



**Request for Qualifications for
a Developer for 26th and
Susquehanna**

Release Date: June 17, 2016
Proposals Due by: July 18, 2016

REQUEST FOR QUALIFICATIONS

DEVELOPER SERVICES

26th & Susquehanna Development Area

The Philadelphia Housing Authority (PHA) is soliciting qualifications for a Developer Partner for a publically owned site located at 26th Street and Susquehanna Avenue in the Strawberry Mansion neighborhood. PHA's selection process under this RFQ will result in the selection of one (1) Developer Partner. The successful party will prove through its response that it possesses the qualifications necessary to implement a comprehensive redevelopment plan for the site at 26th and Susquehanna (the "Project"). The selected Developer Partner, working in concert with PHA, will be responsible for all design, master planning, financing, pre-development and final development activities in accordance with an agreed upon plan. Interested individuals, firms or entities with significant, successful Mixed Finance development experience, including successful low income housing tax credit ("LIHTC") application and development experience, are encouraged to respond to this RFQ.

1. INTRODUCTION

A. General

PHA is seeking responses to a Request for Qualifications ("RFQ") from interested development teams for the creation and implementation of a Mixed Finance Development Plan ("Plan") to develop the Project.

PHA's selection process under this RFQ will result in awarding development rights for the Plan to one Developer Partner. The successful party will prove through its submittal that it possesses the qualifications necessary to implement a comprehensive redevelopment Plan of the site. The selected Developer Partner, working in concert with PHA, will be responsible for all design, master planning, financing, pre-development and final development activities in accordance with the agreed upon Plan. It is the intent of PHA to negotiate with the selected Developer Partner and to execute a development agreement that will serve as the controlling document for implementation of the Plan.

B. Site Description

Located in the Strawberry Mansion, the site is bounded by Fletcher Street to the North, Susquehanna Avenue the South, North 27th Street to the West and 26th Street and Sedgley Avenue to the East. All of the parcels are publically held and PHA is working with the Philadelphia Redevelopment Authority (PRA), the Philadelphia Land Bank, and the 5th Council District on site control.

C. Development Strategy

It is the intent of PHA for the Project to redevelop this site as mixed-income residential infill. The selected developer would be expected to complete pre-development, master-planning, design, and financing to submit a 2017 Tax Exempt Bond LIHTC deal to Pennsylvania Housing Finance Agency ("PHFA").

PHA is looking to process the disposition of the site through the Philadelphia Land Bank, so the selected developer would need to be prepared to be ready to go to zoning, the Vacant Property Review Committee (“VPRC”), apply for all necessary building permits, and complete any required community outreach required by PHFA or the City/Land Bank processes upon financial closing.

The Developer Partner will assist PHA in securing private sector financing including LIHTCs, Tax Exempt Bond financing, Federal Home Loan Bank, mortgage funding and/or other creative financing options for the redevelopment of the Project. PHA has limited Public Housing Capital Funds that may be available to support financing gaps for the various phases of the project as determined by PHA. PHA can also provide operating subsidies through an Annual Contribution Contract (“ACC”) that provides Section 9 subsidies at the rate of \$500 per unit per month. Notwithstanding the above, the Developer Partner that seeks the least contribution of funds from PHA shall receive higher evaluation points from the evaluation committee.

D. Coordinated Redevelopment Approach

PHA is asking potential Developer Partners to consider a unique redevelopment approach to the development of the Project. Responders should outline how their approach is designed to address this distressed neighborhood with extensive blight through a comprehensive approach to neighborhood transformation. The approach must show how the Developer Partner will work with local leaders, residents, and stakeholders, to create a plan that transforms the parcels at 26th and Susquehanna and the greater Strawberry Mansion community.

Responders must show experience using a collaborative effort that will produce a strong vision and strategy for success, and the ability to communicate and build consensus within the community. Preference will be given to proposals that set the bar for Section 3 and MBE/WBE business utilization, plans for local hiring, and a commiserate benefit for PHA residents.

Additionally, PHA is committed to working with local stakeholders and working within the framework of existing local plans including 1) the Lower North District Plan (2014), 2) Philadelphia2035- the city’s currently adopted Physical Development – or Comprehensive Plan, 3) Strawberry Mansion Housing Strategic Plan (2007), and the 4) Strawberry Mansion Community Plan: Strategies for Neighborhood Revitalization (2003).

