



THE CITY OF NEW YORK
DEPARTMENT OF
HOUSING PRESERVATION
AND DEVELOPMENT

the **new** housing
MARKETPLACE
CREATING HOUSING FOR THE NEXT GENERATION

Michael R. Bloomberg
Mayor

Shaun Donovan
Commissioner

THIRD PARTY TRANSFER PROGRAM

TRANSFER OF RESIDENTIAL TAX FORECLOSED
PROPERTIES TO NEW OWNERS

Round VI

REQUEST
FOR
QUALIFICATIONS

ISSUE DATE: Monday, November 14, 2005

PRE-SUBMISSION CONFERENCE: Monday, November 28, 2005 at 3:00pm

DUE DATE FOR ROUND VI ELIGIBILITY: Friday , December 16, 2005 (at 5pm)

THIRD PARTY TRANSFER PROGRAM

REQUEST FOR QUALIFICATIONS

TABLE OF CONTENTS	PAGE
I. <u>INTRODUCTION</u>	1
A. Program Description	1
B. Description of Properties	5
II. <u>REQUEST FOR QUALIFICATIONS PROCESS</u>	6
A. Applications	6
B. Review and Evaluation	6
III. <u>MINIMUM QUALIFICATION REQUIREMENTS</u>	6
A. Residential Development Experience	6
B. Residential Management Experience	7
C. Financial Capacity	7
D. Municipal Charges	8
E. Code Violations	8
F. Adverse Findings	8
IV. <u>CRITERIA FOR ASSIGNMENT OF PROPERTIES</u>	8
V. <u>APPLICATION REQUIREMENTS</u>	10
A. Contents of Application	10
B. Submission Requirements	11
VI. <u>TERMS AND CONDITIONS</u>	12
VII. <u>CONFLICTS OF INTEREST</u>	12
VIII. <u>EXHIBITS</u>	
A. Forms	
Form 1 Applicant Description	
Form 2 Residential Development Experience	
Form 3 Residential Management Experience	
Form 4 Principal's Property Listing	
Form 5 Assets Statement	
Form 6 Credit Authorization	
Form 7 Applicant's Letter	
B. Terms of the Management and Predevelopment Agreement	
C. Post-Selection Submission Requirements	
D. Tenant Petition and Sponsor Letter	

THIRD PARTY TRANSFER PROGRAM

REQUEST FOR QUALIFICATIONS

I. INTRODUCTION

The City of New York ("City") enacted legislation ("Local Law 37") to improve real property tax collection while more effectively preserving and maintaining the City's residential housing stock. The legislation allows the City, pursuant to a judgment of foreclosure by the court, to transfer title of tax delinquent residential properties directly from the delinquent owners to responsible new owners without the City ever taking title itself. The City mandates that these new owners will remove housing code violations and rehabilitate the properties soon after transfer. As a result, the Third Party Transfer will ensure that such properties do not deteriorate further and that they will be substantially improved under new responsible ownership. The effort, therefore, will preserve and expand the City's stock of decent and affordable housing.

Tax foreclosures will result in Third Party Transfers only when the owner of a residential property fails to pay real property taxes and other municipal charges within the time allotted under Local Law 37. The Third Party Transfer will extinguish most existing liens and encumbrances on the property, including, but not limited to, all prior mortgages and mechanics' liens and City liens for real property taxes, water and sewer charges, and emergency repairs (although existing federal liens would remain in place). As a result, most properties conveyed through Third Party Transfers will be free and clear of all liens and encumbrances.

The City is in the process of requesting *in rem* foreclosure judgments in Brooklyn (Action No 49), Queens (Action No. 52), Manhattan (Action No. 46), the Bronx (Action No. 48), and Staten Island (Action No. 48) so that the Third Party Transfer would take place in or around **April/May 2006**. The properties that are to be transferred through the Department of Housing Preservation and Development's ("HPD") Third Party Transfer Program ("Program") as a result of these judgments constitute Round VI of the Program ("Round VI"). This Request for Qualifications ("RFQ") has been issued to determine the eligibility of responding individuals and organizations ("Applicants") to take title to tax foreclosed residential properties ("Properties") through the Program. When Properties become available for transfer, HPD will select transferees from among the Applicants who qualify through this RFQ. It is important to note that not all Applicants deemed qualified will be assigned Properties. HPD reserves the right to select Qualified Developers for participation in other HPD programs.

A. Program Description

The Program consists of four phases: 1) Selection of Qualified Developers, 2) Commencement of Negotiations with Qualified Developers who are selected ("Selected Qualified Developers"), 3) Interim Management and Financing Period, and 4) Ownership and Rehabilitation.

1. **Selection of Qualified Developers**

HPD will review the responses to the RFQ and identify eligible Developers ("Qualified Developers"). The Program seeks to include both for-profit and not-for-profit participants that are neighborhood-based or operate citywide, all of whom

must have the experience, financial resources and capacity required to rehabilitate, maintain and manage multi-family housing and/or develop and sell one- to four-family homes.

