

**REVISED COMMUNITY LEVERAGING ASSISTANCE INITIATIVE MORTGAGE
(ReCLAIM)
Pilot Phase of Program**

**Program Overview and Request for Proposals (RFP)
September 2014**

The Pennsylvania Housing Finance Agency (PHFA) announces a Request for Proposals (RFP) to participate in a pilot program for the Revised Community Leveraging Assistance Initiative Mortgage (ReCLAIM) to encourage the revitalization of commercial corridors in urban centers of core communities and neighborhoods in Southwestern Pennsylvania. This Initiative creates the funding mechanism to help bridge the gaps that exist between housing and commercial lending and to provide a source of loan funds often unavailable for mixed-use properties.

Given the limited resources available for the pilot phase of this Initiative, funding will **ONLY** be made available to those communities where foundation or other significant private sources of funding can be added to the program and accessed through this RFP. **Accordingly, this pilot phase of the Initiative will only accept applications from project applicants in Allegheny County.**

These loans will be made in connection with a financially viable, holistic mixed-use property consistent with a well-defined overall community development plan. Financing may be provided for the overall project and not merely for the housing or commercial development component.

The type of projects expected to be approved through this Initiative will be one that can be a "linchpin" project for a community as part of its overall strategy for change.

In an effort to most appropriately deploy this program, PHFA has outlined the following set of program goals. These goals will be used as the framework and basis for review and selection of projects for ReCLAIM. Applications will be evaluated based on their ability to meet the Program Goals as well as the financial capacity of the partnership to successfully implement and manage the project as a core component of a broader revitalization strategy.

Program Goals

1. Increase affordable housing and commercial corridor development opportunities in areas of the Commonwealth where significant need and impact can be identified and documented.

Utilize funds to address significant and persistent housing and commercial development needs in the most effective and efficient manner.

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 of time.
4. Ensure that resources are used in an effective and efficient manner to meet the needs of communities impacted.

5. Establish an application, allocation and reporting process that provides transparency to all stakeholders.
6. Provide strategic financing for "capstone" projects that will finalize an overall strategy for revitalization of a community. "But for" this project, the community will not be able to fully realize its overall plan for redevelopment.

Eligibility of Structure(s)/Property

In order to be eligible for funding through this Initiative, a structure/property must:

- be located on a commercial corridor where a comprehensive neighborhood revitalization strategy is either in place or being developed;
- be sponsored by an entity with development experience in the community and with capacity to complete the project;
- contain a combination of debt financing, gap financing and equity;
- have evidence of site control and local support in the form of public funding or other public support;
- identify sufficient financing and funding to ensure financial feasibility.

Proposal Requirements

This section outlines the specific requirements for proposals under the ReCLAIM Initiative.

1. Eligible applicants for funding include a for-profit developer, community-based non-profit developer or Community Development Corporation (CDC) engaged in development in the community as well as a municipality, municipal entity or county government. Any, or all combinations, may form a joint partnership for submission of a proposal.
A legal, single purpose entity must be created by the applicant(s) specifically for project and will be the vehicle that will have fiscal and fiduciary responsibility for implementation, management, monitoring and project reporting. All loan documents and other program requirements will be the responsibility of the entity.
2. To extend the impact of PHFA's funding, support through ReCLAIM must be matched on a 1:1 basis by local applicants. Of this amount, a minimum of fifty percent (50%) of the funding must be contributed by the local government. Examples of sources for local government matching funds may include, but are not limited to: tax abatement programs, acquisition value, funds made available through CDBG, HOME, County Housing Trust Fund, PHARE funds, funds from PennDOT, DCED or DEP.
3. The proposal should target those areas within municipalities, urban centers and commercial corridors of core communities which have experienced significant depopulation, disinvestment or distress.
4. A proposal should document efforts to address other factors that contribute to negative urban environments (i.e., unemployment, crime, transportation issues, distance from amenities, blighted and/or vacant properties, lack of green or open space, etc.) as part of an overall redevelopment strategy.
5. The neighborhood revitalization strategy or comprehensive municipal strategic plan should

specify plans for economic development and include other physical or public safety improvements, proposed or in place, such as sidewalks, street lights and the proximity to or availability of other community services and amenities such as transportation, schools, shopping areas, parks, etc.

6. Evidence of financial viability with supporting financing information for the residential portion, the commercial portion and the entire mixed-use facility including, but not limited to:
 - financing plans
 - information about ownership status, zoning and plan approval process
 - development budgets, specifying the acquisition and rehabilitation costs, sources and uses of funds
 - proposed rent (or sales price) per retail space/unit/home upon completion
 - operating budgets
 - an estimated value upon completion
7. The proposed use for commercial portions, identifying proposed or existing tenants, build-out requirements, existing rents and providing lease agreements, if available.

