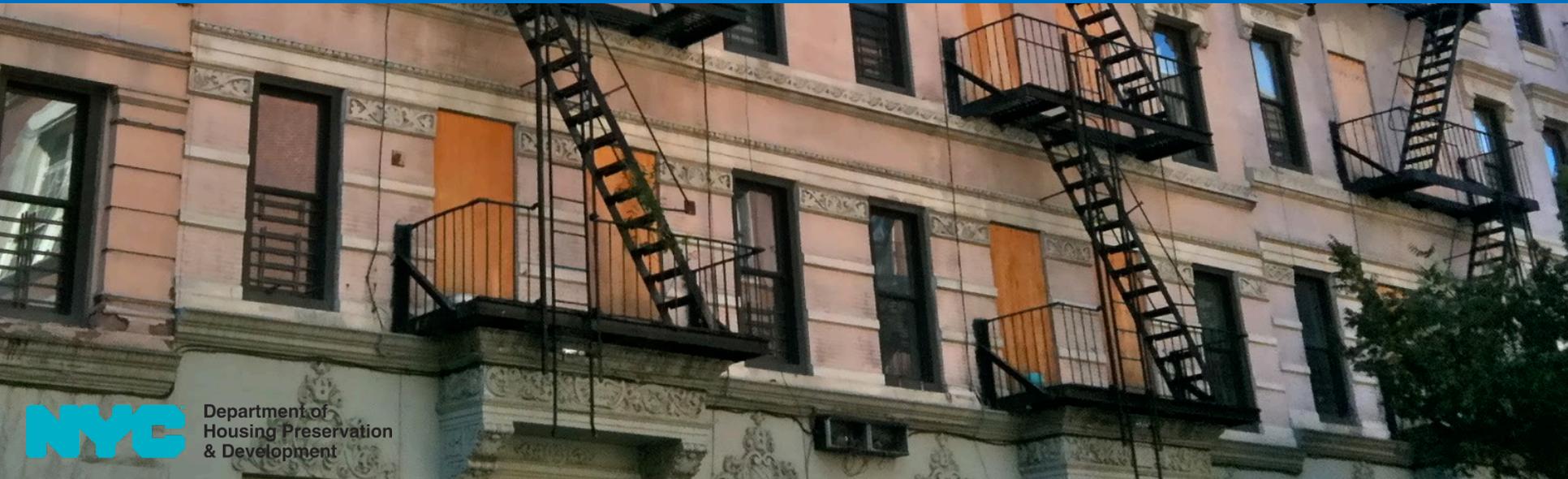




Preservation Buyer Request For Qualifications

Pre-submission Conference

April 27, 2018



Department of
Housing Preservation
& Development

Housing New York 2.0

- In May 2014, the de Blasio Administration unveiled Housing New York, a comprehensive plan to create and preserve 200,000 high-quality, affordable homes for approximately 500,000 New Yorkers over ten years.
- The Mayor recently announced an expansion of HNY to build and preserve a further 100,000 homes, 300,000 total, by 2026.
 - Create more homes for seniors
 - Protect affordability at Mitchell-Lama buildings
 - Unlock the potential of vacant lots
 - Support homeownership for moderate-income New Yorkers
 - Enable innovation in new construction (modular housing & micro-units)
 - Build a firewall against displacement
 - Launch the Neighborhood Pillars program to work with community organizations to help more residents stay in their homes and neighborhoods.

Purpose of RFQ

- HPD is seeking nonprofit and for-profit organizations that have experience acquiring, rehabbing, and owning/managing affordable housing
- The RFQ will establish a list of preservation buyers to acquire privately-owned affordable housing, including:
 - Regulated properties, including those with HUD, NYS DHCR, or City regulatory restrictions and/or subsidies
 - Rent stabilized and/or unregulated properties that don't have any affordability restrictions currently
- HPD will refer sellers of affordable housing to the list when seeking a preservation buyer

***Note that organizations that become qualified pursuant to this RFQ are not guaranteed an opportunity to purchase a property*

Purpose of RFQ (continued)

- Simultaneously, the Neighborhood Pillars Program is being launched to support non-profit and mission driven organizations in acquiring and preserving affordability in existing buildings.
- Neighborhood Pillars will:
 - Finance the acquisition/preservation of ~1,000 homes annually with a focus on small to mid-size unregulated or rent stabilized buildings
 - Expand and supplement existing resources to make acquisition more accessible to nonprofits
 - Build project pipeline for non-profits
- Nonprofits wishing to utilize the equity and technical assistance associated with Neighborhood Pillars **MUST** apply to this RFQ and be deemed a qualified preservation buyer by HPD to be eligible

Purpose of RFQ (continued)

Nonprofits that appear on the Qualified List that may wish to qualify to use the Neighborhood Pillars financial and technical assistance for acquiring properties must be prepared to select an originating lender for the NYC Acquisition Loan Fund to which they would submit the following:

- 3-year Cash Flow Projection & Developer Fee Schedule
- REO Schedule (ownership, occupancy, debt, DSCR, loan maturity dates)
- Schedule of Contingent Liabilities
- Schedule of Unsecured debt (source, rate, maturity, conditions for extension, amount outstanding, what's it used for)
- Recent portfolio work, to include list of all projects completed in the last 5 years including size, budget, sources of financing, whether project (s) were completed on time and on budget, and brief explanation of any unexpected delays and how they were addressed.

