously employe in the building prior to conversion.

Application review may take up to ninety (90) days during which URA staff may contact applicants to discuss submitted materials. Selected applications will be advanced for approval consideration.

PDCP funds are not guaranteed to any applicant, and are subject to availability.

D. Funding Approval

1. Authority to Approve

URA staff shall timely process all applications. The URA Real Estate Loan Review Committee shall vote on applications in order to form recommendations to the URA Board. URA Staff shall provide the URA Board of Directors with a written recommendation on the proposed project utilizing the framework set forth in the PDCP Guidelines ([Exhibit A](#)). The URA Board has final decision-making power over PDCP projects. When necessary, URA may seek a concurrence memo from the City of Pittsburgh Office of Management and Budget and/or Department of Law for matters related to compliance with the American Rescue Plan Act.

2. Deadlines

The borrower must meet deadlines for submission of documents at each stage of the application process. Failure to meet the deadlines may result in the cancellation of the application and/or applicant's loss of a priority position in funding processing.

3. Written Commitment Letter

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

4. Written Rejection Letter

If a funding application is disapproved for PDCP funds, the URA shall notify the applicant in writing. The rejection letter shall state the reason for rejection of the application.

5. Withdrawal of Application

An applicant may withdraw their PDCP application at any time before closing by giving written notice to the URA. The applicant shall bear any costs incurred in submitting and reviewing the PDCP application including, but not limited to, title examinations, legal fees and appraisals.

6. Funding Closing

- a. The loan closing will be scheduled at a time acceptable to the borrower and the URA, as well as other funders involved in the project.
- b. All pre-closing conditions outlined in the PDCP commitment letter must be satisfied before a financial closing may take place.
- c. PDCP loan closing and construction start will take place no longer than one hundred eighty (180) days after authorization by the URA Board of Directors to award PDCP funds.
- d. Reporting and inspection requirements for PDCP funded projects begin at loan closing and continue through the term of the PDCP loan.

E. Questions and Answers

Due to the rolling basis of the PDCP application and selection process, RFP questions will be answered on IWT on an ongoing basis. All questions regarding this RFP shall be submitted and will be answered exclusively through the IWT platform. Questions and answers relates to this RFP will be visible to anyone registered on the IWT site.

F. RFP Anticipated Timeframe

RFP Issue Date	January 31, 2023
Due Date for Applications	Applications will be accepted on a rolling basis

VIII. Other Information

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

The URA is committed to diversity and inclusion within all of its programs and activities. The URA encourages the full participation of minority and women business owners in its projects and

programs. 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 of Pittsburgh's goals of 18% minority-owned business enterprise participation and 7% of women-owned business enterprise participation. Successful applicants will be required to submit MWBE plans 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 PDCP borrowers demonstrate a good faith effort to obtain MWBE participation in work performed in connection with this program. Before PDCP loan closing, borrowers will be required to work with the URA's MWBE Program Office to create a MWBE plan for the project/development. As referenced in the Attachments Checklist ([Exhibit E](#)), all applicants must provide a preliminary MWBE Narrative for their application to be considered complete and ready for review.

The MWBE Narrative briefly conveys, in written form, the applicant's understanding of and commitment to the aforementioned MWBE participation goals. Whereas, the MWBE Plan, required before closing, requires the completion of a standardized Excel spreadsheet with specific information on the MWBE firms being provided with opportunities through the applicant's PDCP project.

B. Recordkeeping and Reporting Requirements

Borrowers will be required to maintain books, records, memoranda, checks, invoices, contracts, receipts, purchase orders, correspondence, records demonstrating that PDCP funds were spent for eligible purposes for at least five (5) years beyond December 31, 2026, or any longer period that is required by the URA or by law. Borrowers will be required to agree to make records available to representatives of the URA or the City upon request and in the format requested by the URA or the City.

Following PDCP closing, borrowers will be required to submit quarterly reports related to their projects to the URA. Such quarterly reports shall contain the following information:

1. Borrower name and contact person
2. Project location
3. PDCP loan amount
4. Project status:
 - a. Not started
 - b. Completed less than 50%
 - c. Completed 50% or more
 - d. Fully completed
5. Total cost of project (including outside sources)
6. Other project information, as requested

C. Legal Information

The URA reserves the right to verify the accuracy of all information submitted in response to this RFP and to make such investigation as it deems necessary to determine the ability of each applicant to perform the obligations in the response. The URA in its discretion reserves the right to reject any response when the available evidence or information does not satisfy the URA that the applicant is qualified to carry out properly the obligations of the response.

The URA shall be the sole judge as to which, if any, 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

This form is submitted subject to errors, omissions, and/or withdrawal without notice by the URA at any time.

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.

All responses, including attachments, supplementary materials, addenda, etc. shall become the property of the URA and will not be returned.

Respondents and team members must disclose any conflict of interest with regards to any other work performed by the respondent for the URA, the City of Pittsburgh, or any related entity.

D. 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 administered by the Urban Redevelopment Authority of Pittsburgh.