Selection of an Applicant under this RFQ means only that HPD has determined that such Applicant meets the requirements set forth in this RFQ to be a Qualified Developer and that HPD may thereafter elect to commence negotiations with such Applicant regarding the transfer and subsequent development of Properties. Inclusion of an Applicant under this RFQ does not guarantee that it will be selected to receive a Property. If HPD elects to commence negotiations with a Selected Qualified Developer with respect to a particular Property, HPD may send a letter to the Qualified Developer regarding the commencement of negotiations (“Negotiation Letter”) which will set forth certain information regarding the project, Program and procedures that will form the basis of such negotiation. The sending of the Negotiation Letter by HPD signifies, for the purpose of this RFQ, only that HPD is considering assigning the particular Property to the Qualified Developer, and will not create any equitable or legal rights whatsoever on the Qualified Developer’s part with respect to the Property or the proposed third party transfer. Exhibit A contains an Applicant’s Letter that describes this process (Form 7); each proposal must include this letter signed by a principal of the Applicant.

2. Negotiations with Selected Qualified Developers

a. General

Under Local Law 37, after the *in rem* foreclosure judgment has been entered, there is a four month period in which the tax delinquent owners have a chance to redeem their Properties (“Mandatory Redemption Period”). From the conclusion of the Mandatory Redemption Period, HPD has four months (plus a 45 day period for City Council review) to transfer the Properties to a new owner (“Transfer Period”). During the Transfer Period, HPD selects a developer found eligible pursuant to this Third Party Transfer Program RFQ to redevelop the Properties. HPD submits a list to the City Council enumerating the recommended Selected Qualified Developer for each Property.

HPD may group several similar Properties together (“Cluster”) to be managed, rehabilitated and owned by one Qualified Developer as a single redevelopment assemblage or project. In grouping Properties into Clusters, HPD will consider attributes of Properties such as geographic proximity, development product (1-4 unit home, Single Room Occupancy dwelling, multi-family rental building), occupancy status, nature of required rehabilitation (substantial or moderate), nature of management of the Properties (scale of buildings, special needs tenants) and other characteristics. For each Cluster, HPD will select a Qualified Developer whose qualifications match the specific management and development needs of that cluster. Please see Section IV, “Criteria for Assignment of Properties,” for further information.

b. Tenant Ownership

HPD notifies tenants when a foreclosure judgment has been rendered for the property in which they live and advises them that they may pursue potential tenant ownership. Tenants who wish to do so must select a not-for-profit Qualified Developer (“Sponsor”) with whom they want to work towards eventual conversion to

a tenant cooperative. The Sponsor must file with HPD a petition signed by at least 60% of the tenants of the Property (“Tenant Petition”). The Sponsor must also file a letter (“Sponsor Letter”) stating its intention to pursue conversion to tenant ownership and that the Sponsor is prepared to acquire, manage and rehabilitate the Property under the terms of the Program. The Sponsor must furthermore participate in an HPD training class on the sponsorship of Third Party Transfer tenant petition buildings prior to being approved to sponsor tenant petitions. HPD will also consider a Sponsor’s organizational and financial capacity before approval to sponsor tenant petition buildings. Please see Section IV, “Criteria for Assignment of Properties,” for further information.

HPD included standard forms for the Sponsor Letter and the Tenant Petition as well as a list of not-for-profits that were Qualified Round V Developers with the initial notices to tenants; copies of the Sponsor Letter and the Tenant Petition are contained in Exhibit E. These Tenant Petitions will be considered by HPD in selecting Qualified Developers for receipt of Properties.

The Sponsor must file the Sponsor Letter and the Tenant Petition as described above no later than sixty days from the beginning of the Mandatory Redemption Period for the affected Properties. For Round VI, the Tenant Petition and Sponsor Letter due date for the Bronx is September 26th, Manhattan October 11th, Staten Island October 24th, and Brooklyn October 31st. The date for Queens is not yet available at the time of issuance of this RFQ. HPD will provide tenants in those buildings with appropriate advance notification of submission due dates and these dates will be posted on the HPD web site (<http://nyc.gov/hpd>) when known.

3. Interim Management and Predevelopment Period

HPD will initially transfer title of the Properties to Neighborhood Restore Housing Development Fund Corporation (“Neighborhood Restore”), a not-for-profit corporation. Neighborhood Restore will retain ownership for the period prior to conveyance of the Properties to the Selected Qualified Developers (“Interim Management and Predevelopment Period” or simply “Interim Management”). It is intended that for all Properties, this period will last no longer than twelve months.

During this time, each Selected Qualified Developer and/or their approved Managing Agent will enter into a Management and Predevelopment Agreement (“MPA”) with Neighborhood Restore which sets forth the property management and predevelopment responsibilities each selected Qualified Developer will assume commencing with the date of transfer to Neighborhood Restore. Please see Exhibit B for a Summary of the Terms of the MPA. The Selected Qualified Developers and/or their approved Managing Agents must execute MPAs on or before the date that title is transferred to Neighborhood Restore.

