



Philadelphia
Redevelopment
Authority



Request for Proposals

Small Landlord Loan Program (SLLP)

April 18th, 2019

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Attachments:

- A. Philadelphia Tax Status Certification and Conflict of Interest Form
- B. Campaign Disclosure Forms
- C. Insurance Requirements
- D. Draft SLLP Eligibility Checklist



Application Process

The Philadelphia Redevelopment Authority ("PRA") is pleased to issue this Request for Proposals ("RFP") for financial institutions (each, a "Lender," and together, the "Lenders") to carry out the origination and servicing of loans as part of the Small Landlord Loan Program ("SLLP").

Submission Deadline

Lenders must submit responses/proposals (each, a "Response") no later than **June 17, 2019** at 3:00 PM; absolutely no Responses will be accepted after that time.

Intention to Submit

All Lenders wishing to submit a Response to this RFP **must submit an Expression of Interest form** ("EOI Form") located in the Resources section of the RFP webpage in hard copy or by email to **RFP@pra.phila.gov** by **May 16, 2019**. The names and contact information of those who submitted an EOI Form will be posted on PRA's website as public information.

Pre-bid meeting

PRA will hold a pre-bid meeting on **May 16, 2019** at 10 AM on the 16th floor of 1234 Market Street.

Questions/Requests for Additional Information

PRA will accept questions and requests for additional information directed in writing to **RFP@pra.phila.gov** until **May 16, 2019**. Questions, responses, and additional information will be posted on the PRA website within seven (7) business days.

Related Parties

Lenders (i.e. individuals, organizations, and businesses) may submit only one Response to this RFP. Individuals or businesses that are legally related to each other or to a common entity may not submit separate Responses. The PRA, in its sole and absolute discretion, retains the right to reject any proposal where:

1. Lenders or principals of Lenders are substantially similar or substantially related parties; or;
2. The PRA has determined that the Lender has violated these conditions or the spirit of these conditions.



Submission Process

Response submission will only be accepted in either of the following:

1. Online Submission – via the electronic portal on PRA's website (<http://www.philadelphiaredevelopmentauthority.org/>); or
2. Hard Copy Submission – Submit 3 original copies of the Response and one electronic copy on a USB Flash Drive to the PRA via hand delivery or registered mail. Files on the USB Flash Drive may only be in Microsoft Word or Adobe PDF. Lenders may hand deliver or send Responses via registered mail to:

Real-Estate Development & Housing Finance

Philadelphia Redevelopment Authority
1234 Market Street, 16th Floor
Philadelphia, PA 19107

Disqualification

Lenders will be disqualified if:

1. Their Response is submitted after the specified deadline;
2. The Response is submitted by some means other than the two formats listed above. For electronic Responses, the PRA website portal is the only means that will be accepted. Responses sent via email, Dropbox or other electronic venues will be disqualified;
3. If the Response package is incomplete.

Schedule

The timeline for this opportunity is as follows:

RFP posted	April 18, 2019
Intention to submit due (Required)	May 16, 2019
Pre-bid meeting (Optional)	May 16, 2019
Questions and requests for additional information due	May 16, 2019
Responses due	June 17, 2019
Lender or Lenders selected (Estimate)	July 1, 2019

PRA reserves the right, in its sole discretion, to alter this schedule as it deems necessary or appropriate.



Project Description

The PRA is launching the SLLP to increase access to credit for landlords with rental units in Philadelphia who have ten (10) or fewer units in their portfolio ("Borrowers"). PRA invites proposals from Lenders interested in underwriting, originating, and servicing repair loans through this program (each, an "SLLP Loan" and together, the "SLLP Loans"). SLLP is funded in-part with support from the Pennsylvania Housing Finance Agency ("PHFA"), and as such all loans made through this program must support improvements to units rented to households at or below 100% of Philadelphia County Area Median Income ("AMI"), with at least one third of loans used to improve units leased to tenants at or below 50% of AMI.

To enable lenders to originate these loans PRA will provide Lenders with a Direct Investment, the maximum of which will be Nine Hundred Twenty-Five Thousand Dollars (\$925,000) (the "PRA Funding"), and the term that lenders will have to originate loans shall be four (4) years. Multiple Lenders may be selected.

Program Details

Program Goals

SLLP was designed by PRA in collaboration with the Philadelphia Department of Licenses & Inspections ("L&I"), the Philadelphia Department of Public Health ("PDPH"), and the Philadelphia Fair Housing Commission ("PFHC"). If successful, SLLP has the potential to address a range of health, safety, and tenants' rights issues, while preserving naturally occurring affordable housing.

Amount of Funding Available

The PRA Funding available for this program is Nine Hundred Twenty-Five Thousand Dollars (\$925,000).

