

REQUEST FOR EXPRESSIONS OF INTEREST

**FOR THE FORMATION OF
COMMUNITY LAND TRUSTS**

RELEASED: January 9, 2017

RESPONSES DUE: February 28, 2017, 4:00pm

All questions and requests for additional information concerning this RFEI should be submitted no later than January 31, 2017, directed to Fabiana Meacham, the Authorized Agency Contact Person at:

Telephone: 212-863-5118

Email Address: cltrfei@hpd.nyc.gov

PRE-SUBMISSION CONFERENCE:

January 27, 2017, 1:30pm

HPD, 100 Gold Street, Room 8-B11, New York, NY

RESPONSE DUE DATE & TIME:

Date: February 28, 2017, 4:00pm

By Email: cltrfei@hpd.nyc.gov

Or By Hand: NYC Department of Housing Preservation and Development
100 Gold Street – 5B15c
New York, NY 10038
Attn: Fabiana Meacham

The Response Package should include all materials pertaining to your response.

NOTE: This is not a procurement. No funds or assets will be available through this RFEI process.

Table of Contents

A. BACKGROUND.....	4
B. STRATEGIC GOALS.....	5
C. SUBMISSION REQUIREMENTS	5
1. CLT Mission	5
2. Target Geography and Properties for Acquisition or Inclusion in the CLT.....	6
3. Target Constituency and Local Support	6
4. Housing Plan.....	7
5. Additional Services or Activities.....	8
6. Governance Plan	8
7. Operations Plan.....	8
8. Respondent Team Qualifications and Experience	9
9. Proposed Implementation Timeline	9
10. Request from HPD.....	10
D. SUBMISSION GUIDELINES.....	10
E. TERMS AND LIMITATIONS.....	11

A. BACKGROUND

The New York City Department of Housing Preservation and Development (“HPD”) is issuing this Request for Expressions of Interest (“RFEI”) in order to identify parties who are interested in and qualified to form a Community Land Trust (“CLT”) in New York City. CLTs are not-for-profit organizations whose primary purpose is the creation and/or maintenance of permanently affordable housing for qualified households. CLTs own the land under 1-4 -family homes or multifamily buildings in order to maintain control and oversight over such properties as affordable housing resources. The houses or apartment buildings are owned by qualified homeowners or rental project owners, subject to the CLT’s control and oversight.

The purpose of this RFEI is to identify non-profit organizations with capacity to create and operate a CLT, and with viable plans for a CLT that will improve upon, or fill gaps in, the City’s already extensive affordable housing programs. HPD encourages those responding to this RFEI (each, a “Respondent”) to propose plans for a CLT that meets the goals and guidelines stated in this RFEI (a “Submission”). The Submission may include plans for specific properties, but any properties proposed would have to be developed and operated under one of HPD’s affordable housing programs.

In particular, HPD is evaluating the advantages and disadvantages of making properties that the City currently owns in East Harlem, the South Bronx, northern and central Brooklyn, southeastern Queens, and Edgemere, Queens available for development and operation by one or more CLTs.

Although discussions may be conducted with Respondents submitting acceptable Submissions to this RFEI, HPD reserves the right to select a Respondent as qualified to operate a CLT on the basis of initial Submissions received pursuant to this RFEI, without discussions. Therefore, each Respondent’s initial Submission should reflect its best effort to describe programmatic and technical details and any requests for City support to implement any proposed plan contained in a Submission. If a Submission includes a proposed plan concerning a City-owned property, HPD may elect to issue a Request for Proposals for such property in the future and restrict participation only to the Respondents to this RFEI. For the above reasons, HPD strongly encourages all parties interested in creating a CLT with support from the City to submit Submissions in response to this RFEI.

B. STRATEGIC GOALS

HPD's consideration of Respondents will include, but not be limited to, each Submission's ability to meet the following strategic goals:

1. Design a CLT model that improves upon, or fills a gap in, the City's existing affordable housing programs;
2. Develop the capacity to implement and operate a self-sustaining CLT that provides the value-add of the proposed model;
3. Preserve the long-term physical and financial health and affordability of housing located or to be located on land leased by the CLT;
4. Implement a governance and financial structure that balances the interests of the CLT, the City, residents of CLT housing, and the community at large.

C. SUBMISSION REQUIREMENTS

Submissions must include the information outlined below and should be no longer than 15 pages. Respondents' Submissions should be organized and labeled based on the outline format used below.

The evaluation of a Submission will be based on: the Respondent team's qualifications and experience; the quality and sustainability of the proposed concept and how well it meets market demand and improves upon or fills a gap in HPD's affordable housing programs; the quality and comprehensiveness of the Submission in terms of addressing key requested components; the soundness of the financial plan; and the Respondent's ability to execute the development according to HPD's expectations. Submissions should emphasize the Respondent organization's ability to meet the strategic goals and its approach to implementing the plan.