The MPA will require that each Selected Qualified Developer generate the following for the Third Party Transfer properties it manages on behalf of Neighborhood Restore:

- i. Building Stabilization Plan outlining the intended course of action to address any required emergency repairs and detailing projected costs, due no later than 30 days after transfer to Neighborhood Restore;
- ii. Occupancy Report detailing existing tenancies, presence of children, and verifying rents, due no later than 30 days after transfer to Neighborhood Restore, and

- iii. Monthly Operating Reports (“MOR’s”) detailing the income collected and expenses incurred for the properties (with appropriate back-up documentation), due no later than the 20th of the month following the month in which the expenses were incurred.

Neighborhood Restore will provide guidance in the preparation of these reports. Limited funds from HPD may be available through Neighborhood Restore to address the operating deficits during the Interim Management and Financing Period, but the Selected Qualified Developers must demonstrate that they have working capital sufficient to cover operating deficits for no less than three months after the submission of MORs to Neighborhood Restore. All selected developers, both not-for-profits and for-profits, will be required to initially fund the cluster’s operating account with \$5,000 for the first building plus \$1,000 for each additional building in the cluster, which will be reimbursed at or before the end of the Interim Management and Predevelopment Period. Neighborhood Restore will work with each Selected Qualified Developer to establish annual cluster and building stabilization budgets. In addition to pre-funding the cluster operating account as described above, the Selected Qualified Developers must have sufficient liquid assets to meet the minimum requirements of this RFQ, as outlined in Section III.C.

There will be no rent increases during the Interim Management and Predevelopment Period, except for rent stabilization increases.

Also during the Interim Management and Predevelopment Period, the Selected Qualified Developers are required to:

- i. Propose a scope of work which at a minimum will provide for the upgrade of the Properties to current housing standards and removal of all code violations and environmental hazards;
- ii. Prepare a relocation plan detailing relocation needs for each household, both temporary and permanent, if determined to be necessary, and
- iii. In a timely manner, apply to and receive approval for a construction loan by a construction lender acceptable to HPD.

All such plans are subject to HPD approval. Please see Exhibit C.

HPD may make construction funding available through an appropriate loan program, e.g. the Participation Loan Program (“PLP”), Small Buildings Loan Program, Article 8A Loan Program, or Supportive Housing Loan Program (collectively, “HPD Loan Programs”). Although the PLP and Small Buildings Loan Program both have 10% minimum cash equity requirements for for-profit developers, they often require a 12%-14% equity contribution, depending on the extent of the scope of work. Not-for-profit Selected Qualified Developers will be required to contribute a lesser amount of cash equity as determined by HPD. In Round IV this amount equaled 2% of total development cost for non-tenant petition buildings and \$1000 per dwelling unit for buildings proceeding along the tenant petition route of cooperative conversion. HPD will require all Selected Qualified Developers to meet applicable program guidelines including marketing requirements as well as HPD approval of scopes of work and layout designs. In addition, projects may be eligible for tax incentive programs.

4. Ownership and Rehabilitation

After successful compliance with the requirements of the Interim Management and Predevelopment Period, including both the management of the Properties and the procurement of rehabilitation financing as described above, Neighborhood Restore will convey the Properties to the Selected Qualified Developer concurrent with the construction loan closing. A Cluster will generally be conveyed and financed as one site or assemblage. Once title has been transferred to the Selected Qualified Developers, rehabilitation, lease-up and management of the Properties must commence in accordance with the terms and schedules agreed to by HPD.

Properties will be subject to the following restrictions. New Selected Qualified Developers must:

- i. Allow lawful tenants residing in the Property at the time of transfer to Neighborhood Restore to return to their original apartment or another unit of equal size, as appropriate to the size of the family unit, following rehabilitation;
- ii. Register rental properties with the State of New York Department of Housing and Community Renewal and comply with all Rent Stabilization requirements;
- iii. Market and sell or rent units in accordance with income guidelines established by HPD marketing guidelines and Regulatory Agreements.
- iv. Make 10% of the final vacant units available to homeless persons and families as referred by HPD's Tenant Resources Unit or an agency approved by HPD for the length of the Regulatory Agreement;
- v. Register all multiple dwellings with HPD.

HPD may impose additional restrictions upon the use of the Properties and may require a Selected Qualified Developer to agree to comply with such restrictions. Tenant Petition buildings must sign an HPD Regulatory Agreement prior to converting to a limited-equity cooperative.

B. Description of Properties

Third Party Transfer Clusters are composed typically of partially or fully occupied buildings. A small percentage of properties may be vacant buildings or vacant lots. Physical conditions in the buildings are not uniform. Most buildings will require moderate to substantial rehabilitation. Buildings may range in size from single-family homes to buildings of fifty units or more, and may be completely or partially occupied or vacant. Properties may include single room occupancy (SRO) units, some of which may be occupied by persons with special needs. Properties may also include vacant lots, which are to be developed for use consistent with the Zoning Resolution and other statutory requirements. Mandatory Redemption Periods for Round VI of Third Party Transfer began in July/August 2005 and it is expected that transfers will occur in or around **April/May 2006**. These dates are subject to change.

