



Community Revitalization Fund Program (CRFP) Overview and Request for Proposals August 29, 2022

The Pennsylvania Housing Finance Agency (“PHFA” or “Agency”) announces a Request for Proposals (“RFP”) to participate in the Community Revitalization Fund Program (“CRFP” or the “Program”) to provide financing for the construction or rehabilitation of critical projects providing affordable housing in commercial corridors across the Commonwealth. This Program serves as a funding mechanism to bridge the gap that exists between traditional housing programs and commercial lending sources while fostering sustainable partnerships to leverage public and private resources.

Funding from this Program will be awarded to financially viable, mixed-use projects that are consistent with a well-defined community development or revitalization plan (Main Street Corridor Plan, Downtown Development Strategy, etc.). Financing may be provided for the overall project and not merely for the housing or commercial development component.

Program Goals

To administer this Program most effectively, PHFA has outlined the following Program goals. These goals will be used as the framework and basis for review and selection of projects. Applications will be evaluated based on their ability to address each goal as well as the financial capacity of the applicant to successfully implement and manage the project as a core component of a broader community revitalization strategy.

1. Increase funding for affordable housing and commercial corridor development in areas of the Commonwealth where significant need and impact can be identified and documented.
2. Maximize the leveraging of resources to the greatest extent possible.
3. Foster sustainable partnerships that will be committed to addressing needs over a significant period.
4. Ensure that resources are used in an effective and efficient manner to meet the needs of communities impacted.
5. Provide strategic financing for "capstone" projects that will advance an overall strategy for revitalization of a community.
6. For 2022-23, the Program will prioritize applications from smaller communities (3rd Class cities) in the Commonwealth.





Eligible Applicants

Eligible applicants for CRFP include Pennsylvania units of local government such as counties, cities, town, boroughs, townships and municipalities, redevelopment authorities, for-profit entities, non-profit entities (with operational capacity), economic development organizations, and neighborhood/downtown/business improvement districts. **Partnerships between public and private entities are strongly encouraged.**

A single purpose, legal entity must be created by the applicant(s) specifically for the project and will be the entity with fiscal and fiduciary responsibility for implementation, management, monitoring and project reporting. All documents pertaining to Program requirements will be the responsibility of the entity.

Eligible Uses

CRFP funds may be used to finance any component of the proposed mixed-use project. The proposal should target those areas within municipalities, urban centers and commercial corridors of core communities which have experienced or are at imminent risk of significant depopulation, disinvestment, or distress. The proposed improvement(s) must have a documented beneficial impact on the community. The Agency will make a determination of qualification for funding based upon the overall strength of the enclosed market study, demographic data, strategic studies, and other empirical information provided by the applicant.

Eligible uses for Program funds may include:

- Development, rehabilitation, and/or site improvements to mixed-use properties;
- Rehabilitation or restoration of older or underutilized buildings for immediate reuse that will support other community development goals;
- Acquisition, provided documentation is included to support market values (such as an appraisal), as well as comprehensive funding to implement reuse and effective operation of the building after purchase;
- Commercial build-out and business lease space; and
- Design, structural and legal conversion of existing buildings into retail and affordable housing

Financial Assistance

1. **Grant Amount** - To allow for an efficient Program operation, the Agency has determined that the minimum CRFP grant request will be \$500,000 and the maximum request will not exceed \$1,000,000. The Agency will limit the overall funding award to \$1,000,000 for any one (1) Applicant each Program year.
2. **Additional Financial Assistance** –The Agency has additional mixed-use funding available through its Revised Community Leveraging Assistance Initiative (ReCLAIM) program. These funds are available for smaller-scale, mixed-use projects that have a financing gap and can support additional debt. Repayment of these loans will commence one year following construction completion. Payment of principal only shall be made from surplus of revenues over expenses generated by the entire development (i.e., residential and commercial portions) during any calendar year. There will





be no interest due and payable on the mortgage loan (except for default interest). The loan will be repaid over a period not to exceed 25 years. CRFP projects are evaluated in part based upon their financial readiness and ability to leverage additional resources. Any Applicant that has a project with a financing gap and believes this funding could increase the competitiveness of their application is encouraged to reach out to Agency staff to determine if their project may qualify.

Proposal Requirements

This section outlines the specific requirements for proposals under the Program.