Submissions should address the following topics:

(The following questions are applicable to both existing and proposed CLTs.)

1. CLT Mission

Please include the existing or proposed CLT's mission statement. Please explain how the CLT will improve upon, or fill gaps in, the City's existing portfolio of affordable housing programs. In particular:

- Explain how the proposed CLT structure will differ from, and improve upon, such programs as: the City's Affordable Neighborhood Cooperative Program; affordable homeownership programs, such as NIHOP; rental programs, including NCP, ELLA, and SARA, that finance projects by non-profit developers whose long-term mission is the preservation of affordable housing; and the permanent affordability required under the City's Mandatory and Voluntary Inclusionary Housing;

- Explain how the proposed CLT will ensure long-term sound financial and physical health while maintaining proposed affordability levels of the housing located or to be located on land owned by the CLT. Please explain how this can be done more efficiently or effectively than by owners of affordable housing financed and regulated under existing HPD programs;
- Explain any disadvantages the CLT has relative to those existing programs, and how the proposed model will counter those disadvantages. For example, if the CLT is to be launched by a new organization, explain how the CLT model will address the CLT's lack of experience in affordable housing development and management relative to existing affordable housing developers. Likewise, if the CLT is expecting to face issues financing the project, please explain how the CLT expects to counter those disadvantages.

2. Target Geography and Properties for Acquisition or Inclusion in the CLT

- a. Please describe the geography the CLT would serve and explain why that geography was chosen.
- b. Describe how the neighborhood or broader geographic area may benefit from the CLT's activities.
- c. If the CLT already has access to properties that would be part of its holdings, identify those properties, and their current ownership, and, if the Respondent is not currently the owner of one or more of the properties, the nature of the access that Respondent has (e.g., option to buy).

3. Target Constituency and Local Support

- a. Please describe the population the CLT seeks to serve through its housing (income range, demographics, etc.)
- b. Describe any outreach efforts or communication that has taken place with community members and any existing tenants or residents of the buildings the CLT seeks to acquire or already owns. For example, have surveys or community meetings been conducted? If so, what were the results? If applicable, please provide any materials that have been distributed. In addition, please provide the name of any attorney, if known, representing tenants or residents of the buildings the CLT seeks to acquire or already owns or leases.
- c. Describe support or resistance from residents of existing buildings that will be part of the proposed CLT (if applicable), elected officials, community-based organizations, philanthropic organizations, the business and real estate community, and any other members of the CLT's targeted geographic area. Explain how the Respondent will address the substance of any opposition to or questions about the CLT.

4. Housing Plan

Please describe the CLT's core housing programs and activities, including but not limited to the following:

(For proposed CLTs, or CLTs without an existing portfolio, answer the following questions based on the types of properties the CLT seeks to acquire.)

a. For both housing tenures – homeownership and rental:

- Projected sources of funding for housing construction and/or rehabilitation
- Legal structure for the ownership of land and housing (if available, a proposed ground lease; if not, an overview of the proposed lease terms, use restrictions and income eligibility, annual lease fees, ground lessee's maintenance, tax and insurance obligations, restrictions on financing, restrictions on transfer, the CLT's right of first refusal, if any, the resale formula, events of default, etc.)
- An estimate of the expected hard costs for new construction or rehabilitation work, and an idea of the expected fees and other soft costs the CLT expects to incur during development.

b. For homeownership:

- Projected use of HPD or other subsidy programs
- Homeowner selection and eligibility, with a specific focus on income levels, asset caps, first-time buyer status, and other eligibility criteria
- Monitoring and enforcement of homeowner income-eligibility
- Resale formula (specifying how much profit a homeowner can make upon resale, and any profit sharing arrangement with, or recapture by, the CLT)
- Homeowner counseling, or foreclosure prevention training, if applicable

c. For rental:

- Selection of the entity that will own the building and serve as landlord to the tenants
- Use of existing rental subsidy programs (operating and/or development subsidy)
- Tenant selection and eligibility, with a specific focus on income levels and asset caps
- Monitoring and enforcement of tenant income-eligibility
- Management plan for multifamily rental buildings
- Resale formula (specifying how much profit the building owner can make upon resale, and any profit sharing arrangement with or recapture by the CLT)

5. Additional Services or Activities

Please describe any additional activities not directly related to housing that the CLT would carry out, such as:

- Neighborhood planning and community development
- Commercial and/or retail development
- Other community programs
- Any additional programs

6. Governance Plan

Please describe the CLT's proposed governance structure:

- a. Board size and composition, including level of tenant/homeowner representation, representation by affiliated organizations, community organizations and/or government (provide names and bios, if available)
- b. Voting authority of the Board and/or members of the CLT, and a list of major decisions that would require a vote.
- c. If available, proposed bylaws, or a description of the following: the CLT's purpose, the structure of the board of directors and its duties, income restrictions and the resale formula, and any provision regarding the dissolution of the CLT and distribution of its assets, along with the threshold required to amend any of the foregoing provisions.