II. REQUEST FOR QUALIFICATIONS PROCESS

A. Applications

Applicants must submit their qualifications in accordance with the instructions and forms contained in Section V. Eligible Applicants may be for-profit entities, joint ventures,

individuals, sole proprietors, or not-for-profit organizations. To become qualified, an Applicant must have the financial resources and the relevant management, rehabilitation, and/or development experience to successfully complete the Program. Entities that previously submitted applications through the Round V RFQ are not required to resubmit a new application. However, previous Round 5 Applicants may, if they wish, update their application.

To be considered for Properties in Round VI of the Program, applications must be submitted no later than **December 16, 2005**.

The application must include all information requested under Section V of this RFQ for all principals and officers of the Applicant. Upon review, HPD, at its discretion, may notify an Applicant that additional information or clarification is necessary. Such additional information may include the completion of disclosure statements concerning the Applicant and its principals and officers. An Applicant's submission of qualifications will be considered as permission for HPD to make such inquiries concerning the Applicant, as HPD deems necessary.

B. Review and Evaluation

HPD will determine if Applicants meet minimum qualification requirements based on the criteria specified in Section III. HPD may disapprove the inclusion of any or all members of the Applicant's team and may require Applicants to substitute other individuals or firms. HPD will notify all Applicants as to whether or not they will receive properties. Applicants who are deemed Qualified Developers pursuant to this RFQ may also be considered for Properties to be offered in future rounds of the Program. However, designation as a Qualified Developer does not ensure that a developer will ever be selected to receive a Property. For a discussion of assignment of properties to Qualified Developers, please see Section IV.

III. MINIMUM QUALIFICATION REQUIREMENTS

Applicants must be qualified in each of the following Qualification Criteria in order to be considered Qualified Developers for possible participation in the Program.

A. Residential Development Experience

The Applicant will be evaluated on the extent of its experience with the rehabilitation of housing similar to the Properties that are involved in the Program, most of which are occupied. Such consideration may include but not be limited to assessing the quality and efficiency of completed rehabilitation work through site visits, contacting references and reviewing other information available to HPD.

To be qualified under this criterion, an Applicant should demonstrate the capacity to effectively rehabilitate property on a scale commensurate with Third Party Transfer Program Clusters. An Applicant's experience as listed on Form 2 should represent the completion of construction on **at least two substantial rehabilitation projects** within the most recent 10 years totaling at **least twenty units** and including at least **three major systems replacements**. For for-profit entities, only the experience of the **principal members**, i.e., equity participants, shall apply towards qualification. Specifically, the experience of general contractors who are not equity participants shall not count towards

meeting the qualification criteria. For not-for-profit developers, the experience of top-level management may be considered towards qualification.

Applicants applying as Joint-Venture partnerships (for example, developers applying with their general contractors or between two development entities) must do so prior to submission of the RFQ. HPD reserves the right to deny changes made to the composition of the Applicant entity after qualification.

Entities that previously submitted applications through the Round V RFQ, are not required to resubmit a new application. However, previous Round 5 Applicants may, if they wish, update their application.

B. Residential Management Experience

HPD may consider the extent and quality of the Applicant's management of residential properties by conducting a review of the following: the physical condition of the properties; the number of Housing Maintenance Code violations; the payment record for City taxes, water and sewer charges and any other municipal charges for Applicant's properties; the Applicant's track record and current capacity to provide effective management services in a timely and responsive manner including the handling of tenant complaints; and the Applicant's ability to supervise building employees and maintain appropriate records. HPD may conduct site visits to properties owned and managed by the Applicant, as well as check references, conduct office visits and tenant interviews.

To be qualified under this criterion, an Applicant should demonstrate the capacity to manage property in a professional manner on a scale commensurate with Third Party Transfer Program Clusters. Applicant's management portfolio, as listed on Form 3, should show that Applicant has had a **minimum of fifty units** in New York City under management during the most recent five years. For for-profit entities, only the experience of the principal members, i.e., equity partners, shall apply towards qualification. Specifically, the experience of managing agents who are not equity participants shall not count towards meeting the qualification criteria. For not-for-profit developers, the experience of top-level management and outside managers may be considered towards qualification. Prior to responding to the RFQ, both for-profit and not-for-profit applicants must identify all Managing Agents, whether outside or internal managers, they would use to manage Third Party Transfer properties. HPD reserves the right to request or deny changes of the Managing Agents.

C. Financial Capacity

HPD will consider the Applicant's ability to obtain private financing and to provide equity for rehabilitating the Properties. HPD will evaluate the Applicant's credit history, financial records, and bank and other references.