NOTE: PHFA may charge appropriate fees to cover processing, closing and monitoring in an amount not to exceed 2% of the ReCLAIM loan amount.

NOTE: For projects that include a residential component, PHFA will require that the assisted units remain affordable (to households at or below 80% of AMI), for a period of at least ten (10) years.

Proposal Submission Details

The sections of the proposals are identified below and should be numbered with the information submitted in the same order as indicated below.

1. **Narrative:** A short summary description of the proposal, its scope, the need for and the 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 how the proposal would address the present needs while providing stability for community residents in the future. **Please complete Appendix A (Project Fact Sheet).**

Applicants are encouraged to supply sufficient market information regarding need for the program/project. If not provided, market study information and analysis may be requested or obtained elsewhere by staff (and applicant may have to hire a professional market analysis) in evaluating the application.

2. **Financing:** A detailed plan including all of the following, if applicable;
 - a. A list of sources of matching and/or leveraging funds including percentage of funding support from all other sources.
 - b. The status of the funding availability (requested/committed) including a timeline for access to matching or leveraging funds.
 - c. Letters evidencing commitment of financing from relevant funding sources must be included.
 - d. If available, contracts related to any funding source setting forth funding conditions must be provided.
 - e. **Please complete Appendix B (Summary of Uses of Funds).**

3. Partnership: Evidence of meaningful involvement between the local county or municipality and the nonprofit or for profit organization serving as applicant and sponsor for purposes of the application must be included in the application.
4. Comprehensive Plan: Evidence that the site is part of an existing or proposed comprehensive neighborhood revitalization strategy, with a detailed description of the strategy. The articulated strategy should specify plans for economic development and include other physical or public safety improvements proposed or in place, such as sidewalks, street lights, proximity to, or availability of, other community services/amenities such as transportation, schools, parks, grocery stores, employment, health care services, etc.
5. Site Control: Evidence of site control or, in the alternative, evidence of the ability to acquire the proposed site in a timely manner (i.e., within six months of a Preliminary Reservation of Funding date).
6. Zoning: Evidence satisfactory to the Agency that the proposed development complies with zoning ordinances and local land development plans.
7. Budget: A complete development budget (encompassing both residential and commercial) including sources and uses.
8. Location Map: A map of the site and neighborhood identifying any proposed municipal improvements or private development not part of the ReCLAIM proposal. This should include a lot by lot map identifying all existing uses within a six block radius of the project site. It should also identify any privately or publicly owned subsidized rental housing developments or other developments with PHFA involvement and other state programs identified if known.
9. Existing Condition Photos: Photographs of the proposed site, contiguous sites, surrounding area and neighborhood, as well as photographs of the interior of the property.
10. Architectural Drawings: Schematic drawings of the proposed project. (The Loan Agreement will require that commercial space and housing units be accessible and constructed and operated in accordance with applicable fair housing and Americans with Disability Act requirements.)
11. Timeline: Proposals must show an overall timeline for the utilization of the funds. Programs/projects should be prepared to commence within one year of application and project completion within 12 months (or as agreed to by the Agency).
12. Neighborhood Impact: A narrative on the effect of the proposed ReCLAIM development on the current existing commercial and residential occupants and any relocation that may be necessary with plans to do so. This statement should also include statistics on both temporary and permanent job creation as a result of the development and specify the basis for such projections.
13. Appraisal: An appraisal of each property to be included in the proposed development.
14. Previous Experience: A description of previous development experience for all partners with specific details regarding any experience within the proposed community.

15. **Reporting:** Semi-annual reports will be required in a form and timeframe sufficient to allow PHFA to document and monitor the progress of the project and community. The reporting should include an update on the progress of the project/development as well as detailing any changes to the residential or commercial components of the project. Additionally, any other revitalization efforts underway, either adjacent or in proximity, to the development should be documented.

Site Visit

PHFA staff may schedule a meeting with each developer and their team to be held at the proposed development site. In this meeting the proposal sponsor and development team will have the opportunity to more fully describe the specifics of the proposal and how it will enhance the community.

Construction Financing

PHFA funds may be available for the financing of any component of the proposed mixed-use project. The Agency will make a determination of qualification for financing based upon location and the information provided in the application.

Reporting Requirements

Once a proposal has been submitted, and until the development has been completed, successful applicant 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 of PHFA.

Loan Repayment

PHFA funding through the Revised Community Leveraging Assistance Initiative (ReCLAIM) is a loan, secured by a mortgage on the real estate which comprises the development.

For developments including rental housing the repayment is as follows:

Repayment of this loan, as set forth in the PHFA Note and Loan Agreement, 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). Repayment of the principal shall be due upon sale or transfer of the property and upon default.