7. Operations Plan

Please describe how the CLT will sustain itself as an organization and effectively carry out its core activities:

- a. Describe proposed or existing sources of funding for the CLT's short and long-term operations, including but not limited to,
 - Projected revenue generation through the CLT's housing
 - Government sources
 - Philanthropic sources
 - Private funding
- b. State up-front and long-term funding expectations, tax exemptions, fee waivers, or other subsidies from the City of New York, and for which activities.
- c. Include a budget for the proposed CLT's operations and maintenance. If the CLT's operations are to be embedded within an existing non-profit, include the budget and cash flow for that organization,

highlighting items related to the CLT. The operating budget should not include the construction or rehab of housing owned by the CLT. The budget should include the following:

- Capital expenses required to launch the CLT
- Operational expenses associated with the CLT's long-term operations, including liability insurance, taxes, water and sewer fees and other expenses associated with common areas or with land leased for affordable housing;
- Projected revenue generation by the CLT
- Funding sources, including Respondent investment, other funds committed or raised, and any in-kind or other contributions;
- Reserves that will be maintained to fund unanticipated expenses, and to fund the dissolution of the CLT and transfer of its assets should it not be able to sustain the expenses of managing the land.

8. Respondent Team Qualifications and Experience

a. Please provide a description of the Respondent team and its experience relevant to executing the proposed plan. If affiliated with an existing non-profit or for-profit organization, describe the proposed CLT's relationship to the existing entity.

b. Describe the team's experience with real estate finance, property management and maintenance, monitoring of compliance with the terms of ground leases, and with resale restrictions and other provisions of regulatory agreements, and interacting with different types of tenants and tenant organizations.

c. Describe the team's previous experience working with the City, if applicable.

d. Describe the team's prior experience in creating or operating CLTs, if any.

e. Provide the name of the attorney(s) of the CLT, or the attorney(s) consulted or whom you plan to consult to create the CLT.

f. Provide the name of the attorney, if known, of the existing tenants or residents of the buildings the CLT seeks to acquire or already owns or leases.

9. Proposed Implementation Timeline

Please provide a timeline for development and execution of the proposed plan. Specifically, the timeline should consider the following:

- Current organizational status and time to achieve not-for-profit status and Housing Development Fund Corporation (HDFC) status. Note that the City expects that any CLT described in a Submission be formed as not-for-profit corporation under Article XI of the Private Housing Finance Law.
- Property acquisition process

- Housing rehabilitation or construction
- Selection and lease-up of tenants or buyers
- Monitoring of those tenants or buyers' compliance with the terms of the CLT's ground lease and with any provisions of regulatory agreements associated with the funding of construction, rehabilitation or operation of housing located or to be located on the CLT's property.

10. Request from HPD

Aside from the disposition of the properties in question, please detail the type of support you are seeking from HPD and/or other City agencies to implement the proposed CLT, such as:

- Projected rehab or rental subsidy
- Real estate tax abatements
- Technical assistance (Programmatic, Legal, Operational)
- Board representation
- Marketing of units
- Monitoring of compliance with the terms of regulatory agreements
- Other

D. SUBMISSION GUIDELINES

SUBMISSION DEADLINE: February 28, 2017, 4:00pm

All Submissions should be sent by email to cltrfei@hpd.nyc.gov or delivered by hand to 100 Gold Street, Room 5-B15c, New York, NY, Attn: Fabiana Meacham.

HPD will review Submissions submitted prior to the Submission Deadline, and may commence non-exclusive negotiations with one or more Respondents for an Agreement(s) based on their respective Submission at any time.

The RFEI process shall be conducted as follows:

- Respondents may submit one Submission on or before the Submission Deadline.
- HPD may, at its sole and absolute discretion, elect to close the RFEI on or before the Submission Deadline (the "Termination Date"). In the event that the Termination Date occurs before the Submission Deadline, Respondents shall be notified via email and a similar notification shall be posted on HPD's website (www.nyc.gov/hpd).
- HPD may, in its sole and absolute discretion, elect to commence non-exclusive negotiations with one or more Respondents at any time as part of the Submission review process.