Qualification Requirements

- HPD will only consider Applicants that demonstrate the requisite experience and capacity required to acquire, rehabilitate, manage, and preserve the long-term affordability of occupied or vacant multifamily buildings.
- HPD will review submissions to evaluate the experience and capacity of applicants
- There is threshold criteria for qualification, as well as competitively scored criteria
 - If a threshold criteria is not met, HPD will not qualify an applicant
- If a submission is incomplete, HPD may at our discretion notify the applicant of the deficiencies
- HPD reserves the right to reject an applicant if any adverse findings are found

Affordable Housing Acquisition and Development Experience (competitively scored)

- A track record of successful development projects, with priority given to those organizations with acquisition/rehab experience
- Demonstrated experience owning/managing affordable housing

Portfolio Management (both threshold and competitively scored)

- Municipal Charges (threshold criteria)– current on DOF and DEP charges, or in and compliant with payment agreements for outstanding charges
- Mortgage Payments (threshold criteria) – current on all mortgages
- Housing Maintenance/Building Code Violations (threshold and competitive) – <1 Class B/C violations per unit is the threshold, applicants with fewer violations may be awarded competitive points
- Regulatory Compliance (threshold criteria) – no material compliance issues with LIHTC non-compliance, HPD regulatory agreements, or deed/mortgage restrictions

***Please note that if an applicant has any projects identified as high-risk by HPD (using our risk ratings) the Applicant must fix the issues before being considered or explain why and what is being done.*

Financial Capacity (both threshold and competitively scored)

- Liquid Assets (threshold criteria) – nonprofit applicants must have at least \$100,000, for profit applicants must have at least \$500,000
- Ability to obtain financing (threshold and competitively scored) – HPD will evaluate whether an applicant would be able to:
 - Obtain financing
 - Meet term sheet equity requirements
 - Provide construction completion guarantees

Property Manager (both threshold and competitively scored)

- HPD wants to ensure that any qualified preservation buyer has a property manager that will be able to successfully operate an acquired affordable property
- Units under management (threshold criteria) – property manager must have at least 100 units of rent and/or income restricted housing under management
- Quality of property management (competitive) – HPD will evaluate the property managers track record of managing properties by reviewing the properties under management. HPD may request feedback from HPD, HDC, and DHCR Asset Management units.

- Cover Letter - One page letter on company letterhead that summarizes the Applicant's interest in and ability to be a Qualified Preservation Buyer.
- Financial Statements - year to date operating statement and the most recent 3 years of CPA prepared Financial Statements
- Form 1 - Applicant Description & Reference Forms
- Form 2 - Residential Development Experience
 - Residential Development Experience Form (Form 2, Part1), for the Applicant and principals
 - Residential Development Chart (Form 2, Part 2) 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.

Application Materials

- Form 3 - Residential Property Management Experience
 - Residential Management Experience Form (Form 3, Part 1) for the principal or property manager proposed for the management of the Preservation Projects.
 - Residential Management Chart (Form 3, Part 2) list all properties that have been managed in the last five years.
- Form 4 - Applicant Property List
 - Complete the Applicant Property Listing for the Applicant and each member/principal of the Applicant and for any affiliated or subsidiary entities listing all properties owned within the last five 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% interest.
- Form 5 - Assets Statement (for-profit only) - submit a completed Assets Statement for at least one principal, and tax returns.
- Form 6 - Applicant's Letter - signed by a principal of the Applicant.
- Form 7 – RFQ Application Checklist - signed by a principal of the Applicant.¹²

Submission Information



- The initial submission deadline is May 31, 2018. Submissions received after May 31st may be considered on a rolling basis at a future date at HPD's discretion
- Applicants must submit electronic submissions to PresBuyerRFQ@hpd.nyc.gov and hard copy submissions to:

Adam Phillips
100 Gold Street, Room 9-U1
New York, NY 10038
- HPD will publish the qualified list on or before September 1st

Questions?

**Note that questions can also be emailed to PresBuyerRFQ@hpd.nyc.gov