1. The structure(s)/property must be on a commercial corridor supported by a comprehensive neighborhood revitalization strategy. The neighborhood revitalization strategy or municipal strategic plan should specify plans for economic development and include other physical or public safety improvements, proposed or in place, such as sidewalks, streetlights, and the proximity to or availability of other community services and amenities such as transportation, schools, shopping areas, parks, etc.
2. All projects submitted for review must include a mix of uses in some combination of non-residential (retail/commercial/cultural/institutional/office/light industrial) space **and** residential units. The size of non-residential space allocated should, in the opinion of the Agency, be appropriate to the overall commercial corridor and in similar scope and scale to existing structures/businesses. The focus of this criterion will be the role of the project in the overall plan for development/revitalization and the market research for the appropriate combination of housing and non-residential uses.
3. Evidence of financial viability with supporting information for the residential portion, the commercial portion, and the entire mixed-use facility.
4. The use for commercial portions, identifying proposed or existing tenants, build-out requirements, existing rents, and lease agreements, should be provided if available.

NOTE: PHFA will require that projects maintain a mixture of residential and non-residential uses for a period of at least ten (10) years. Residential units must remain affordable to households at or below 80% of area median income for a period of at least ten (10) years. Preference will be given to projects committed to longer periods of mixed-use in scope **and** residential affordability.

PHFA reserves the right to reject any application which includes costs or fees which PHFA deems to be unreasonably high or excessive.



The application proposal must be sectioned and numbered in the same order as identified below.

1. **Narrative:** A short description of the proposal, project scope, and the need for and expected impact of the funding. All key features of the proposal, including targeting, impact, and how the funds will make quality housing affordable and commercial development more readily available should be addressed in this section.

Include a description of the existing real estate market and detail how the proposed project will address present needs while also providing stability for residents into the future. **Applicants are strongly encouraged to supply sufficient market information (i.e., market study) regarding the need for the project.**

2. **Financing:** Projects will be evaluated based on their ability to leverage resources to the greatest extent possible and their demonstrable ability to secure other financing sources in a timely fashion.

A detailed plan including all the following should be included, if applicable:

- A list showing sources of matching and/or leveraged funds and status of funding for each source (i.e., committed or requested). For all uncommitted sources, Applicant should note the status and timeline for securing and accessing those funds.
 - Commitment letters and contracts from identified funding sources must be included

3. **Ownership:** A single purpose, Pennsylvania–domiciled, legal entity must be created by the applicant(s) specifically for the project and this entity will have fiscal and fiduciary responsibility for implementation, management, monitoring and project reporting. All Program requirements will be the responsibility of the ownership entity.
4. **Comprehensive Plan:** Evidence that the site is part of an existing or proposed comprehensive neighborhood revitalization strategy (such as a Main Street Corridor Plan, Downtown Development Strategy, etc.) with a detailed description of the strategy. The articulated strategy must specify plans for economic development and include other physical or public safety improvements proposed or in place, such as sidewalks, streetlights, proximity to, or availability of, other community services/amenities such as transportation, schools, parks, grocery stores, employment, healthcare services, etc.
5. **Impact on Inequalities and Disparities:** Evidence that the proposed project will address persistent, historical, and significant disparities and inequities that exist by race, class, income, culture, and education. This section should identify the specific tactic or strategy that the proposed project will implement to ensure that there is movement underway to affirmatively reduce and eliminate these barriers in the community.



6. **Site Control:** Evidence of site control or, in the alternative, evidence of the ability to acquire the proposed site in a timely manner.
7. **Zoning:** Evidence satisfactory to the Agency that the proposed development complies with zoning ordinances and local land development plans.
8. **Budget:** This section should include the following budgets:
 - Development budget (encompassing both residential and commercial) with sources and uses
 - 10-year pro forma operating budget
9. **Location Map:** A map of the project site and neighborhood identifying any proposed municipal improvements or private development not part of the funding proposal.
 - The map in this section should identify all existing uses within a six-block radius of the project site. Additionally, it should identify any privately or publicly owned subsidized rental housing developments or developments that have been funded by PHFA or other state agencies (if known).
10. **Existing Condition Photos:** Photographs of the proposed site, contiguous sites, surrounding area and neighborhood, as well as photographs of the interior of the property.
11. **Architectural Drawings:** Schematic drawings and a 3D rendering (if available) of the proposed project.

NOTE: The Agency requires that commercial space and housing units be accessible and constructed and operated in accordance with applicable fair housing and Americans with Disability Act requirements.
12. **Timeline:** Proposals must show an overall timeline for the utilization of the funds. Projects should be prepared to complete construction within eighteen (18) months of the award of funds.
13. **Appraisal:** An appraisal of each property in the proposed development, if available.
14. **Previous Experience:** A description of previous development experience for all partners involved in the project with specific details regarding any experience within the proposed community.
15. **Appendix A (Project Fact Sheet)**
16. **Appendix B (Summary of Uses of Funds)**
17. **Letters of Support:** Applicants are encouraged, but not required, to submit letters of support from elected officials, local organizations, and other community stakeholders.





NOTE:

PHFA may charge appropriate fees to cover administration, review, and monitoring.