2. PROJECT SCOPE (WORK TO BE PERFORMED)

A. General Overview

The Developer Partner selected under this RFQ will be an integral partner in the effort to assist PHA in developing high quality, energy efficient, and sustainable housing for Philadelphia families. The Developer Partner will be required to work closely with PHA and other community stakeholders throughout the development effort.

The Developer Partner must have significant, successful LIHTC application and development experience, and/or assemble a development team in which member firms or individuals have extensive successful LIHTC application and development experience. The ability to coordinate such an undertaking must be clear from the qualifications submitted. Once selected, the successful respondent will make a good faith effort to enter quickly into a development agreement with PHA to develop the Project.

A Memorandum of Understanding (“MOU”) will be negotiated to enable the selected Developer Partner to complete all necessary pre-development activities.

It is envisioned that the Project will be a mixed-income development, and potentially a mixed-use development. PHA recognizes that its development plans depend on a number of outside funding sources and creative financing, such as investor equity, LIHTCs, and mortgage financing. Additionally, PHA’s development plans depend on HUD’s initial and continued approval of our RAD conversion application. As such, working with PHA, the successful respondent will be required to prepare financing plans that are financially feasible, that meet the goals of PHA, and result in approval by HUD, as applicable.

B. Development Plan

The Developer Partner shall be responsible for the development of a comprehensive Mixed Finance Development Plan (Plan) to redevelop the 26th & Susquehanna site that will achieve a high quality, energy efficient, sustainable housing. The Plan shall include site plans, the overall project budget including all proposed sources and uses of funds, conceptual design plans and a detailed development schedule. The Developer Partner will also be responsible for all predevelopment activities associated with the development project. These responsibilities will include, but are not limited to, final market studies needed to obtain financing, land and utility location surveys, engineering design of all infrastructure improvements, soil borings and test piles, traffic and circulation studies and additional environmental reviews.

C. Developer Role

Ownership Structure and Land Control. It is expected that the legal ownership entity for the project will be PHA, its not-for profit subsidiary or a new Limited Partnership of which PHA is a controlling interest. The land will be acquired by PHA from the Philadelphia Land Bank and on a long-term lease to the ownership entity for the development site. This is subject to change.

Community Stakeholders. The Developer Partner will be required to communicate and coordinate development activities with community stakeholders, neighborhood associations, local faith-based organizations, and units of local government in the development area. It is expected that the Developer Partner will actively seek input by scheduling and coordinating meetings, community workshops and other open forums to assure that all stakeholders in the development process are continuously kept abreast of ongoing activity. PHA will assist the Developer Partner with said meetings and in attempting to obtain community support for the redevelopment of 26th and Susquehanna. The final development plan must be approved by the appropriate local government in accordance with all planning and zoning requirements.

Market Analysis and Appraisal. A detailed market study shall be required to determine the overall feasibility of the conceptual plan of the development project as proposed by the selected Developer Partner. The selected Developer Partner will also be responsible for any additional market analysis and appraisals to develop and obtain financing for the development project.

Financing. The Developer Partner will have primary responsibility for arranging for private equity and debt financing to leverage funds available for the development and to secure all financial commitments necessary for successful completion of the Project (hard and soft costs). It is the expectation of PHA that the selected Developer Partner will seek financing from traditional and non-traditional sources, to cover all costs associated with the project. The Developer Partner shall obtain private financing and structure public financing in a timely and cost effective manner including preparation of all necessary financing applications. PHA shall have the right to review and approve the financing arrangements and the terms and conditions of any loan documents. The Developer Partner must also work with PHA in the preparation of documents necessary to provide all evidentiary material, financial guarantees, and assurances as required, including the Annual Contributions Contract (if applicable). PHA may provide Public Housing Capital Funds based upon the approved development plan and development proposal. Preference will be given to proposals that do not seek Public Housing Capital Funds.

The Developer Partner will be responsible for the preparation of applications to obtain LIHTC allocations. The Developer Partner will also be responsible for soliciting LIHTC syndicators to bid on LIHTCs received for this Project. PHA shall have the right to approve the identity of the LIHTC investor(s) selected and the terms of the letter of intent.

It is critical that the Developer Partner be able to access all funding sources described herein and be able to demonstrate prior success and current ability to obtain such financing.

