Questions and Answers – 37th Ward RFP

JOINT VENTURES

- May an applicant be a joint venture or team in which a community-based nonprofit leads community engagement, workforce development, and affirmative marketing while an experienced developer/GC leads construction? If so, how should such a team be presented in the application?
- May the applicant demonstrate its capacity through a proposed joint venture or experienced co-developer? What signed commitments, ownership information, project experience, and responsibilities must be documented at submission? How are changes to the development team handled after an award?
- How is experience evaluated when the applicant relies on an experienced development partner or general contractor? What role, ownership interest, and supporting commitments must be documented?

Answer – An applicant can team up with a community-based non-profit or experienced co-developer to form a joint venture. The application should provide all the organizational information regarding the developer, the JV/Co-developer or the community-based non-profit. The joint-venture agreement must be finalized, and the applicant should provide a summary of the terms of the agreement and the responsibility of each party.
Depending on when these changes take place, Board approval and City Council approval might be necessary.
All qualified proposals are assessed the same way and scored based on the City Council approved scoring rubric, refer to the scoring rubric (Exhibit F) provided in the RFP packet.

PROOF OF FUNDS

- What approval process and documents are required for a private construction lender to become an Approved Mortgagee? Please provide available standard language covering lien priority, default notice, cure rights, and recapture.

Answer – You will need to provide the lender's information along with the dollar amount of the mortgage.

- How will a lender's preliminary or conditional financing letter be evaluated when final approval depends on an award, appraisal, site feasibility, and underwriting? How is the financed percentage scored under Exhibit F, and what documentation is required to demonstrate coverage of the balance of acquisition and development costs under Exhibit E?
- What evidence of financing is expected at submission, and what may be conditioned on selection (e.g., commitments conditioned on disposition approval)?

Answer – See page 4 of Exhibit C - The Land Development Purchase Application Check List and refer to the scoring rubric (Exhibit F) provided in the RFP packet:

PROOF OF FUNDS

Acceptable third-party documentation of available funds in an amount no less than the purchase price plus development costs in accordance with the requirements below must be submitted. Availability and source of funds will be confirmed again prior to settlement. Applications submitted for different properties by the applicant or any entity related to the applicant should indicate separate sources of funds. Applications for different properties that intend on utilizing similar funding sources may not have the financial capacity to

develop all the properties for which they have applied and may place them at a disadvantage among other applicants. Acceptable third-party documentation includes the following and must conform to the requirements below.

Line of Credit and/or Loan Financing

- Is documentation evidence of the line of credit and loan financing (e.g., pre-approval, pre-qualification, or commitment letter) that conforms to all of the following included?
    - Presented on the financial institution's letterhead
    - Indicates the name of the applicant (or a principal of the applicant if the applicant is an entity or a yet-to-be-formed entity)
    - Indicates the amount of credit and/or loan financing in U.S. dollars
    - Indicates restrictions on the use/access, if any
    - Indicates the terms including the term, interest rate, fees, and any contingencies
    - Is dated within 30 days prior to submission
    - Includes the name, title, signature, and contact info of the authorized individual at the financial institution

Bank/Financial Account Statements

- Are bank account statements for the three (3) most recent consecutive months immediately prior to submission to document evidence of equity funding available to the project that conforms to all of the following included?
    - Indicates the name of the bank where the account is held
    - Indicates at least the last four digits of the account number
    - Indicates the name of the applicant (or a principal of the Applicant if the Applicant is yet to be formed)
    - Indicates the dates of the statement period
    - Indicates the period beginning and ending balances

PARCEL SELECTION

- Do you have the option to bid on the property of your choosing?

Answer – No, all properties in the RFP must be developed.

- Are applicants permitted to bid on individual properties (e.g., 1 or 2 parcels), or must a proposal cover all listed properties?

Answer – All properties in the RFP must be developed. Any applications that submit proposals for anything less will be disqualified.

- Do you have the option to bid on the property of your choosing?

Answer – No, all properties in the RFP must be developed.

- Are the 27 parcels expected to produce one home each or does the Land Bank expect lot consolidation or a different unit count in the site plan?
- Although applicants must propose development of the entire parcel package, may acquisition, construction, and completion proceed in approved phases? If so, what schedule, milestones, or other information must a proposal include to support phased delivery?

Answer – The RFP calls for affordable single-family homes to be developed. Based on the applicant's due diligence and research, the applicant may propose parcel subdivisions or consolidations to produce the maximum number of units.

For a submission to make it past the initial threshold review and be considered qualified and complete, the applicant must provide documentation to fully finance the total development. The Land Bank will negotiate a phased development, but the planned phasing needs to be detailed in the applicant's application narrative and there must be financing for all properties to be developed. An applicant cannot submit for ten (10) parcels to develop and only show financing for five (5).

ZONING RELIEF

- What zoning relief, if any, is anticipated for the RM-1 and CMX-2 parcels?

Answer – When the awarded applicant is approved by the Land Bank Board and City Council, the Land Bank will issue a zoning letter which allows the applicant to apply for zoning, variances and any other zoning relief on behalf of the Land Bank and any other land holding city agencies.