Term of Program and Form of Agreement

The program will be implemented as a four (4) year pilot. PRA and the selected Lender(s) will enter into a professional services agreement ("Agreement") with a term that reflects the amortization schedule of loans originated through the program, which may extend no further than fifteen (15) years from the effective date of the Agreement. Following the fourth anniversary of the effective date of the Agreement, unless the Agreement is amended or extended with the consent of both parties, new originations must cease. During the term of the Agreement, Lender(s) shall carry out all servicing obligations with respect to the SLLP Loans originated by them.

Early Termination

The Agreement may be terminated at any time with thirty (30) days' notice, with the consent of both parties so long as either a) no SLLP Loans are still outstanding, or b) by mutual agreement one (1) party agrees to assume all obligations associated with the outstanding SLLP Loans. If no SLLP Loans are originated following the first anniversary of the effective date of the Agreement, PRA may terminate the Agreement. In the event of early termination, Lender(s) must repay all principal under the PRA Loan (as defined below) within thirty (30) business days



Funding Type

PRA will provide Lenders with a 0% interest loan to support principal investments in SLLP Loans. The loan from PRA to Lender ("PRA Loan") shall have the following terms:

- **Interest Rate:** 0%
- **Term and Repayment:** Except as described in the "Early Termination" section above, no repayment on principal will be required for four (4) years from the effective date of the Agreement. After that fourth anniversary, any funds that have not been used to originate loans shall be due and payable to PRA within ninety (90) days. Upon maturity or prepayment of the SLLP loan, the principal of the SLLP Loan must be paid to PRA within ninety (90) days to pay down the PRA loan. At the end of the Agreement term, any outstanding PRA Loan funds shall be immediately due and payable. Lender shall retain all interest accrued during the life of the SLLP Loans.
- **Write-off:** In event of Borrower non-payment, after Lender has demonstrated to PRA that all available remedies and loss mitigation procedures were carried out, Lenders may write off up to 40% (i.e., \$370,000) of the PRA Loan to correspond with SLLP Loans or portions of SLLP Loans that are unpaid as a result of the default.

SLLP Loan Terms

SLLP Loans made to Borrowers under the SLLP must have the following characteristics:

- **Borrower/Project Eligibility:**
 - Borrower and entities associated with Borrower may have no more than ten (10) units of rental housing in their portfolio.
 - Any property to receive repairs under SLLP loans is located within the City of Philadelphia.
 - Borrower must present to Lender a completed SLLP Eligibility Checklist (Attachment D) prior to closing the loan.
 - Tenants in the units receiving repairs funded by the loan must have household incomes of up to 100% of AMI.
- **Term:** Up to ten (10)-year term.
- **Loan Size:** Up to \$24,999.
- **Interest:** Interest rate may be determined by Lender but must be set with consideration to the affordability requirements outlined in the Rent Restriction section on the following page. Rates may not be substantially above market.
- **Amortization:** Loan may be fully amortizing or amortize on a schedule that differs from the term.
- **Security:** Loans must be secured by the property being financed, but Lender may take a subordinate lien position.
- **Underwriting:** Lender must utilize manual underwriting.
- **Fees:** Lender may charge the Borrower reasonable fees associated with loan origination and third-party costs.
- **Other Terms:** Other terms and underwriting criteria are at the discretion of Lender.



Rent Restriction

Lenders are required to include language in any mortgage security recorded against the property (“Rent Restriction”) that restricts monthly rents to a rate that is affordable to tenants at or below 100% of the Philadelphia Area Median Income (“AMI”). Lender(s) must have the ability to audit the units at any time to determine Borrower compliance with rent and income restrictions. PRA has the authority to request the Lender to audit the units at any time. Should any of the units be identified as out of compliance with the Rent Restriction, Lenders may place Borrowers in default.

Eligible Repairs

If units are not up to Philadelphia code standards and/or are out of compliance with the Philadelphia Lead Paint Disclosure and Certification Law, then repairs necessary to bring units up to Code and/or into compliance with local regulations must be prioritized. Once properties are compliant with City Code and all other applicable laws, funds may be used to support other improvements that address health, energy savings, accessibility, safety, and quality-of-life.

SLLP Eligibility Checklist

To ensure Borrowers are compliant with applicable regulations, the Lender must require Borrowers to complete the checklist of items that has been approved by staff at L&I, PDPH, PFHC, and PRA (“SLLP Eligibility Checklist”). A draft of this checklist is included as Attachment D.

Note: It is solely the responsibility of the Borrower to work with the public agencies and obtain a completed SLLP Eligibility Checklist. Lenders will not be responsible for providing technical assistance to Borrowers.