Design/Approvals/Construction. The selected respondent will be responsible for the development of design and construction documents. The selected Developer Partner will be expected to utilize design principles that are compatible with the neighborhood and surrounding Strawberry Mansion community. PHA is committed to pursuing a program relevant sustainable rating system certification for the new construction of the Project. Determinations about the scope of the construction, and components and materials to utilize in the construction must be made with these certifications in mind. The design of the Project shall be subject to PHA's review, comment and approval. The Developer Partner will also be responsible for obtaining permits and any required approvals. The Developer Partner must have as members of the team an architect, general contractor, and supportive services provider, which may be affiliates, employees or subcontractors of the Developer Partner.

An affiliate of the Developer Partner may serve as the master subcontractor. The master subcontractor will construct, or procure construction, of all units of housing identified in the development plan or subsequent revisions agreed upon by PHA. PHA shall have the right to review and approve any construction contract relating to the project. The Developer Partner

will oversee construction, ensure completion in a timely and cost effective manner and ensure that all required occupancy permits and other necessary approvals are obtained after construction completion for occupancy and operation of the project.

The contractors may be required to pay Davis Bacon Wage Rates (“DBWR”) and to submit any/all required documentation in compliance with DBWR.

The construction contract shall set forth either a fixed price or a guaranteed maximum price, must be pre-approved by PHA and shall provide for assignment to PHA in the event of termination of the relationship with the Developer Partner.

Resident/Local Employment and Contracting. The Developer Partner will be required to develop and implement a Section 3 and MWBE Program which requires contracting with Section 3 and MBE/WBE business entities, and that contractor(s) working on the site provide economic opportunities for low income residents, minority owned and women owned entities in Philadelphia. A comprehensive Section 3 and MBE/WBE employment program shall be developed and implemented as well as other policy objectives aimed at improving the economic circumstances of individuals, households and companies in Philadelphia. The Developer Partner shall be responsible for the preparation and submittal of Section 3 and MBE/WBE HUD reporting requirements to PHA.

Marketing Plan. The Developer Partner must develop an effective lease-up strategy to obtain rapid initial occupancy and to maintain ongoing high occupancy of all units at 26th & Susquehanna.

Development Agreement. Once selected, the successful respondent will make a good faith effort to quickly enter into a development agreement with PHA for the development of the Project. An MOU will be negotiated as needed to enable the selected Developer Partner to complete all necessary pre-development activities. This agreement will cover all pre-development activities undertaken by the Developer Partner.

The Developer Partner will be required to submit a detailed development plan within 30 days from the date of notification of selection. This detailed plan shall serve as the basis for negotiating the final Development Agreement with the Developer Partner.

The Development Agreement will provide the detailed requirements, responsibilities and obligations of both parties including, but not limited to, financing, design, plans, specifications, construction and schedule. In addition it will also provide details regarding funding commitments from PHA, the proposed ownership interest and land control.

A. PHA Role

Land Owner. It is PHA’s intent to enter into a long-term ground lease.

Financing. PHA will participate in financial structuring decisions related to the Plan from an owner’s perspective, including reviewing and approving the financing arrangements and the terms and conditions of any loan documents. PHA may provide Public Housing Capital Funds based upon the approved Plan and development proposal.

Design/Approvals/Construction. PHA will participate in the design and development decisions from an owner's perspective. PHA shall have the right to review and approve any construction contract relating to the Project.

Monitor Resident/Local Employment and Contracting. PHA will monitor the Developer Partner's compliance with their Section 3 Program that includes providing employment opportunities for low income residents in Philadelphia and contracting with Section 3 business entities.

HUD Contact. PHA will work with selected proposer on all communication with HUD, and the preparation and submission of program documents and evidentiaries and obtain all HUD approvals. However, to the extent such documents or evidentiaries are within the particular knowledge or responsibility of the Developer Partner, PHA will expect the Developer Partner to prepare or assist in preparing such documents and evidentiaries as PHA may direct.

Performance Oversight. The provision of funds requires that PHA establish performance measures that will be incorporated into the various Project documents. PHA will review performance on these measures throughout the Plan.

Property Management. PHA or its designee shall negotiate and have the right to initially manage the Project on a day-to-day basis, subject to entering into a management agreement with the Partnership on terms and conditions customary in the industry and acceptable to the lenders and the limited partners. This shall include development of operational policies and procedures, marketing and lease-up of rental units, and the provision of all day-to-day management and maintenance services as required.