To be qualified under this criterion an Applicant should demonstrate its financial capacity to meet both the working capital needs of a cluster during Interim Management and the anticipated equity requirements for loans on a scale commensurate with Third Party Transfer Program Clusters. For-profit Applicants' financial capacity as depicted on Form 5 should indicate liquid assets, namely cash and marketable securities, of at least \$250,000. Not-for-profit Applicants' financial capacity should indicate liquid assets of at least \$25,000. Please note that the equity requirement for specific clusters may exceed these minimums. Please note that the inability to secure construction financing from an

appropriate lender will be grounds for de-designation and selection of a new Qualified Developer.

It is anticipated that Selected Qualified Developers will have to float at least three months of expenses after submission to NR for reimbursement through the Monthly Operating Reports. All selected developers, both not-for-profits and for-profits, will be required to initially fund the cluster's operating account with \$5,000 plus \$1,000 for each additional building in the cluster which will be reimbursed at or before the end of the Interim Management and Predevelopment Period. In addition to pre-funding the cluster operating account as described above, the Selected Qualified Developers must have sufficient liquid assets to meet the minimum requirements of this RFQ.

D. Municipal Charges

All buildings managed or owned by the Applicant must be current with all New York City real property taxes and water and sewer charges or have entered into and be in compliance with payment agreements for all outstanding taxes and charges.

E. Code Violations

An Applicant may be rejected at any time during the evaluation process if findings of a substantial record of serious Building Code or Housing Maintenance Code violations are made with regard to properties owned or managed by the Applicant or any of its principals or related entities and such findings have not been adequately addressed.

F. Adverse Findings

An Applicant may be rejected at any time during the evaluation process if adverse findings are made with regard to the Applicant or any of its principals or related entities, including, but not limited to, adverse findings with respect to any of the following:

- Past or pending government or private mortgage foreclosure proceedings or arrears with respect to any property owned or managed by the Applicant.
- Past or pending governmental tax or lien foreclosure, substantial tax arrears or bankruptcy or insolvency.
- Findings of tenant harassment or a pending case of harassment.
- Arson, fraud, bribery, or grand larceny conviction or a pending case.
- Past or pending default on any obligation to, unsatisfied judgment or lien held by, or contract with any governmental agency.
- Past or pending suspension, debarment, or finding of non-responsibility by any government agency.
- A past or pending voluntary or involuntary bankruptcy proceeding.
- A negative history with HPD or any other government agency.

IV. CRITERIA FOR ASSIGNMENT OF PROPERTIES

Once Applicants are deemed Qualified Developers pursuant to the RFQ, a small number will be selected for properties through the Program. The following factors will be considered in the assignment of Properties.

A. Management and Development Characteristics of Properties

Specific Properties or Clusters, by the nature of the buildings and occupants, may require particular skills and expertise on the part of Qualified Developers for successful management and rehabilitation. These include but are not limited to the ability to: quickly stabilize distressed properties; pursue legal action against unlawful tenants; carry out rehabilitation with tenants in place; provide temporary relocation resources for tenants during the period of construction; market 1-4 unit buildings to owner occupants; manage SRO or other properties with special needs tenants; provide social and community service linkages; comply with Federal Low Income Tax Credits and HOME regulations; and collect rent subsidies such as Senior Citizens Rent Increase Exemption (SCRIE) or Section 8. As such, the appropriateness of Qualified Developers for specific Properties or Clusters will include an assessment of expertise in these and/or other areas as determined necessary by HPD.

B. Capacity

The Qualified Developer's current workload and other pending project obligations as can be determined by HPD will be considered in assessing its capacity to carry out the management and rehabilitation of specific Properties.

C. Ability to Work with Government Agencies

HPD may evaluate the Qualified Developer's demonstrated ability to work successfully with public agencies, meet schedules and comply with special reporting requirements imposed by government funding streams.

D. Distinguishing Attributes

HPD may take into account any distinguishing attributes of the Qualified Developer that further HPD's policy goals and initiatives and/or serve local housing objectives.

E. Updated Property Review

Prior to selecting a Qualified Developer for a Property or Cluster, HPD will conduct an updated review of code violations, arrears in real estate taxes and water and sewer charges, any outstanding housing litigation and up to date building registrations. Should there be any adverse findings, HPD will require that all issues be addressed or a plan to address them that is satisfactory to HPD be implemented prior to the transfer of Third Party Transfer program properties to Neighborhood Restore and the commencement of the Interim Management and Financing period.

F. Neighborhood Preservation Consultant Program

Not-for-profit organizations that have or had a contract with HPD to act as Neighborhood Preservation Consultants within the five years prior to the scheduled transfer of the property to Neighborhood Restore are not eligible to acquire Properties that were covered by such contract.

G. Experience in Securing Financing

HPD will take into consideration whether a Qualified Developer has demonstrated experience in securing construction financing in assessing its capacity to carry out the predevelopment process and close on financing in a timely manner.

H. Performance in Prior Rounds of Third Party Transfer

HPD will take into consideration past performance on Third Party Transfer projects when selecting Qualified Developers for Round VI properties. Failure to close rehabilitation financing within the established timeframe of 12 months will negatively impact consideration for participation in Round VI.