Program Process

The SLLP process will be generally as follows for successful Borrowers:

1. Borrower contacts Lender;
2. Lender prequalifies Borrower, provides them with the SLLP Program Eligibility Checklist, collects a signed privacy consent for disclosure of information from Borrowers, and notifies PRA staff that the Borrower has been preapproved;
3. Borrower works with public agencies to obtain necessary sign-offs;
4. Borrower submits the following items to PRA: loan prequalification from Lender, completed SLLP Eligibility Checklist, tenant income verification, current City of Philadelphia Rental License, L&I inspection, Lead Safe Certificate, and Fair Housing Training Certificate;
5. Borrower returns to Lender with fully approved SLLP Eligibility Checklist and completes loan application;
6. Lender originates and services SLLP Loan.

City Marketing

While the SLLP Loans will be available to any eligible landlord within the City of Philadelphia, L&I and PDPH will engage in outreach to landlords in the following five zip-codes: 19144, 19132, 19134, 19140, and 19141. These areas have been targeted for the following reasons:



- Rents typically fall below the citywide average,
- A large percentage of rental properties with code violations, and
- A significant number of children with elevated blood-lead levels.

PRA and other City agencies will provide Lenders with all marketing materials created for targeted outreach. PRA and other City agencies may assist in additional outreach and marketing through available venues. Lender(s) may create additional marketing materials.

Lender Responsibilities

The roles and responsibilities of Lenders will be as follows:

1. Marketing the SLLP to attract Borrowers;
2. Accepting and processing SLLP Loan applications;
3. Providing pre-approval letters to applicants who meet underwriting criteria;
4. Providing pre-approved applicants with the SLLP Eligibility Checklist;
5. Providing pre-approved applicants with a privacy consent for disclosure of information and documentation authorizing Lenders, Borrowers, and City Agencies to share, disclose, analyze and discuss all documentation and information provided to Lenders;
6. Notifying PRA staff when pre-approval letters are issued to Borrowers;
7. Verifying the SLLP Eligibility Checklist is complete before completing processing loan applications;
8. Manually underwriting SLLP Loans;
9. Originating SLLP Loans;
10. Recording a mortgage security that includes the required income-restriction language;
11. Servicing SLLP Loans;
12. Providing reports to PRA at least quarterly that includes the following information:
 - a. Amount borrowed for each SLLP Loan;
 - b. Address of each property that received work under this program;
 - c. Report on performance of portfolio of all SLLP Loans currently being serviced under the SLLP;
 - d. Any instances of default.

Response Submission Requirements

Responses must include the following items:

1. Cover Letter—not to exceed two (2) pages
 - a. Lender Name
 - b. Federal EIN
 - c. Primary point of contact name, email address, and phone number
 - d. Geographic service area
 - e. Number of physical locations in Philadelphia (if applicable)
2. SLLP Narrative—not to exceed four (4) pages
 - a. Proposed loan terms, which include but are not limited to:
 - i. Interest rate



- ii. Length of term
 - iii. Underwriting criteria including (LTC/LTV, DTI)
 - iv. Amortization
 - v. Security
 - vi. Fees
 - vii. Other terms
 - b. Analysis of proposed terms with regard Rent Restriction outlined on page 7.
 - c. Summary of manual underwriting procedures.
- 3. Qualifications—not to exceed two (2) pages
 - a. Role and qualifications of key personnel who will implement the SLLP.
 - b. Description of relevant experience managing loan programs created to preserve affordable housing and/or support community and economic development.
 - c. Size and capacity of organization, demonstrating ability to successfully manage this program.
 - d. Other loan products/programs available for owners of smaller multifamily properties.
 - e. Description of typical marketing activities undertaken to promote new products including an example flyer, brochure, or other similar materials.
- 4. Economic Inclusion—not to exceed one (1) page
 - a. An explanation of prior experience and track record working with Minority-owned, Women-owned, and/or Disabled-owned business enterprises (collectively M/W/DSBEs), including any information available on past contract participation and compliance;
 - b. Any plans to engage M/W/DSBE firms and/or a diverse workforce as part of your program delivery for this project.
- 5. Other Submissions—
 - a. If your organization is a tax-exempt nonprofit, provide your IRS designation letter and a certificate of good standing from the State of Pennsylvania.
 - b. Certificate of non-indebtedness to the City (obtained from City Department of Revenue).
 - c. Mortgage Originator Licensure Information.



Evaluation & Selection

PRA intends to award the Agreement to the Lender or Lenders that best demonstrate the level of experience, skill and competence required to perform the services called for in this RFP in the most efficient, cost-effective, and professional manner. PRA will initially review the Responses to determine compliance with the Response Submission Requirements. Only Responses that comply with these requirements will be considered for evaluation. If no Response meets these requirements, the PRA may allow all Lenders to supplement their Responses to conform to these requirements.