3. Conditions, Terms and Limitations

In addition to those stated elsewhere, this RFQ is subject to the specific conditions, terms and limitations stated below:

1. The information set forth in this RFQ concerning the Site and its condition, development tasks and procedures, legal requirements, and other matters is believed to be accurate but is not warranted. PHA assumes no responsibility for errors and omissions, makes no representation whatsoever as to the physical condition of the Site, status of title thereto, its suitability for any specific use, or the required approval necessary for the redevelopment of the site, the absence of hazardous waste and other toxic materials, or any other matter. All measurements are approximate. Respondents are urged to satisfy themselves with respect to the physical condition of, and all arrangements affecting the Site. Respondents are advised to verify independently the accuracy of all information contained herein and otherwise proved to the respondent and to make their own judgments of the risks involved in developing the Site as contemplated in this RFQ.
2. PHA makes no representations as to the accuracy of any statement made herein regarding any environmental condition on the Site and any information provided with regard to the environmental condition of the Site is not to be relied upon and should be independently verified.

3. PHA is not obligated to pay and shall not pay any costs in assisting the selected respondent or the Project, or incurred by any Developer Partner at any time unless PHA has expressly agreed to do so in writing.
4. **This is a Request for Qualifications not a Request for Bids.** PHA shall be the sole judge of each response's conformance with the requirements of the RFQ and of the merits of the individual's qualifications. PHA reserves the right to waive any conditions or modify any provision of the RFQ, to negotiate with one or more of the applicants, to establish additional terms and conditions, to encourage applicants to work together, or to reject any or all responses, if in its judgment it is in the best interest of PHA to do so. Prior to execution of a MOU, Letter of Intent or contract of sale and after an execution of a MOU, Letter of Intent, or contract of sale if such is terminated, PHA reserves the right to negotiate with other respondents.
5. If all the responses are rejected, the RFQ may be withdrawn and the Site may be re-offered under the same or different terms and conditions in an amended or new RFQ, or disposed of by any other method. PHA reserves the right to accept proposals for the development of less than the entire Site. In all cases, PHA shall be the sole judge of the acceptability of the RFQ.
6. PHA does not represent or warrant that all requisite discretionary federal, state, and city public approvals for the Project will be obtained from the appropriate authorities and PHA will not be held liable for any damages associated with the failure to obtain such approvals.

4. Submission Requirements

A. Method of Solicitation

PHA is requesting professional qualifications to redevelop a site at 26th & Susquehanna. It is the intent of PHA to select a Developer Partner based on qualifications and enter into negotiations with the selected Developer Partner. PHA plans to expeditiously process the RFQ based on the needs of PHA. Any changes will be issued via an addendum to this solicitation.

B. Content of Submission

Respondent shall submit the Statements of Qualifications below in the order listed. Response must not exceed 30 pages.

1. A description of the scope and nature of development experience

This section must document an acceptable experience and success rate with regard to market rate and affordable housing development. It must include:

- A. A listing of all new construction development projects awarded and/or constructed over the past five (5) years with the following information: name and location of development; number of residential units; total project development costs, total

project construction costs, type of housing, financing methods and funding sources; date project commenced and date completed, name; and address, email and telephone number of the client/owner. The listing should include, but not be limited to:

1. Experience in real estate planning and development of mixed finance low-income housing, including mixed-use developments, mixed-income developments. Please highlight experience your firm or team have in the redevelopment of existing housing and converting a difficult site into a functional property.
 2. Experience obtaining sustainable building program certification for new construction projects.
 3. Experience with state HFA regulations for financing affordable housing programs, including LIHTC, Tax Exempt Bonds, HOME, and Housing Trust Funds.
 4. Experience working with community stakeholders during the redevelopment process.
- B. A listing of the three (3) most recent multifamily development projects developed by the respondent. The list must include name and location of the development, number of residential units, and type of housing.
- C. Experience with HUD regulations concerning public housing and project based assistance.
- D. Experience and success working in a public/private partnership with a Public Housing Authority to develop affordable housing.

2. A description of the respondent's knowledge of real estate financing methods.

The respondent will describe his/her past use of funding tools for new construction multifamily developments, such as Tax Exempt Bonds, LIHTCs, FHA insured mortgages, HOME funds, Housing Trust Funds, development funds, and private mortgages. He/she shall include identification of all successful financing secured from competitive application processes for residential development projects over the past five (5) years.

The respondent shall include a financing application schedule for the Project

3. Names, roles and resumes of key personnel who will constitute the Development Team The respondent will include the proposed architect, engineer, master subcontractor, and construction manager. This section shall include, but not be limited to, an organizational chart identifying identity of interest corporations that will participate in these projects and the address of the principal office of each entity of the team.