V. APPLICATION REQUIREMENTS

All Applicants must submit all forms as described below. Entities that previously submitted applications through the Round V RFQ are not required to resubmit a new application. However, previous Round 5 Applicants may, if they wish, update their application. In the event that a previously Qualified Developer has selected a new contracted development team participant such as a new Property Manager, the appropriate forms should be submitted for that entity, and qualification will be subject to the review of the new entity.

Submission of an incomplete application may be grounds for disqualification of the Applicant.

Developers are also encouraged to submit a letter stating interest in any properties particular to Round VI. This information will be taken under consideration in making clustering and selection decisions.

PLEASE NOTE THAT EACH COPY OF THE APPLICANT'S QUALIFICATIONS MUST CONTAIN THE FOLLOWING FORMS AND SUPPORTING DOCUMENTATION:

A. Contents of Application

TAB A - Applicant Description

A completed Description Form 1. All Applicants must complete Part 1 of that Form; not-for-profit Applicants must also complete Part 2.

TAB B - Residential Development Experience

A completed Residential Development Experience Form, Form 2 for the principal(s) of the Applicant and, if applicable, the contracted agent responsible for rehabilitation. List all projects that have been completed within the last Ten years or that are in construction, in pre-development or have otherwise been committed. Also include a reference Letter(s) from a Bank(s) together with a list of all outstanding loans and bank officer contacts.

TAB C - Residential Management Experience

A completed Residential Management Experience Form, Form 3 for the principal or managing agent proposed for the management of the Properties. List all properties that have been managed in the last five years. If any other principal of the Applicant

has other management experience that the Applicant wishes to be considered, a separate form should be completed for that principal.

TAB D - Principal's Property Listing

A completed Principal's Property Listing, Form 4, for each principal of the Applicant and for any affiliated or subsidiary entities listing all Properties owned within the last three years either directly by the principal or by an organization in which the principal was a corporate officer or general partner or held more than a 10 percent interest.

TAB E - Assets Statement

An Operating Budget for the current year and the most recent Audited Financial Statement. For-profit Applicants shall also submit a completed Assets Statement, Form 5, for at least one principal.

TAB F - Credit Authorization Form

A completed and signed Credit Authorization, Form 6, for the Applicant and each principal of the Applicant.

TAB G - Bank Reference

A reference Letter(s) from a Bank(s) together with a list of all outstanding loans and bank officer contacts.

TAB H - Applicant's Letter

An Applicant's Letter, Form 7, signed by a principal of the Applicant.

B. Submission Requirements

One fastened original and two fastened copies of the Applicant's qualifications, including all documentation requested as described above, must be submitted in response to this RFQ. Copies may be fastened with either staples, prong paper fasteners, or organized in a three ring binder. Each copy of the qualifications must be clearly labeled with tabs as indicated below. The tabs should run down the right hand side of the submission. **Each copy** must be clearly labeled with the name of the Applicant on the cover. In addition to meeting the above requirements, Applicants are encouraged to submit a computer disc with data in standard spreadsheet and/or word processing formats for all Forms.

All applications become the property of HPD. HPD reserves the right to ask for additional information. Submissions will be promptly reviewed by HPD. Interviews, site visits and/or additional information may be requested. Applications must be delivered **by hand** no later than **December 16, 2005** at 5pm to:

**HPD
100 Gold Street, Room 9-Q-4
New York, NY 10038**

Each application requires a non-refundable fee of one hundred dollars (**\$100.00**) in the form of a certified check, cashier's check or money order payable to "NYC Department of Housing Preservation and Development." No cash or personal checks will be accepted. For not-for-profit organization Applicants, the fee is reduced to fifty dollars (**\$50.00**). Entities previously qualified under a Third Party Transfer Program Request for Qualifications are exempt from this fee. **No cash or personal checks will be accepted.**

VI. TERMS AND CONDITIONS

This RFQ is subject to the specific conditions, terms and limitations stated below:

- A. Properties transferred under the Program shall conform to, and be subject to, the provisions of the New York City Zoning Resolution, and all other applicable laws, rules, regulations and ordinances of all Federal, State, and City authorities having jurisdiction, as the same may be amended from time to time.
- B. The City is not obligated to pay nor shall in fact pay any costs or losses incurred by any Applicant at any time including the cost of responding to the RFQ.
- C. The City reserves the right to reject at any time any or all submissions and/or withdraw this RFQ in whole or in part, to negotiate with one or more Qualified Developers, and/or cause Properties to be transferred on terms other than those set forth herein. The City likewise reserves the right, at any time, to waive compliance with, or change any of the terms and conditions of this RFQ, and to entertain modifications and additions to the applications of Qualified Developers.
- D. Selection of an Applicant as a Qualified Developer for this Program and assignment of a Property to a Qualified Developer will not create any rights on the Applicant's part, including without limitation, rights of enforcement, equity, or reimbursement.
- E. This RFQ 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.
- G. HPD may select a third party for conveyance of a property pursuant to the Third Party Transfer process by any method which it determines will best meet the purposes of such process.