PHFA expects that projects will be subject to all applicable Pennsylvania laws relating to funding from public sources of funds (i.e., fair housing, accessibility, wage rates and labor standards).

Selection Criteria

The following criteria has been established to guide the Agency in its review of projects and determination for distribution of the Program funds:

1. PHFA’s goal is to fund projects in various geographic areas of the Commonwealth. For 2022-23, the Agency will prioritize applications from smaller communities (3rd class cities) across the Commonwealth.
2. The Agency reserves the right to determine reasonableness of the overall cost per residential unit and cost per square foot of retail/commercial, etc. in determining the thresholds appropriate for Program funding. Projects with costs deemed unreasonable may be rejected by the Agency.

Reporting Requirements

Successful applicants must immediately report, in writing to PHFA, any material changes in ownership, staffing or financial condition of the developer or ownership entity. Any transfer of ownership of the subject property is subject to and must receive prior approval from PHFA in accordance with the requirements set forth in the funding agreement.

The Agency is required to provide an annual report to the Governor and legislature listing the taxpayers applying for credits, those awarded a tax credit certificate and a list of projects funded through CRFP. PHFA will be partnering with the Pennsylvania Department of Revenue to review interested taxpayers to ensure that they are fully compliant with all Program requirements. Project owners will be required to submit ongoing documentation relating to the operation of their project as outlined by the Agency in the funding agreement.

Proposal Submission Instructions

Applicants must submit one (1) complete hard copy (in a three-ring binder) and one (1) complete electronic copy (saved to a flash drive) of the proposal. Both submissions must be organized according to the instructions provided under the [Required Proposal Details](#) section of this RFP.

ALL CRFP proposals should be mailed to:

**Shelby Rexrode
Office of Strategic Planning and Policy
Pennsylvania Housing Finance Agency
211 N. Front Street
Harrisburg, PA 17101**





***Funding proposals and supporting documentation must be received by PHFA
no later than 2:00 pm on Friday, November 4, 2022.**

CRFP Question Submissions - All RFP questions must be submitted via email to Shelby Rexrode at srexrode@phfa.org. Phone calls will not be accepted.





Appendix A
Project Fact Sheet

1. Project Name: _____

2. Total amount of CRFP funding requested (\$'s): _____

3. Total development cost (\$'s): _____

4. Total number of buildings (sites) included in the development: _____

5. Number of apartments proposed: _____
 One bedroom _____
 Two bedroom _____
 Three bedroom _____

6. Proposed residential rents (\$'s/per month)
 One bedroom _____
 Two bedroom _____
 Three bedroom _____

7. Square footage of commercial space(s): _____

8. # of proposed commercial spaces: _____

9. Proposed commercial rents (\$'s per square foot): _____

10. Property address(es) with zip code:

11. Contact Information (name, address, phone, email)

<u>For-profit partner(s):</u> _____ _____ _____	<u>Non-profit partner(s):</u> _____ _____ _____
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Appendix B
Uses of Funds Summary

Applicants should complete the following pages to provide a summary of any and all uses of funds for the project. This section should be completed in addition to the budget listed in the RFP. Attach additional pages as necessary.

Total Acquisition Cost \$ _____

Acquisition (sales price) \$ _____
 Acquisition (legal fees) \$ _____
 Closing costs \$ _____

Total Construction/Rehab Cost \$ _____

Construction costs \$ _____
 Rehabilitation costs \$ _____
 Demolition \$ _____
 Environmental remediation \$ _____
 Off-site improvements \$ _____
 Builders overhead \$ _____
 Builders profit \$ _____
 Bond premium \$ _____
 Building permits \$ _____
 Construction contingency \$ _____

Total Predevelopment Cost \$ _____

Architectural fee \$ _____
 Engineering \$ _____
 Legal fees \$ _____
 Environmental \$ _____
 Survey \$ _____
 Appraisal \$ _____
 Market Study \$ _____
 Other: _____ \$ _____
 Other: _____ \$ _____

Total Miscellaneous Development Cost \$ _____

Rent-up expense \$ _____
 Utility tap, hook up & municipal fees \$ _____
 Marketing \$ _____
 Other: _____ \$ _____
 Other: _____ \$ _____





Total Construction & Permanent Financing Cost \$ _____

Construction loan interest	\$ _____
Construction financing fees	\$ _____
Taxes during construction	\$ _____
Insurance during construction	\$ _____
Title insurance	\$ _____
Recording	\$ _____
Permanent financing fees	\$ _____
Other: _____	\$ _____
Other: _____	\$ _____

Total Reserves & Developer Fee Cost \$ _____

Capitalized operating reserve	\$ _____
Other reserve	\$ _____
Developer fee	\$ _____
Other: _____	\$ _____
Other: _____	\$ _____

TOTAL \$ _____