PRA will evaluate Lenders based on the following factors:

- Qualifications and relevant experience 40 points
- Proposed approach and strategies 25 points
- Organizational capacity 25 points
- Economic inclusion 10 points

Events of Disqualification or Default

Subsequent to the selection of a Lender or Lenders, and before execution of an Agreement, the PRA may treat any of the following as an event of disqualification or default:

1. Unilateral withdrawal by the selected Lender;
2. Failure to proceed substantially in accordance with the Response as submitted;
3. Failure by the Lender for any reason whatsoever to timely execute the Agreement when tendered;
4. Material misrepresentation, omission, or inaccuracy contained in any document submitted either as part of the Request for Proposals, or subsequent thereto. For the purposes of this section, the PRA places particular importance on the information required by the Lender's Statement of Qualifications and Financial Responsibility and the Lender's Statement for Public Disclosure;
5. Failure to provide in a timely manner the additional material required after selection throughout the PRA disposition process.

Upon the happening of an event of disqualification or default by the Lender, PRA shall have the right, at its election, to:

1. Rescind its selection; or
2. Declare null and void an Agreement that may already have been executed.

Declarations and Other Information

Economic Inclusion: The PRA strongly encourages and promotes the employment of qualified MWDBE firms in all aspects of its procurement of goods and services. If Lender is a Certified MWDBE; please submit information to confirm certification as part of bid proposal.

Tax Clearance and Conflict of Interest Form: Lenders, upon request of the PRA, must provide evidence satisfactory to the PRA that all municipal taxes, including business taxes, real estate, school, water and sewer charges, if applicable, are current for both the individual applicant and the applicant's firm and neither is currently indebted to the City; will at any time during the term of the Agreement be indebted to the City, for or on account of any delinquent taxes, liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been established. Please complete the Philadelphia Tax Status Certification and Conflict of Interest form (Attachment B) and submit it with your Response.

Campaign Contribution Disclosure Forms: Please complete the applicable disclosure forms (Attachment B) and submit with your Response.

Insurance Requirements: Please submit a certificate of insurance evidencing the required coverages as outlined in Attachment C with your Response. If, for any reason, you cannot comply with the insurance requirements, please provide the reasons for your inability to do so and the PRA will consider any deviations from the insurance requirements on a case-by-case basis.

By submitting a Response to this RFP, a Lender affirmatively acknowledges: (i) its acceptance of the terms and conditions of this RFP; (ii) the PRA may exercise in its sole discretion the following rights; and (iii) the PRA may exercise the following rights at any time and without notice to any Lender.

1. to reject any and all Responses;
2. to supplement, amend, substitute, modify or re-issue the RFP with terms and conditions materially different from those set forth here;
3. to cancel this RFP with or without issuing another RFP;
4. to extend the time period for responding to this RFP;
5. to solicit new Responses;
6. to conduct personal interviews with any Lender to assess compliance with the selection criteria;
7. to request additional material, clarification, confirmation or modification of any information in any and all Responses;
8. to negotiate any aspect of a Response, including price;
9. to terminate negotiations regarding any and all Responses at any time;
10. to expressly waive any defect or technicality in any Response;
11. to rescind a selection prior to Agreement execution if the PRA determines that the Response does not conform to the specifications of this RFP;



12. to rescind a selection prior to Agreement execution if the PRA determines that the specifications contained in this RFP are not in conformity with law or that the process in selection of a Response was not in conformity with law or with the legal obligations of the PRA;
13. in the event an Agreement is awarded, the successful Lender or Lenders shall procure and maintain during the life of the Agreement liability insurance in an amount to be determined prior to the award of any Agreement;
14. in the event an Agreement is awarded, all Lenders agree to perform their services as an independent contractor and not as an employee or agent of the PRA;
15. in the event an Agreement is awarded, all Lenders agree that no portion of performance of the Agreement shall be subcontracted without the prior written approval of the PRA; and
16. each Lender agrees to indemnify, protect and hold harmless the PRA from any and all losses, injuries, expenses, demands and claims against the PRA or the City sustained or alleged to have been sustained in connection with or resulting from (i) the submission of the Lender's Response; (ii) the delivery by the Lender to the PRA of any other documents or information; and (iii) any other conduct undertaken by the Lender in furtherance of or in relation to the Lender's Response. Each Lender agrees that its duty to indemnify and hold harmless shall not be limited to the terms of any liability insurance, if any, required under this RFP or subsequent contract.

The PRA is under no obligation whatsoever to any Lender as a result of this RFP. The RFP does not represent any commitment on the part of the PRA to any Lender or the SLLP or project. In no event shall the PRA be responsible for any cost, expense or fee incurred by or on behalf of any Lender in connection with the RFP. All Lenders shall be solely responsible for all such costs, expenses and fees.

NOTICE: The PRA is subject to the Pennsylvania Right to Know Law. Any information provided in your response to this may be subject to disclosure to the public. Documents provided in response to this RFP may also be required to be disclosed by applicable law, subpoena, and/or court order.