For developments including for-sale housing the repayment is as follows:

Repayment of this loan, as set forth in the PHFA Note and Loan Agreement, may be deferred for up to thirty years (unless there is an uncured event of default). This loan will be secured by dedicating ten percent of the ReCLAIM funds allocated to each development proposal to the purchase of an investment security. The investment security will be a zero coupon investment in a direct U.S. Treasury, government agency, or rated corporate security, selected and wholly owned by PHFA. An amount equal to ten percent of the ReCLAIM funding requested should be budgeted for the purchase of the repayment security.

For non-housing developments the repayment is as follows:

Repayment of this loan, as set forth in the PHFA Note and Loan Agreement, 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. commercial/retail portion) during any calendar year. There will be no interest due and payable on the mortgage loan (except for default interest).

Repayment of the principal shall be due upon sale or transfer of the property and upon default.

Recapture of Funding Award

Upon selection, PHFA will provide a funding letter outlining specific timelines, closing conditions and project goals. The loan will be subject to the Loan Agreement outlining conditions, repayment obligations, and covenants applicable to the development. In all instances, developers must provide evidence of substantial progress to ensure development feasibility within twelve months of the date of the ReCLAIM funding reservation and continued progress throughout the approved timeline, to ensure timely completion. PHFA may recapture any funds provided or terminate any commitment or funding reservation in the event of material deviations from the projected timeframes, in the event of misrepresentations or upon failure to abide with program requirements at any time.

**All proposals and supporting documentation must be received
by PHFA no later than
2:00 p.m. on XXXX**

The Proposal Submission Process

**All questions must be submitted in writing only to Bryce Maretzki
at either the address below or via e-mail at bmaretzki@phfa.org**

Bryce Maretzki
Director of Policy and Planning
Pennsylvania Housing Finance Agency
211 North Front Street
Harrisburg, PA 17101

PHFA will try to make all questions and answers available on its website. All applicants are urged to check the website from time to time for available updates and guidance. PHFA reserves the right to contact any applicant for clarification and information and to make adjustments to applications necessary to fulfill the program requirements. In addition, PHFA may amend, suspend, terminate or otherwise withdraw this RFP invitation and the process described at any time. PHFA shall incur no liability to any entity for any aspect of its submission. All information submitted shall belong to PHFA and shall be subject to public inspection.

**All proposals must be in three-ring binders and
arranged numerically to comply with the requirements above.**

**Submit one (1) complete "hard" copy, in a three-ring binder,
and a complete electronic copy of the proposal to:**

Bryce Maretzki
Office of Strategic Planning and Policy
Pennsylvania Housing Finance Agency
211 North Front Street, Harrisburg, PA 17101

APPENDIX A

Project Fact Sheet

(Please note: All information provided in this fact sheet will be the final information used during the funding decision process.)

1. **Development Name**

2. **Amount of ReCLAIM 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 feet of commercial space** _____

8. **Proposed commercial rents (\$'s per square foot)** _____

9. **List of community services and amenities that are within walking distance (e.g. public transportation, schools, shopping areas, parks, etc.)**

10. **Property address(es) with zip code**

11. **Contact Information (name, address, phone, email)**
For-profit partner:

Email: _____

Non-profit partner:

Email: _____

Municipal Entity:

Email: _____

APPENDIX B

Summary of Uses of Funds

Name of Project: _____

Total Acquisition Costs	\$ _____
Acquisition (Sale Price)	\$ _____
Title & Recording	\$ _____
Acquisition Legal Fees	\$ _____
Closing Costs	\$ _____
Total Construction/Rehab Costs	\$ _____
Construction Costs	\$ _____
Rehabilitation Costs	\$ _____
Construction Contingency	\$ _____
Off-site Improvements	\$ _____
Demolition	\$ _____
Builders Overhead	\$ _____
Builders Profit	\$ _____
Bond Premium	\$ _____
Architect and Engineer	\$ _____
Fees and Permits	\$ _____
Market Study	\$ _____
Environmental	\$ _____
Appraisal	\$ _____
Survey	\$ _____
Rent-up Expenses	\$ _____
Taxes	\$ _____
Insurance	\$ _____
Construction Loan Interest	\$ _____
Bridge Loan Interest	\$ _____
Accounting	\$ _____
Syndication Fees	\$ _____
Permanent Financing Costs	\$ _____
Construction Financing Fees	\$ _____
Developer Fees	\$ _____
Development Consultant	\$ _____
Legal Fees	\$ _____
Other Soft Costs	\$ _____
Other Reserve	\$ _____
Capitalized Operating Reserve	\$ _____
Total	\$ _____