4. Five (5) corporate references

These references shall include at least one banking reference, and two current or recent client references for development projects the respondent has successfully completed within the past five (5) years.

5. Framework for Coordinated Development Approach

The respondent must document its framework for a coordinated development approach as identified above, including how it intends to work within existing neighborhood or regional development plans and its approach and model for comprehensive neighborhood transformation.

6. Direction for Submission

The respondent's submission shall be submitted with tabbed numbers for each of the five (5) Sections identified above. All materials shall be submitted in an 8.5" x 11" format with no smaller than an 11 point standard font. Respondent shall submit one (1) original (marked "Original") and six (6) copies (marked "Copy"), along with an electronic copy (on CD Rom/Flash Drive of the proposal.

The submission shall be sent to PHA by 2:00 p.m., local time, July 18, 2016, without exception, at the following address, to be deemed responsive and eligible for consideration:

Philadelphia Housing Authority
3100 Penrose Ferry Road
Philadelphia, PA 19145
Attn: James B. Davis
Manager - Sourcing

Questions pertaining to procurement/PHA's procurement requirements should be directed to James B, Davis at james.davis@pha.phila.gov or by phone at 215-684-8313

5. SELECTION PROCESS

A. Determination of Responsiveness

PHA staff will conduct an initial review to establish responsiveness. Responsiveness will be confirmed through determining if the respondent has met all mandatory requirements outlined in this RFQ, and submitted all required Statements of Qualifications ("SOQs"). Any submission not in compliance with the mandatory requirements or SOQs will be deemed "non- responsive".

B. Evaluation Criteria

The SOQs will be evaluated through consideration of several factors. The evaluation committee will review all documents in the submissions and award points in accordance with the following criteria:

Technical Competence and Approach

40 Points

- Demonstrated understanding of the real estate development process and quality performance in the development of rental and/or ownership of affordable housing.
- Level of previous successful development experience including mixed finance, mixed-use, and mixed-income developments, and working with community stakeholders during the redevelopment process.
- Experience obtaining the sustainable certification for new construction projects.
- Degree of previous successful experience with LIHTC, and in particular, awards from HFA's for 4% LIHTCs.
- Degree of previous successful experience with HUD regulations concerning public housing and project based assistance.
- Capability and experience of the members of the development team; determination of

availability of all required skills necessary for the development process

- Level of experience and success working in a public/private partnership with a Public Housing Authority to develop affordable housing

Framework for Coordinated Development Approach

40 Points

- Comprehension of the area real estate market, neighborhood goals, and redevelopment objectives as demonstrated through a comprehensive conceptual coordinated development approach.

Financial Capacity and Access to Funding

20 Points

- Financial stability of the development team as demonstrated through prior success in obtaining funding for development projects.
- Demonstrated record of financing projects through a variety of funding sources, and knowledge and experience working with the funding providers identified in this Request. In particular, successful syndication of 4% LIHTCs and Tax Exempt Bond financing.

Interviews

20 Points

- General quality of the presentation; design quality of existing properties presented in the oral interview; and, overall response to interview questions.

TOTAL

100 POINTS

C. Selection

An evaluation committee appointed by PHA's President and CEO will score each proposal in accordance with the stated criteria prior to the interviews. A minimum of the two highest scoring development teams will be shortlisted.

Oral Interviews - The evaluation committee will conduct an oral interview with the shortlisted respondents. This interview will consist of a Power Point Presentation made by the development team(s) which must include photos of existing properties. The evaluation committee will also ask for clarification and/or additional information regarding items submitted in the proposal during the oral interview. The presentation portion of the oral interview should not exceed 30 minutes. The question and answer session of the oral interview will not exceed one hour.

Site Visits – PHA reserves the right to conduct site visits of the shortlisted development team(s). The purpose of the site visits will be to confirm information provided in the proposal package or presented at the oral interview. The Site visit will not be scored independently from the stated evaluation factors, but such factors may be adjusted if the evaluation committee determines that information previously provided is not consistent with information or observations gathered during the Site visit.

Final Recommendation - The recommended Developer Partner will be selected based on the highest total score for all evaluation factors combining the individual scores of each member of the evaluation committee. The evaluation committee will provide the final recommendations and scores to the Board of Commissioners who will be responsible for final approval of the Developer Partner.