VII. CONFLICTS OF INTEREST

The City Charter imposes certain restrictions on post-employment business relationships with the City by former City employees and on business relationships with the City by current City employees. Such individuals should consult Chapter 68 of the City Charter on specific provisions on this issue. Any questions concerning such provisions should be addressed to the Conflict of Interest Board, 2 Lafayette Street, New York, New York 10007, telephone number (212) 442-1400.

THIRD PARTY TRANSFER PROGRAM
TERMS OF THE MANAGEMENT AND PREDEVELOPMENT AGREEMENT

- **Assumption of Management Responsibility.** The Selected Qualified Developers will assume responsibility for the management of the Properties that have been assigned to them on the date the Properties are transferred to Neighborhood Restore. They will manage the properties throughout the period of interim ownership by Neighborhood Restore. Neighborhood Restore will transfer the Properties to the Selected Qualified Developers only concurrent with construction loan closings for the rehabilitation of the Properties. The Properties may include a mix of occupied and vacant residential buildings. Some may also have commercial tenants or include vacant lots.
- **Management duties.** The Selected Qualified Developers will operate, manage, lease, direct the operation of and perform all of the other services authorized under the MPA with Neighborhood Restore.

The Selected Qualified Developers will contract for electricity, gas, fuel, vermin extermination and other services and utilities. The Selected Qualified Developer will respond and attend to all complaints and requests by tenants and respond to emergency requests on a 24-hour basis. The Selected Qualified Developer will hire and manage any staff necessary to operate these properties and enforce leases. The Selected Qualified Developer will be responsible for addressing all building or sanitary violations issued during the term of management. Neighborhood Restore will not reimburse Selected Qualified Developers for fines or late fees resulting from their failure to respond to violations in a timely way. It shall be a precondition for Neighborhood Restore to transfer any property to a Selected Qualified Developer that any fine or judgment which results from any such failure to respond be paid.

- **Occupancy Survey.** Immediately upon commencement of Interim Management, the Selected Qualified Developers will canvass the properties to determine the identities of their current occupants, their ages, household composition, and current rent, using a "Tenant Survey" form acceptable to HPD and Neighborhood Restore, and will attempt to obtain copies of their current leases. The Selected Qualified Developers will also access tenant and rent history information on file with DHCR. The Selected Qualified Developers will submit an "Occupancy Report" summarizing its findings, in a format to be provided by Neighborhood Restore, within 30 days of the initial transfer.

Selected Qualified Developers will also be required to immediately inspect all apartments with pending lead paint violations to determine if any are occupied by children under the age of 7 and to address any such violation in accordance with Local Law 1 of 2004 and its regulations. Selected Qualified Developers will also be required to send out the tenant notices required by Local Law 1 inquiring whether any children under 7 reside in any apartment, as well as promptly inspect any such apartment. Any lead paint hazards found will have to be dealt with in accordance with Local Law 1 and its regulations.

- **Building Stabilization Plan.** The Selected Qualified Developers will promptly inspect the Properties to identify hazardous conditions, determine which general repairs need immediate attention and which can be deferred until the building is fully rehabilitated, and

determine what actions are required to comply with lead paint regulations. Building stabilization work scope and methods shall be in compliance with Local Law 1 of 2004. All occupied TPT buildings are to be XRF tested for lead prior to the submission of the scope of work to HPD. The Selected Qualified Developers will submit a "Building Stabilization Plan" detailing the intended course of action and projected costs for addressing such emergency repairs for Neighborhood Restore's approval within 30 days of the initial transfer.

The Selected Qualified Developers will also inspect any vacant lots or properties, determine whether they are properly sealed, and maintain those in a clean and sealed condition.

All Building Stabilization activities are to be completed within 90 days of the initial transfer.

- **Operating Budget.** The Selected Qualified Developers will submit a rent roll to NR with anticipated rental income. NR will use this income estimate to establish an operating budget for each Cluster. Selected Qualified Developers must adhere to spending limited within this budget. Selected Qualified Developers may formally request a modification of the budget in writing to NR before incurring any spending increase.
- **Operating Account.** The Selected Qualified Developer will establish bank accounts for the sole purpose of operating a Cluster and pay all expenditures authorized by the approved budget from the operating account.
- **Insurance/Indemnification.** Neighborhood Restore will obtain and keep property and liability insurance in effect during the Interim Management Period. The Selected Qualified Developers will indemnify and hold harmless Neighborhood Restore and its agents or officers from all liabilities, obligations claims, damages, and expenses arising from actions of the Selected Qualified Developers or its contractors.
- **Management Fee.** Neighborhood Restore will provide a nominal management fee to the Selected Qualified Developers for the maintenance of occupied buildings. There will be a minimal management fee for maintenance of the vacant buildings and lots to cover costs of maintaining vacant buildings and lots.
- **Monthly operating statements.** The Selected Qualified Developers will submit monthly operating statements detailing the income received and expenses incurred with respect to each of the Properties during such month. The Selected Qualified Developers will maintain complete, accurate records relating to the operation of the Properties. Neighborhood Restore will provide the manager with a fixed format for this report.
- **Rehabilitation and Financing Plan.** The Selected Qualified Developers will develop scopes of work and architectural plans, as appropriate, for the rehabilitation of the Properties. They will hire architects or engineers and obtain all necessary permits and approvals. The Selected Qualified Developers will also obtain the financing for the cost of rehabilitation in a timely manner.
- **Transfer of Properties to Selected Qualified Developers/Closing.** The transfer of the Properties from Neighborhood Restore to the Selected Qualified Developers is expected to occur no later than the one-year anniversary date of Neighborhood Restore's ownership of the Properties. The purchase price will be determined by HPD and Neighborhood Restore based on a financial feasibility analysis.