MBE

- How will local hiring, M/W/DSBE participation, and equity/wealth-building participation be documented during construction, and what reporting will the selected developer owe?

Answer – After the selected applicant goes to settlement, a pre-construction meeting will be scheduled with the Division of Housing and Community Development (DHCD) to go over what is needed for M/W/DBE reporting each month during construction.

DEPOSITS

- What happens to the good-faith deposit for non-selected applicants, and when exactly does a selected applicant's deposit become hard money?

Answer – Applicants not awarded, will have their deposits returned. When an applicant is awarded the RFP, the money will be converted to their security deposit.

- If an applicant is not selected, will the good faith deposit ($1,500 or 10% of the asking price) be refunded?

Answer – Yes, the security deposits will be refunded to all applicants that are not selected.

APPRAISED VALUE

How are proposed land prices below appraised or established value evaluated in this affordable homeownership RFP? Please clarify how affordability restrictions, buyer incentives, and transaction charges are treated when assessing the specified maximum home sale price and the offer-price scoring.

Answer - With this RFP, offer prices can be nominal because of the affordability restriction on the sale of the home. Homes can be sold at 100% AMI with a maximum sales price of $280,000. After the original sale, the homes must remain affordable for 15 years.

CONSENT TO SELL

- Additionally, is there a specific process for obtaining a full release of the developer from its obligations after successfully completing the project?

Answer – A certificate of completion will be issued after the project is fully completed and the M/W/DBE requirement is satisfied. The affordability restriction will remain in effect for 15 years after the original sale to the homebuyer.

- Can completed homes receive individual Certificates of Completion and be sold while construction continues elsewhere in the package? How would restrictions and any Land Bank mortgages be released for each sale?
- May development of the entire parcel package proceed through phased settlements and construction? What completion deadlines would apply?

Answer – As homes are completed, the Land Bank will inspect the properties and issue consent to sell letters so that the properties can be sold to a qualified income buyer(s). After the entire project is completed and inspected, the Land Bank will issue a certificate of completion for the entire project. Receiving the certificate of completion is based on developing the properties according to plan and meeting the M/W/DBE goals.
As this is an affordable housing RFP, the affordability restriction will remain for 15 years after the initial buyer purchases the home.

Transfer the Properties, Sale of Ownership Interest

- Once the Certificate of Completion is issued, will I be able to freely sell or transfer the properties, sell my ownership interest in the development company, or exit the project without further approval from the Land Bank or City Council?

Answer – Please refer to answers for Consent to Sell. A developer that receives a Certificate of Completion for a Turn the Key (TTK) project will have sold all of the homes to qualified homebuyers.
If the question is referring to an assignment of the RFP development awarded to a third party that did not apply or has not been vetted- the answer is no, that is not allowed. All parties interested in developing a TTK project through an RFP process need to apply at the time the solicitation is open.

Declaration of Restrictive Covenants (DORC)

- If restrictions remain after completion, please clarify which restrictions survive, how long they remain in effect, and whether any mortgages, deed restrictions, affordability covenants, or repayment obligations would continue to apply.

Answer - The affordability restriction will remain in effect for 15 years after the original sale to the homebuyer.

- Which affordability declaration and additional land-discount restrictions would apply to this package? Are specimen documents available for lender review?
- Can the Land Bank provide sample purchase, deed restriction, affordability covenant, and other closing documents for lender review? In particular, please clarify mortgage lien priority, lender notice and cure rights, default or recapture provisions, restrictions on transfer, and whether restrictions or security can be released for individual parcels as completed homes are sold.

Answer – The Declaration of Restrictive Covenants will be recorded to ensure affordability of these properties for 15 years from the initial purchase. The AMI cannot exceed 100% on the sale of the homes. The Land Bank provides that information to the awarded applicant prior to going to settlement for the parcels.

Parcels Historical Documents

- Are current surveys, title reports, utility availability information, environmental assessments, or other site studies available for the listed parcels? Are there known zoning, lot-depth, access, consolidation, or other constraints that affect the number or layout of buildable homes? What pre-settlement access is available for professional investigations?
- What site reports, surveys, utility information, and environmental records are available? What investigations are permitted before settlement, and what is the process for obtaining site-access authorization?

Answer – No reports are available.
After the selected applicant gets Land Bank board approval and City Council approval, they will need to enter into a license agreement with the land-owning entity to conduct Geotech, etc.

Grants and Financing

- Grants and Financing: Does the City of Philadelphia offer grants to assist with rehabilitation costs, or are applicants required to provide their own capital or a bank commitment letter?

Answer – No, the city does not offer grants to assist with development costs. Applicants must provide their own capital stack or commitment letter from a financial institution.

Prior Experience

- Is prior experience working with the City of Philadelphia or the Philadelphia Land Bank required, or is this RFP open to all qualified applicants?

Answer – No, prior experience working with the City or Land Bank is not required. This RFP is open to all qualified applicants.

Construction Period

How long do you have to fix the property up?
Answer – The selected applicant will have 18 months to develop the properties.