E. TERMS AND LIMITATIONS

In addition to those stated elsewhere, this RFEI and any transaction resulting from this RFEI are subject to the conditions, terms and limitations stated below:

- A. The City is not obligated to pay nor shall in fact pay any costs or losses incurred by any Respondent at any time including the cost of responding to the RFEI.
- B. The City reserves the right to reject at any time any or all Submissions and/or withdraw this RFEI in whole or in part, to negotiate with one or more Respondents. The City likewise reserves the right, at any time, to waive compliance with, or change any of the terms and conditions of this RFEI, and to entertain modifications and additions to the applications of Respondents.
- C. A Respondent's Submission may be rejected at any time during or after the evaluation process if there are any adverse findings regarding the Respondent, any entity or individual associated with the Respondent, or any property owned and/or managed by them. Such adverse findings may include, but are not limited to:
 - a. conviction, administrative violation, judicial or administrative finding, pending judicial or administrative case, or pending litigation for harassment, arson, fraud, bribery, grand larceny, any felony or crime of dishonesty, or noncompliance with fair housing or anti-discrimination laws, any applicable codes or ordinances, labor laws, or construction laws.
 - b. defaults or poor performance under any government-assisted program;
 - c. suspension or debarment by any governmental entity;
 - d. mortgage arrears, default, or foreclosure proceedings;
 - e. tax arrears, tax foreclosure or enforcement proceedings, or sale of tax liens;
 - f. voluntary or involuntary bankruptcy proceeding; or
 - g. negative findings by the Department of Investigation.
- D. Only Submissions from principals will be considered responsive. Individuals in representative, agency or consultant status may submit Submissions only under the direction of identified principals, where the principals are solely responsible for paying for such services.
- E. Submission by a Respondent will mean only that the Respondent may be considered a CLT for a future HPD affordable project.
- F. Submission by a Respondent through this RFEI will not create any rights on the Respondent's part, including without limitation, rights of enforcement, equity, or reimbursement.
- G. This RFEI and any agreement or other documents resulting therefrom are subject to all applicable laws, rules, and regulations promulgated by any federal, state or municipal authority having jurisdiction over the subject matter thereof, as the same may be amended from time to time.
- H. HPD is not legally obligated to issue this RFEI.

- I. This RFEI does not represent any obligation or agreement on the part of the City, which may only be incurred or entered into by a written agreement which has been approved as to form by the City's Law Department and duly executed by the Respondent and the City.
- J. No transaction will be consummated if any Principal of any selected Respondent is in arrears, or in default upon any debt, lease, contract, or obligation to the City of New York, including without limitation real estate taxes and any other municipal liens or charges. The City reserves the right not to review any Submission by any such Respondent.
- K. Entities that are in debarred status by either the Comptroller of the City of New York or the United States Department of Labor, and entities with histories of convictions of criminal violations of the Occupational Health and Safety Act within the five years preceding the closing date, will not be eligible to enter into development agreements or serve as prime or general contractors on applicable projects.
- L. No commission for brokerage or any other fee or compensation shall be due or payable by the City, and a Respondent shall indemnify and hold the City harmless from and against any such claim for any such fee or compensation based upon, arising out of, or in connection with any action taken by the Respondent, invitation to the Respondent to respond to this RFEI, or the sale of a site.
- M. All determinations as to the completeness or compliance of any Submissions, or as to the eligibility of any Respondent, will be within the sole discretion of the City.
- N. The City advises all Respondents that there is no legal obligation on the part of the City to issue the RFEI, and that the City reserves the right to use the Submissions submitted pursuant to this RFEI as a basis for negotiation with Respondents as the City deems appropriate.
- O. This RFEI and any resulting agreement are subject to all applicable laws, rules and regulations promulgated by any federal, state, or municipal authority having jurisdiction over the subject matter thereof, as the same may be amended from time to time.
- P. All Submissions and other materials submitted to HPD in response to this RFEI may be disclosed in accordance with the standards specified in the Freedom of Information Law, Article 6 of the Public Officers Law ("FOIL"). The entity submitting a Submission may provide in writing, at the time of submission a detailed description of the specific information contained in its Submission, which it has determined is a trade secret and which, if disclosed, would substantially harm such entity's competitive position. This characterization shall not be determinative, but will be considered by HPD when evaluating the applicability of any exemptions in response to a FOIL request.
- Q. Subject to all applicable laws, upon submission of a Submission to this RFEI, Respondents, and their representatives and agents, shall treat their Submissions and all information obtained from the City in connection with this RFEI (the "Confidential Information") confidentially, and shall not discuss, publish, divulge, disclose or allow to be disclosed the Confidential Information to any other Respondents or any other person, firm or entity, including press or other media, without HPD's prior written approval. Respondents shall refer all press and other inquiries concerning the RFEI and the Confidential Information, without further comment, to HPD.