- **Termination.** Neighborhood Restore will have the right to terminate the Interim Management Agreement without cause with 15 days prior notice. Neighborhood Restore and the Selected Qualified Developers will waive all rights to trial by jury in any action or proceeding instituted by Neighborhood Restore against the selected Qualified Developers.

The foregoing is merely a summary of the terms of the Interim Management Agreement and is not intended to create any binding obligation on Neighborhood Restore's part. No such binding obligation will arise unless and until a management agreement, which may have different terms than those outlined above, is signed by Neighborhood Restore and a Selected Qualified Developer

THIRD PARTY TRANSFER PROGRAM
POST-SELECTION SUBMISSION REQUIREMENTS

- I. **Management and Predevelopment Agreement:** Selected Qualified Developers will be required to carry out all the duties and provide all information in accordance with the terms of the MPA with Neighborhood Restore. (Please see Exhibit B.)
- II. **Rehabilitation Plan:** The Selected Qualified Developers must have their architect or rehabilitation specialist and/or engineer develop a rehabilitation plan for the Properties. Such rehabilitation plan will be subject to review and approval by HPD and, if applicable, any prospective construction and/or permanent lender(s) that may be involved with the project. At a minimum, the rehabilitation plan will provide for upgrading the Properties to current housing standards as required by HPD, including removal of all violations of the Housing Maintenance Code and Building Code and remediation of any environmental hazards.
- III. **Relocation Plan:** If rehabilitation of the Properties will necessitate any temporary or permanent relocation, the Selected Qualified Developers will be required to submit detailed relocation plans, in a format to be provided by HPD, including such information as the identities, incomes, household composition of the tenants, the reasons that relocation is required, the locations to which the tenants will be relocated, the staff who will carry out the plan, and an itemized budget detailing the sources and uses of funds required to accomplish the plan. With the possible exception of tenants in SRO buildings, relocated tenants must be offered their original apartments after rehabilitation is completed.
- IV. **Financing Plan:** The Selected Qualified Developers must secure financing for the rehabilitation of the Properties from a construction lender that meets the approval of HPD and provide equity as required by the construction lender. Properties will be conveyed from Neighborhood Restore to the Selected Qualified Developers only concurrent with a construction loan closing.

HPD may also make available below market rate financing for the Properties under its Participation Loan Program, Small Homes Private Loan Program, Supportive Housing Loan Program, and Article 8A Loan Program. Loans under these programs are not as of right, but, in HPD's sole discretion, may be provided where funding is available and where lending requirements are met. Although the PLP and Small Buildings Loan Program both have 10% minimum cash equity requirements for for-profit developers, they often require a 12%-14% equity contribution, depending on the extent of the scope of work. HPD may, in its sole discretion, modify the equity requirements for Selected Qualified Developers that are not-for-profit organizations. For TPT Round IV, the equity requirement for not-for-profits was 2% of total development cost for non-tenant petition buildings and \$1000 per dwelling unit for buildings proceeding along the route of cooperative conversion.

Properties are subject to City of New York real property taxes and charges. Real property tax exemptions with respect to Properties transferred under the Program may be available pursuant to Article XI of the Private Housing Finance Law during the period of ownership by a housing development fund company (subject to approval by the City Council), under the “J-51” Program (Administrative Code §11-243), or pursuant to Article 16 of the General Municipal Law (subject to City Council approval).

Properties subject to rent regulation will remain subject to the same laws following transfer of title. HPD may restructure the rents upon completion of rehabilitation in cases where it makes a loan pursuant to a statute that permits restructuring of rents. Pursuant to program and statutory requirements, most rental units will be registered with DHCR upon initial occupancy following completion of rehabilitation.

The utilization of certain types of funds may present additional affordability requirements of a portion of the units and, depending on the funding source, Qualified Developers may be required to comply with additional federal regulations. For example, to the extent that federal HOME funds are used for rehabilitation or operating expenses of any property transferred under the Program, income limits and maximum rents will be subject to Federal requirements for ten to fifteen years depending upon the dwelling unit rehabilitation cost.